



North Carolina Reinsurance Facility

October 23, 2009

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

Re: Revision of Commercial Automobile
Insurance Rates

Dear Sir:

Pursuant to North Carolina General Statute 58-37-35(1), the North Carolina Reinsurance Facility hereby files on behalf of its member companies revised (1) basic limits premium rates for liability insurance for trucks, tractors and trailers, garages, zone rated risks and private passenger types not eligible for rating under the North Carolina Personal Automobile Manual; (2) bodily injury and property damage liability increased limits tables for such coverages rated under the Facility's Commercial Automobile Insurance Manual; and (3) rating factors included in the Classification Plan related to zone rated risks.

Enclosed are memoranda and exhibits which set forth and explain the calculations of the revised rates and rating factors. The rates established herein are based upon automobile liability insurance experience for the five years ending December 31, 2007 and upon automobile liability insurance expense data for calendar year ending December 31, 2008, the latest years for which such data are available.

The information and statistical data required pursuant to G.S. 58-36-15 are included. Additionally, the pre-filed testimony of (a) Raymond F. Evans, General Manager - North Carolina

Reinsurance Facility; (b) Mark Whitman, Assistant Vice President, Commercial Automobile Division - Insurance Services Office; (c) Doug Williams, Managing Director and Senior Portfolio Manager, Evergreen Investment Management Company, LLC; and David E. Sink, Jr., Director - Finance, North Carolina Reinsurance Facility is submitted herewith.

These revised rates will become effective March 1, 2010, in accordance with the following Rule of Application:

These changes are applicable to all policies becoming effective on or after March 1, 2010. No policy effective prior to March 1, 2010 shall be endorsed or cancelled and rewritten to take advantage of or to avoid the application of these changes except at the request of the insured and at the customary short rate charges as of the date of such requests, but in no event prior to March 1, 2010.

Exception For Experience Rated Policies:

These changes are applicable as of the experience rating date to all policies to which an experience rating modification which becomes effective on or after March 1, 2010 is applied and may not be applied to such policies prior to the experience rating date. As respects any policy to which an experience rating modification applies which becomes effective prior to March 1, 2010, these changes may not be applied until the first experience rating date on or after March 1, 2010.

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

Very truly yours,

F. Timothy Lucas
Automobile Manager

FTL:dms

North Carolina Reinsurance Facility

Summary of Indications

ISO/PCI Experience

	<u>Basic Limits Indications</u>	<u>Increased Limits Indications</u>	<u>Total Limits Indications</u>
<u>TRUCKS, TRACTORS, & TRAILERS</u>			
Bodily Injury	-4.8%	-3.6%	-8.2%
Property Damage	-3.7%	0.4%	-3.3%
Total	-4.4%	-2.2%	-6.5%
<u>GARAGES</u>			
Bodily Injury	11.1%	-2.0%	8.9%
Property Damage	-6.2%	0.0%	-6.2%
Total	3.3%	-1.1%	2.2%
<u>PRIVATE PASSENGER TYPES</u>			
Bodily Injury	-5.7%	-3.6%	-9.1%
Property Damage	-8.4%	0.7%	-7.8%
Total	-6.6%	-2.1%	-8.6%
<u>ZONE-RATED RISKS</u>			
Bodily Injury	-7.6%	-4.1%	-11.4%
Property Damage	-6.9%	0.9%	-6.1%
Total	-7.4%	-2.7%	-9.9%
<u>OVERALL</u>			
Bodily Injury	-3.6%	-3.3%	-6.8%
Property Damage	-4.2%	0.3%	-3.9%
Total	-3.8%	-2.0%	-5.7%

a

SECTION A

Summary of Rate Level Indications

North Carolina Reinsurance Facility
Automobile Liability Insurance
Rate Level Indications

ISO/PCI Experience

	Trucks			Garage Dealers			P.P. Types			Zone-Rated Risks			Overall
	Basic Limits			Total Limits			Basic Limits			Basic Limits			
	B.I.	P.D.	Comb.	B.I.	P.D.	Comb.	B.I.	P.D.	Comb.	B.I.	P.D.	Comb.	
1. Credibility Weighted Rate Level Loss Ratio	0.741	0.752		0.835	0.694		0.733	0.708		0.761	0.768		
2. Trended Fixed Expense Ratio (a)	0.150	0.150		0.182	0.182		0.150	0.150		0.150	0.150		
3. Sum of (1) and (2)	0.891	0.902		1.017	0.876		0.883	0.858		0.911	0.918		
4. Expected Loss Ratio + Exp. Fixed Expense Ratio(b)	0.870	0.870		0.870	0.870		0.870	0.870		0.920	0.920		
5. Indicated Rate Level Change $[(3)/(4)]-1 \times 100$	2.4%	3.7%	2.8%	16.9%	0.7%		1.5%	-1.4%	0.5%	-1.0%	-0.2%	-0.8%	
				19.3%	0.7%	11.0% (d)							
6. Indications Reflecting Investment Income (c)	-4.8%	-3.7%	-4.4%	8.9%	-6.2%		-5.7%	-8.4%	-6.6%	-7.6%	-6.9%	-7.4%	-3.8%
				11.1%	-6.2%	3.3% (d)							

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

	Trucks	Garage Dealers	P.P. Types	Zone Rated
Sum of Other Acquisition Expense and General Expenses	14.1%	17.1%	14.1%	14.1%
Avg. Annual Change in Expenses	3.0%	3.0%	3.0%	3.0%
Years Projected (n)	2.08	2.08	2.08	2.08

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

(c) Reflects Investment Income on Earned Premium $[(3)/(0.870 + 0.0663)]-1 \times 100$ for Trucks, Tractors, and Trailers and Private Passenger Types, and $[(3)/(0.870 + 0.0636)]-1 \times 100$ for Garage Dealers, and $[(3)/(0.920 + 0.0712)]-1 \times 100$ for Zone Rated Risks.

Investment Income (Trucks and Private Passenger Types):	6.63%
Investment Income (Garage Dealers):	6.36%
Investment Income (Zone Rated):	7.12%

(d) The Total Limits indications have been restated on a Basic Limit basis by adjusting for the impact of increased limits experience. (-2.0% for BI and 0.0% for PD)

SECTION B

Determination of Statewide Rate Level Indications

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE LIABILITY

DETERMINATION OF STATEWIDE RATE LEVEL CHANGES
SPLIT LIMIT LIABILITY COVERAGE

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

Premiums - The earned premiums are the premiums that would have resulted if present rates had been charged during the experience period. Therefore, they reflect fully any rate and rule changes that have occurred during and since the experience period. No trend in premium (or rating exposure) is assumed.

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

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

Exhibit 1 - Trucks, Tractors, & Trailers Liability

Exhibit 2 - Garages Liability

Exhibit 3 - Private Passenger Types Liability

Exhibit 4 - Zone Rated Liability

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

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

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

<u>Classes and Coverages</u>	<u>Filed Percentage Changes</u>	
	<u>Basic Limits</u>	<u>Total Limits</u>
<u>Trucks Liability</u>		
Bodily Injury (30/60)	-4.8%	-8.2%
Property Damage (25)	-3.7%	-3.3%
<u>Garages Liability</u>		
Bodily Injury (30/60)	+11.1%	+8.9%
Property Damage (25)	-6.2%	-6.2%
<u>Private Passenger Types Liability</u>		
Bodily Injury (30/60)	-5.7%	-9.1%
Property Damage (25)	-8.4%	-7.8%
<u>Zone Rated Risks</u>		
Bodily Injury (30/60)	-7.6%	-11.4%
Property Damage (25)	-6.9%	-6.1%
Grand Total	-3.8%	-5.7%

The material included in this review is arranged as follows:

- Section A - Summary of Rate Level Indications
- Section B - Determination of the Statewide Rate Level Indications
- Section C - Exhibits of Revised Rates
- Section D - Supporting Exhibits
- Section E - Revision of Increased Limits Factors
- Section F - Increased Limits Experience Review
- Section G - Revision of Increased Limits Tables
- Section H - Revision of Trucks, Tractors, and Trailers Classification Plan
- Section I - Revision of Zone Rated Risks Coverage

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

Section B
 Exhibit 1
 Sheet 1

	(1) (30/60/25) ACCIDENT YEARS ENDING	(2) (30/60/25) LIMITS EARNED PREMIUM AT PRESENT RATES(A)	(3) LOSS & LOSS ADJUSTMENT RATIO (2)/(1)	(4) ACCIDENT YEAR WEIGHTS	(5) NUMBER OF INCURRED CLAIMS
BI	12/31/2003	\$8,312,974	0.728	10%	710
	12/31/2004	9,237,641	0.875	15%	868
	12/31/2005	9,718,740	0.762	20%	824
	12/31/2006	9,641,662	0.713	25%	759
	12/31/2007	9,253,889	0.689	30%	826
PD	12/31/2003	\$9,623,586	0.831	10%	2,304
	12/31/2004	10,694,236	0.883	15%	2,696
	12/31/2005	11,250,826	0.774	20%	2,465
	12/31/2006	11,161,638	0.714	25%	2,332
	12/31/2007	10,713,065	0.678	30%	2,193

	<u>B.I.</u>	<u>P.D.</u>
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	0.741	0.752
(7) EXPECTED LOSS RATIO (C).	0.729	0.729
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.722	0.733
(9) CREDIBILITY (E).	1.00	1.00
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.741	0.752

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

(B) SEE SHEET 2 OF THIS EXHIBIT.

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

TOTAL PRODUCTION COST:	16.6%
GENERAL EXPENSE:	7.5%
TAXES, LICENSES AND FEES:	3.0%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED
 LOSS AND EXPENSE TREND FACTOR (-1.6% FOR BI, +1.0% FOR PD), PROJECTED
 FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR
 BEYOND THE ASSUMED EFFECTIVE DATE OF THE LAST FILING (07/01/2009) TO ONE YEAR
 BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 02/01/2010. IN THIS ANALYSIS,
 THE PERIOD IS 0.583 YEARS.

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

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

Section B
 Exhibit 1
 Sheet 2

	ACCIDENT YEAR ENDING	BODILY INJURY (30/60)	PROPERTY DAMAGE (25000)
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2003	\$6,218,094	\$6,926,113
	12/31/2004	8,212,245	8,265,702
	12/31/2005	7,255,667	7,701,523
	12/31/2006	6,503,601	7,113,377
	12/31/2007	5,930,072	6,394,177
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2003	\$6,193,222	\$6,926,113
	12/31/2004	8,146,547	8,257,436
	12/31/2005	7,349,991	7,693,821
	12/31/2006	6,718,220	7,113,377
	12/31/2007	6,131,694	6,547,637
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2003	\$625,515	\$470,976
	12/31/2004	822,801	561,506
	12/31/2005	742,349	523,180
	12/31/2006	678,540	483,710
	12/31/2007	619,301	445,239
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		-2.1%	0.9%
5-AVERAGE ANNUAL CHANGE IN LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		3.0%	3.0%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2003	\$6,052,951	\$8,000,132
	12/31/2004	8,087,199	9,443,369
	12/31/2005	7,402,021	8,703,035
	12/31/2006	6,870,354	7,965,987
	12/31/2007	6,372,743	7,258,815

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

YEAR ENDING	B.I.	P.D.
12/31/2003	0.996	1.000
12/31/2004	0.992	0.999
12/31/2005	1.013	0.999
12/31/2006	1.033	1.000
12/31/2007	1.034	1.024

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

B.I.	P.D.
0.101	0.068

(C) TRENDED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSE = (2) X [1.0 + ((4)/100)]**N;
 TRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSE = (3) X [1.0 + ((5)/100)]**N, WHERE N
 EQUALS THE NUMBER OF YEARS FROM AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND
 THE PROSPECTIVE EFFECTIVE DATE OF 02/01/2010.

ACCIDENT YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD
12/31/2003	7/1/2003	7.583
12/31/2004	7/1/2004	6.583
12/31/2005	7/1/2005	5.583
12/31/2006	7/1/2006	4.583
12/31/2007	7/1/2007	3.583

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

Section B
 Exhibit 2
 Sheet 1

	(1) TOTAL LIMITS EARNED PREMIUM AT PRESENT RATES(A)	(2) TOTAL LIMITS INCURRED LOSSES(B)	(3) LOSS & LOSS ADJUSTMENT RATIO (2)/(1)	(4) POLICY YEAR WEIGHTS	(5) NUMBER OF INCURRED CLAIMS	
BI	12/31/2003	\$2,264,872	\$2,045,968	0.903	10%	201
	12/31/2004	2,354,115	2,002,855	0.851	15%	222
	12/31/2005	2,248,090	1,549,942	0.689	20%	168
	12/31/2006	2,336,411	1,543,221	0.661	25%	177
	12/31/2007	2,258,325	2,364,787	1.047	30%	150
PD	12/31/2003	\$1,840,829	\$1,535,521	0.834	10%	394
	12/31/2004	1,941,262	1,544,815	0.796	15%	394
	12/31/2005	1,854,940	1,169,739	0.631	20%	345
	12/31/2006	1,811,281	1,334,519	0.737	25%	308
	12/31/2007	1,835,624	1,105,654	0.602	30%	296

	B.I.	P.D.
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	0.835	0.694
(7) EXPECTED LOSS RATIO (C).	0.699	0.699
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.703	0.705
(9) CREDIBILITY (E).	1.00	1.00
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.835	0.694

(A) GARAGE DEALERS EXPERIENCE IS FOR ALL GARAGE RISKS WRITTEN IN ACCORDANCE WITH RULE 56 OF THE COMMERCIAL LINES MANUAL

(B) SEE SHEET 2 OF THIS EXHIBIT.

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

TOTAL PRODUCTION COST:	16.6%
GENERAL EXPENSE:	10.5%
TAXES, LICENSES AND FEES:	3.0%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED LOSS AND EXPENSE TREND FACTOR (+1.0% FOR BI, +1.5% FOR PD), PROJECTED FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR BEYOND THE ASSUMED EFFECTIVE DATE OF THE LAST FILING (07/01/2009) TO ONE YEAR BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 02/01/2010. IN THIS ANALYSIS, THE PERIOD IS 0.583 YEARS.

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

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

Section B
Exhibit 2
Sheet 2

	POLICY YEAR ENDING	BODILY INJURY	PROPERTY DAMAGE
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2003	\$1,710,010	\$1,273,911
	12/31/2004	1,642,773	1,301,616
	12/31/2005	1,278,958	1,001,294
	12/31/2006	1,287,192	1,150,367
	12/31/2007	1,829,499	977,331
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2003	\$1,711,720	\$1,273,911
	12/31/2004	1,693,699	1,301,616
	12/31/2005	1,323,722	1,000,293
	12/31/2006	1,332,244	1,158,420
	12/31/2007	2,061,845	974,399
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2003	\$172,884	\$86,626
	12/31/2004	171,064	88,510
	12/31/2005	133,696	68,020
	12/31/2006	134,557	78,773
	12/31/2007	208,246	66,259
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		0.8%	1.4%
5-AVERAGE ANNUAL CHANGE IN LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		3.0%	3.0%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2003	\$2,045,968	\$1,535,521
	12/31/2004	2,002,855	1,544,815
	12/31/2005	1,549,942	1,169,739
	12/31/2006	1,543,221	1,334,519
	12/31/2007	2,364,787	1,105,654

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

YEAR ENDING	B.I.	P.D.
12/31/2003	1.001	1.000
12/31/2004	1.031	1.000
12/31/2005	1.035	0.999
12/31/2006	1.035	1.007
12/31/2007	1.127	0.997

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

B.I.	P.D.
0.101	0.068

(C) TRENDED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSE = (2) X [1.0 + ((4)/100)]**N;
TRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSE = (3) X [1.0 + ((5)/100)]**N, WHERE N
EQUALS THE NUMBER OF YEARS FROM AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND
THE PROSPECTIVE EFFECTIVE DATE OF 02/01/2010.

POLICY YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD
12/31/2003	1/1/2003	8.083
12/31/2004	1/1/2004	7.083
12/31/2005	1/1/2005	6.083
12/31/2006	1/1/2006	5.083
12/31/2007	1/1/2007	4.083

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

Section B
 Exhibit 3
 Sheet 1

	(1) (30/60/25)	(2) (30/60/25)	(3)	(4)	(5)	
ACCIDENT YEARS ENDING	LIMITS EARNED PREMIUM AT PRESENT RATES(A)	LIMITS INCURRED LOSSES (B)	LOSS & LOSS ADJUSTMENT RATIO (2)/(1)	ACCIDENT YEAR WEIGHTS	NUMBER OF INCURRED CLAIMS	
BI	12/31/2003	\$99,766	\$77,959	0.781	10%	12
	12/31/2004	109,769	98,849	0.901	15%	8
	12/31/2005	95,616	109,116	1.141	20%	17
	12/31/2006	86,608	108,250	1.250	25%	15
	12/31/2007	102,725	8,700	0.085	30%	3
PD	12/31/2003	\$113,598	\$113,080	0.995	10%	37
	12/31/2004	124,981	56,717	0.454	15%	22
	12/31/2005	108,840	118,684	1.090	20%	41
	12/31/2006	98,552	80,059	0.812	25%	27
	12/31/2007	116,917	23,956	0.205	30%	16

	B.I.	P.D.
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	0.779	0.650
(7) EXPECTED LOSS RATIO (C).	0.729	0.729
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.722	0.733
(9) CREDIBILITY (E).	0.20	0.30
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.733	0.708

(A) CLASSES 1998, 7391, 7398.

(B) SEE SHEET 2 OF THIS EXHIBIT.

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

TOTAL PRODUCTION COST:	16.6%
GENERAL EXPENSE:	7.5%
TAXES, LICENSES AND FEES:	3.0%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED
LOSS AND EXPENSE TREND FACTOR (-1.6% FOR BI, +1.0% FOR PD), PROJECTED
FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR
BEYOND THE ASSUMED EFFECTIVE DATE OF THE LAST FILING (07/01/2009) TO ONE YEAR
BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 02/01/2010. IN THIS ANALYSIS,
THE PERIOD IS 0.583 YEARS.

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

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

Section B
Exhibit 3
Sheet 2

	ACCIDENT YEAR ENDING	BODILY INJURY (30/60)	PROPERTY DAMAGE (25/00)
1-INURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2003	\$79,607	\$97,801
	12/31/2004	101,193	49,645
	12/31/2005	108,025	104,399
	12/31/2006	103,372	71,065
	12/31/2007	7,514	21,082
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2003	\$79,766	\$97,899
	12/31/2004	99,574	49,595
	12/31/2005	108,349	104,921
	12/31/2006	105,853	71,491
	12/31/2007	8,371	21,609
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2003	\$8,056	\$6,657
	12/31/2004	10,057	3,372
	12/31/2005	10,943	7,135
	12/31/2006	10,691	4,861
	12/31/2007	845	1,469
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		-2.1%	0.9%
5-AVERAGE ANNUAL CHANGE IN LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		3.0%	3.0%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2003	\$77,959	\$113,080
	12/31/2004	98,849	56,717
	12/31/2005	109,116	118,684
	12/31/2006	108,250	80,059
	12/31/2007	8,700	23,956

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

YEAR ENDING	B.I.	P.D.
12/31/2003	1.002	1.001
12/31/2004	0.984	0.999
12/31/2005	1.003	1.005
12/31/2006	1.024	1.006
12/31/2007	1.114	1.025

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

B.I.	P.D.
0.101	0.068

(C) TRENDED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSE = (2) X [1.0 + ((4)/100)]**N;
TRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSE = (3) X [1.0 + ((5)/100)]**N, WHERE N
EQUALS THE NUMBER OF YEARS FROM AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND
THE PROSPECTIVE EFFECTIVE DATE OF 02/01/2010.

ACCIDENT YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD
12/31/2003	7/1/2003	7.583
12/31/2004	7/1/2004	6.583
12/31/2005	7/1/2005	5.583
12/31/2006	7/1/2006	4.583
12/31/2007	7/1/2007	3.583

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

Section B
 Exhibit 4
 Sheet 1

	(1) (30/60/25) POLICY YEARS ENDING	(2) (30/60/25) LIMITS EARNED PREMIUM AT PRESENT RATES (A)	(3) LOSS & LOSS ADJUSTMENT RATIO (2) / (1)	(4) POLICY YEAR WEIGHTS	(5) NUMBER OF INCURRED CLAIMS	
BI	12/31/2003	\$158,621	\$121,562	0.766	10%	10
	12/31/2004	344,523	253,271	0.735	15%	3
	12/31/2005	471,940	327,221	0.693	20%	11
	12/31/2006	453,509	287,415	0.634	25%	10
	12/31/2007	454,220	356,541	0.785	30%	8
PD	12/31/2003	\$162,814	\$82,583	0.507	10%	21
	12/31/2004	353,737	448,478	1.268	15%	101
	12/31/2005	481,862	461,230	0.957	20%	102
	12/31/2006	465,865	282,790	0.607	25%	69
	12/31/2007	466,389	275,016	0.590	30%	63

	<u>B.I.</u>	<u>P.D.</u>
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	0.719	0.761
(7) EXPECTED LOSS RATIO (C).	0.779	0.779
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.772	0.784
(9) CREDIBILITY (E).	0.20	0.70
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.761	0.768

(A) ZONE RATED EXPERIENCE INCLUDES ZONE RATED TRUCKS AND BUSES.
 OF THE COMMERCIAL LINES MANUAL

(B) SEE SHEET 2 OF THIS EXHIBIT.

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

TOTAL PRODUCTION COST:	11.6%
GENERAL EXPENSE:	7.5%
TAXES, LICENSES AND FEES:	3.0%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED
 LOSS AND EXPENSE TREND FACTOR (-1.6% FOR BI, +1.0% FOR PD), PROJECTED
 FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR
 BEYOND THE ASSUMED EFFECTIVE DATE OF THE LAST FILING (07/01/2009) TO ONE YEAR
 BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 02/01/2010. IN THIS ANALYSIS,
 THE PERIOD IS 0.583 YEARS.

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

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

Section B
 Exhibit 4
 Sheet 2

	POLICY YEAR ENDING	BODILY INJURY (30/60)	PROPERTY DAMAGE (25000)
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2003	\$125,287	\$71,109
	12/31/2004	262,500	390,034
	12/31/2005	333,933	405,514
	12/31/2006	263,808	248,655
	12/31/2007	280,263	244,493
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2003	\$125,287	\$71,109
	12/31/2004	257,250	390,034
	12/31/2005	327,254	405,514
	12/31/2006	283,066	251,142
	12/31/2007	345,845	246,938
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2003	\$12,654	\$4,835
	12/31/2004	25,982	26,522
	12/31/2005	33,053	27,575
	12/31/2006	28,590	17,078
	12/31/2007	34,930	16,792
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		-2.1%	0.9%
5-AVERAGE ANNUAL CHANGE IN LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		3.0%	3.0%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2003	\$121,562	\$82,583
	12/31/2004	253,271	448,478
	12/31/2005	327,221	461,230
	12/31/2006	287,415	282,790
	12/31/2007	356,541	275,016

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

YEAR ENDING	B.I.	P.D.
12/31/2003	1.000	1.000
12/31/2004	0.980	1.000
12/31/2005	0.980	1.000
12/31/2006	1.073	1.010
12/31/2007	1.234	1.010

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

B.I.	P.D.
0.101	0.068

(C) TRENDED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSE = (2) X [1.0 + ((4)/100)]**N;
 TRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSE = (3) X [1.0 + ((5)/100)]**N, WHERE N
 EQUALS THE NUMBER OF YEARS FROM AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND
 THE PROSPECTIVE EFFECTIVE DATE OF 02/01/2010.

POLICY YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD
12/31/2003	1/1/2003	8.083
12/31/2004	1/1/2004	7.083
12/31/2005	1/1/2005	6.083
12/31/2006	1/1/2006	5.083
12/31/2007	1/1/2007	4.083

SECTION C
Exhibits or Revised Rates

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE LIABILITY

EXHIBIT OF REVISED RATES

Exhibit 1 - Relativities Used to Develop the Rates

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

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

Exhibit 3 - Garages

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

Exhibit 4 - Private Passenger Types Liability

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

Exhibit 5 - Zone Rated

The indicated bodily injury and property damage changes were applied to the current Zone Rated risks rates after the current rates were adjusted to reflect the new multistate zone combination and primary factors. The Medical Payments rates are calculated by multiplying the bodily injury rates by a factor of .193.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE LIABILITY

EXHIBITS OF REVISED RATES

Medical Payments

The medical payments rates are determined by multiplying the 30/60 Bodily Injury non-fleet rates by the factors below. These factors are the same as those used in the previous filing, but they have been rescaled to apply to the 30/60 Bodily Injury non-fleet rates instead of the 25/50 Bodily Injury non-fleet rates.

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

Hired Cars

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

Public Automobiles

Rates for Public Automobiles are calculated as factor derivatives of the Trucks, Tractors, & Trailers non-fleet base rates. The relativities used are listed below. These relativities are the same as those used in the previous filing. However, in conjunction with the revision to the Trucks, Tractors, and Trailers Class Plan, the relativities have now been divided by the Trucks liability NCRF off-balance factor. This is done to maintain the same relationship between the Trucks average rates and the Publics average rates that existed prior to the introduction of the new class plan.

	<u>Differential to Base Rate</u>	
	<u>BI</u>	<u>PD</u>
Taxis and Limousines	6.46	2.56
School and Church Buses	0.82	0.62
Other Buses	7.79	1.95
Van Pools	0.82	0.82

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

Terr.	(1) Facility Earned Exposures	(2) Voluntary Base Loss Cost #	(3) Facility 30/60 Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 144.1184	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)	(8)*** Revenue Change
11	407	215	147	0.945	136.192	136	-7.5%	-4.8%
12	1,241	339	228	1.489	214.592	215	-5.7%	-3.5%
13	542	273	190	1.199	172.798	173	-8.9%	-6.8%
14	509	281	193	1.235	177.986	178	-7.8%	-5.2%
15	177	229	161	1.006	144.983	145	-9.9%	-7.5%
16	1,361	330	225	1.450	208.972	209	-7.1%	-4.9%
17	793	279	190	1.226	176.689	177	-6.8%	-4.7%
18	568	226	159	0.993	143.110	143	-10.1%	-7.5%
19	8	217	150	0.953	137.345	137	-8.7%	-6.0%
20	685	261	175	1.147	165.304	165	-5.7%	-2.9%
21	1,552	263	181	1.156	166.601	167	-7.7%	-5.5%
22	4,830	262	175	1.151	165.880	166	-5.1%	-2.9%
23	14,575	217	150	0.953	137.345	137	-8.7%	-6.0%
24	21,008	206	140	0.905	130.427	130	-7.1%	-4.3%
SW	48,256	227.60	155.30		144.093		-7.2%	-4.8%

Weighted average factor x percent change = new weighted average
 $155.30 \times 0.928 = 144.1184$

- # The loss costs presented in Column (2) are on a Combined Single Limit (CSL) basis. That is, they provide coverage for both Bodily Injury and Property Damage.
- * The rates in column (6) are keyed to a statewide revenue change of -7.2 percent. The -7.2 percent is calculated by multiplying the indicated change of -4.8 percent by an off-balance factor of 0.975. This off-balance factor is needed to introduce the class plan revision on a revenue neutral basis.
- ** Column (7) is the change in the base rate by territory. It includes the off-balance factor and is calculated by dividing column (6) by column (3).
- *** Column (8) is the change in revenue by territory. It represents the change in revenue resulting from the revised base rates and revised rating factors.

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

Terr.	(1) Facility Earned Exposures	(2) Voluntary Base Loss Cost #	(3) Facility 25,000 Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 168.8510	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)	(8)*** Revenue Change
11	407	215	171	0.945	159.564	160	-6.4%	-4.1%
12	1,241	339	264	1.489	251.419	251	-4.9%	-2.3%
13	542	273	220	1.199	202.452	202	-8.2%	-5.5%
14	509	281	224	1.235	208.531	209	-6.7%	-4.5%
15	177	229	186	1.006	169.864	170	-8.6%	-6.5%
16	1,361	330	261	1.450	244.834	245	-6.1%	-3.8%
17	793	279	220	1.226	207.011	207	-5.9%	-3.6%
18	568	226	184	0.993	167.669	168	-8.7%	-6.5%
19	8	217	174	0.953	160.915	161	-7.5%	-5.2%
20	685	261	203	1.147	193.672	194	-4.4%	-2.0%
21	1,552	263	209	1.156	195.192	195	-6.7%	-4.3%
22	4,830	262	202	1.151	194.348	194	-4.0%	-1.5%
23	14,575	217	174	0.953	160.915	161	-7.5%	-5.2%
24	21,008	206	162	0.905	152.810	153	-5.6%	-3.1%
SW	48,256	227.60	179.82		168.820		-6.1%	-3.7%

Weighted average factor x percent change = new weighted average
 $179.82 \times 0.939 = 168.8510$

- # The loss costs presented in Column (2) are on a Combined Single Limit (CSL) basis. That is, they provide coverage for both Bodily Injury and Property Damage.
- * The rates in column (6) are keyed to a statewide revenue change of -6.1 percent. The -6.1 percent is calculated by multiplying the indicated change of -3.7 percent by an off-balance factor of 0.975. This off-balance factor is needed to introduce the class plan revision on a revenue neutral basis.
- ** Column (7) is the change in the base rate by territory. It includes the off-balance factor and is calculated by dividing column (6) by column (3).
- *** Column (8) is the change in revenue by territory. It represents the change in revenue resulting from the revised base rates and revised rating factors.

North Carolina Reinsurance Facility
Commercial Automobile Manual

LIGHT AND MEDIUM TRUCKS

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

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

North Carolina Reinsurance Facility
Commercial Automobile Manual

Section C
Exhibit 2
Sheet 4

HEAVY TRUCKS AND TRUCK TRACTORS

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

North Carolina Reinsurance Facility
Commercial Automobile Manual

EXTRA-HEAVY TRUCKS AND TRUCK-TRACTORS

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

North Carolina Reinsurance Facility
Commercial Automobile Manual

TAXIS AND LIMOUSINES

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

North Carolina Reinsurance Facility
Commercial Automobile Manual

SCHOOL AND CHURCH BUSES

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

North Carolina Reinsurance Facility
Commercial Automobile Manual

ALL OTHER BUSES

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

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VAN POOLS

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

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

Terr.	(1) Garage Earned Premium	(2) Voluntary Base Loss Cost #	(3) Facility 30/60 Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 322.5789	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	29,103	280	274	0.939	302.902	303	10.6%
12	54,221	441	424	1.479	477.094	477	12.5%
13	45,084	355	353	1.191	384.191	384	8.8%
14	34,767	366	359	1.228	396.127	396	10.3%
15	24,016	298	299	1.000	322.579	323	8.0%
16	48,129	430	418	1.443	465.481	465	11.2%
17	48,870	363	353	1.218	392.901	393	11.3%
18	35,020	294	296	0.986	318.063	318	7.4%
19	0	283	279	0.949	306.127	306	9.7%
20	56,219	340	325	1.141	368.063	368	13.2%
21	97,282	343	336	1.151	371.288	371	10.4%
22	212,162	341	324	1.144	369.030	369	13.9%
23	664,621	283	279	0.949	306.127	306	9.7%
24	908,830	268	260	0.899	289.998	290	11.5%
SW	2,258,324	298.08	290.35		322.536		11.1%

Weighted average factor x percent change = new weighted average
 $290.35 \times 1.111 = 322.5789$

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

* The rates in column (6) are keyed to a statewide revenue change of +11.1 percent.

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

North Carolina Reinsurance Facility
Garage Dealers - Property Damage
Determination of Rate Level Changes By Territory

Terr.	(1) Garage Earned Premium	(2) Voluntary Base Loss Cost #	(3) Facility 25,000 Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 267.2831	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	23,859	280	267	0.932	249.108	249	-6.7%
12	65,940	441	413	1.468	392.372	392	-5.1%
13	33,640	355	345	1.182	315.929	316	-8.4%
14	32,934	366	350	1.218	325.551	326	-6.9%
15	17,759	298	292	0.992	265.145	265	-9.2%
16	37,865	430	408	1.431	382.482	382	-6.4%
17	36,784	363	344	1.208	322.878	323	-6.1%
18	27,476	294	289	0.979	261.670	262	-9.3%
19	0	283	272	0.942	251.781	252	-7.4%
20	46,212	340	317	1.132	302.564	303	-4.4%
21	81,932	343	328	1.142	305.237	305	-7.0%
22	187,164	341	316	1.135	303.366	303	-4.1%
23	509,593	283	272	0.942	251.781	252	-7.4%
24	734,465	268	253	0.892	238.417	238	-5.9%
SW	1,835,623	300.42	284.95		267.271		-6.2%

Weighted average factor x percent change = new weighted average
 $284.95 \times 0.938 = 267.2831$

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

* The rates in column (6) are keyed to a statewide revenue change of -6.2 percent.

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

North Carolina Reinsurance Facility
Commercial Automobile Manual

GARAGES

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

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

Terr.	(1) Facility Earned Exposures	(2) Voluntary Base Loss Cost #	(3) Facility 30/60 Base Rate	(4) Voluntary/ Voluntary/ Weighted Average	(5) Col. 4 x 164.3272	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	4	210	171	0.948	155.782	156	-8.8%
12	48	313	247	1.412	232.030	232	-6.1%
13	6	249	196	1.123	184.539	185	-5.6%
14	35	233	184	1.051	172.708	173	-6.0%
15	2	246	193	1.110	182.403	182	-5.7%
16	17	237	202	1.069	175.666	176	-12.9%
17	6	236	192	1.065	175.008	175	-8.9%
18	14	225	183	1.015	166.792	167	-8.7%
19	0	212	170	0.957	157.261	157	-7.6%
20	6	244	192	1.101	180.924	181	-5.7%
21	29	210	164	0.948	155.782	156	-4.9%
22	56	233	182	1.051	172.708	173	-4.9%
23	180	212	170	0.957	157.261	157	-7.6%
24	187	200	152	0.902	148.223	148	-2.6%
SW	590	221.63	174.26		164.319		-5.7%

Weighted average factor x percent change = new weighted average
 $174.26 \times 0.943 = 164.3272$

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

* The rates in column (6) are keyed to a statewide revenue change of -5.7 percent.

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

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

Terr.	(1) Facility Earned Exposures	(2) Voluntary Base Loss Cost #	(3) Facility 25,000 Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 181.6794	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	4	210	194	0.948	172.232	172	-11.3%
12	48	313	282	1.412	256.531	257	-8.9%
13	6	249	224	1.123	204.026	204	-8.9%
14	35	233	210	1.051	190.945	191	-9.0%
15	2	246	220	1.110	201.664	202	-8.2%
16	17	237	231	1.069	194.215	194	-16.0%
17	6	236	219	1.065	193.489	193	-11.9%
18	14	225	208	1.015	184.405	184	-11.5%
19	0	212	193	0.957	173.867	174	-9.8%
20	6	244	219	1.101	200.029	200	-8.7%
21	29	210	187	0.948	172.232	172	-8.0%
22	56	233	207	1.051	190.945	191	-7.7%
23	180	212	193	0.957	173.867	174	-9.8%
24	187	200	173	0.902	163.875	164	-5.2%
SW	590	221.63	198.34		181.670		-8.4%

Weighted average factor x percent change = new weighted average
 $198.34 \times 0.916 = 181.6794$

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

* The rates in column (6) are keyed to a statewide revenue change of -8.4 percent.

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

North Carolina Reinsurance Facility
 Commercial Automobile Manual

PRIVATE PASSENGER TYPES

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

Zone Rated Liability

Charlotte

<u>Zone</u>	<u>Description</u>	<u>Code</u>	B.I. Current 30/60 <u>Rate</u>	B.I. Revised 30/60 <u>Rate</u>	B.I. Percent Change	<u>1 Year Exposures</u>
1	Atlanta	201	1085	1089	0.4%	13
2	Baltimore/Washington	202	1376	1109	-19.4%	2
3	Boston	203	1518	1163	-23.4%	
4	Buffalo	204	1376	1109	-19.4%	
5	Charlotte	205	1085	1089	0.4%	3
6	Chicago	206	1204	969	-19.5%	1
7	Cincinnati	207	1204	969	-19.5%	
8	Cleveland	208	1204	969	-19.5%	
9	Dallas/Fort Worth	209	1467	1172	-20.1%	2
10	Denver	210	1946	1403	-27.9%	
11	Detroit	211	1204	969	-19.5%	
12	Hartford	212	1518	1163	-23.4%	
13	Houston	213	1467	1172	-20.1%	
14	Indianapolis	214	1204	969	-19.5%	
15	Jacksonville	215	1085	1089	0.4%	
16	Kansas City	216	1488	1105	-25.7%	
17	Little Rock	217	1467	1172	-20.1%	
18	Los Angeles	218	1705	1242	-27.2%	2
19	Louisville	219	1326	1037	-21.8%	
20	Memphis	220	1326	1037	-21.8%	5
21	Miami	221	1085	1089	0.4%	2
22	Milwaukee	222	1488	1105	-25.7%	
23	Minneapolis/St. Paul	223	1488	1105	-25.7%	
24	Nashville	224	1326	1037	-21.8%	9
25	New Orleans	225	1465	1152	-21.4%	1
26	New York City	226	1376	1109	-19.4%	1
27	Oklahoma City	227	1467	1172	-20.1%	
28	Omaha	228	1488	1105	-25.7%	
29	Phoenix	229	1946	1403	-27.9%	
30	Philadelphia	230	1376	1109	-19.4%	
31	Pittsburgh	231	1376	1109	-19.4%	
32	Portland	232	1705	1242	-27.2%	
33	Richmond	233	1085	1089	0.4%	
34	St. Louis	234	1488	1105	-25.7%	
35	Salt Lake City	235	1946	1403	-27.9%	
36	San Francisco	236	1705	1242	-27.2%	
37	Tulsa	237	1467	1172	-20.1%	
40	Pacific	240	1705	1242	-27.2%	
41	Mountain	241	1946	1403	-27.9%	
42	Midwest	242	1488	1105	-25.7%	
43	Southwest	243	1467	1172	-20.1%	
44	North Central	244	1204	969	-19.5%	
45	Mideast	245	1326	1037	-21.8%	
46	Gulf	246	1465	1152	-21.4%	1
47	Southeast	247	1085	1089	0.4%	9
48	Eastern	248	1376	1109	-19.4%	8
49	New England	249	1518	1163	-23.4%	2

Zone Rated Liability

Charlotte

<u>Zone</u>	<u>Description</u>	<u>Code</u>	<u>P.D.</u> <u>Current</u> <u>25000</u> <u>Rate</u>	<u>P.D.</u> <u>Revised</u> <u>25000</u> <u>Rate</u>	<u>P.D.</u> <u>Percent</u> <u>Change</u>	<u>1 Year</u> <u>Exposures</u>
1	Atlanta	201	1114	1127	1.2%	13
2	Baltimore/Washington	202	1414	1147	-18.9%	2
3	Boston	203	1558	1203	-22.8%	
4	Buffalo	204	1414	1147	-18.9%	
5	Charlotte	205	1114	1127	1.2%	3
6	Chicago	206	1235	1002	-18.9%	1
7	Cincinnati	207	1235	1002	-18.9%	
8	Cleveland	208	1235	1002	-18.9%	
9	Dallas/Fort Worth	209	1507	1212	-19.6%	2
10	Denver	210	1998	1450	-27.4%	
11	Detroit	211	1235	1002	-18.9%	
12	Hartford	212	1558	1203	-22.8%	
13	Houston	213	1507	1212	-19.6%	
14	Indianapolis	214	1235	1002	-18.9%	
15	Jacksonville	215	1114	1127	1.2%	
16	Kansas City	216	1529	1141	-25.4%	
17	Little Rock	217	1507	1212	-19.6%	
18	Los Angeles	218	1747	1284	-26.5%	2
19	Louisville	219	1363	1073	-21.3%	
20	Memphis	220	1363	1073	-21.3%	5
21	Miami	221	1114	1127	1.2%	2
22	Milwaukee	222	1529	1141	-25.4%	
23	Minneapolis/St. Paul	223	1529	1141	-25.4%	
24	Nashville	224	1363	1073	-21.3%	9
25	New Orleans	225	1505	1192	-20.8%	1
26	New York City	226	1414	1147	-18.9%	1
27	Oklahoma City	227	1507	1212	-19.6%	
28	Omaha	228	1529	1141	-25.4%	
29	Phoenix	229	1998	1450	-27.4%	
30	Philadelphia	230	1414	1147	-18.9%	
31	Pittsburgh	231	1414	1147	-18.9%	
32	Portland	232	1747	1284	-26.5%	
33	Richmond	233	1114	1127	1.2%	
34	St. Louis	234	1529	1141	-25.4%	
35	Salt Lake City	235	1998	1450	-27.4%	
36	San Francisco	236	1747	1284	-26.5%	
37	Tulsa	237	1507	1212	-19.6%	
40	Pacific	240	1747	1284	-26.5%	
41	Mountain	241	1998	1450	-27.4%	
42	Midwest	242	1529	1141	-25.4%	
43	Southwest	243	1507	1212	-19.6%	
44	North Central	244	1235	1002	-18.9%	
45	Mideast	245	1363	1073	-21.3%	
46	Gulf	246	1505	1192	-20.8%	1
47	Southeast	247	1114	1127	1.2%	9
48	Eastern	248	1414	1147	-18.9%	8
49	New England	249	1558	1203	-22.8%	2

Zone Rated Liability

Southeast

<u>Zone</u>	<u>Description</u>	<u>Code</u>	B.I. Current 30/60 <u>Rate</u>	B.I. Revised 30/60 <u>Rate</u>	B.I. Percent Change	1 Year <u>Exposures</u>
1	Atlanta	901	1085	1089	0.4%	5
2	Baltimore/Washington	902	1376	1109	-19.4%	2
3	Boston	903	1518	1163	-23.4%	3
4	Buffalo	904	1376	1109	-19.4%	1
5	Charlotte	905	1085	1089	0.4%	4
6	Chicago	906	1204	969	-19.5%	5
7	Cincinnati	907	1204	969	-19.5%	
8	Cleveland	908	1204	969	-19.5%	
9	Dallas/Fort Worth	909	1467	1172	-20.1%	3
10	Denver	910	1946	1403	-27.9%	
11	Detroit	911	1204	969	-19.5%	
12	Hartford	912	1518	1163	-23.4%	3
13	Houston	913	1467	1172	-20.1%	2
14	Indianapolis	914	1204	969	-19.5%	1
15	Jacksonville	915	1085	1089	0.4%	6
16	Kansas City	916	1488	1105	-25.7%	2
17	Little Rock	917	1467	1172	-20.1%	7
18	Los Angeles	918	1705	1242	-27.2%	1
19	Louisville	919	1326	1037	-21.8%	
20	Memphis	920	1326	1037	-21.8%	
21	Miami	921	1085	1089	0.4%	7
22	Milwaukee	922	1488	1105	-25.7%	1
23	Minneapolis/St. Paul	923	1488	1105	-25.7%	5
24	Nashville	924	1326	1037	-21.8%	98
25	New Orleans	925	1465	1152	-21.4%	1
26	New York City	926	1376	1109	-19.4%	8
27	Oklahoma City	927	1467	1172	-20.1%	
28	Omaha	928	1488	1105	-25.7%	
29	Phoenix	929	1946	1403	-27.9%	
30	Philadelphia	930	1376	1109	-19.4%	
31	Pittsburgh	931	1376	1109	-19.4%	1
32	Portland	932	1705	1242	-27.2%	
33	Richmond	933	1085	1089	0.4%	7
34	St. Louis	934	1488	1105	-25.7%	
35	Salt Lake City	935	1946	1403	-27.9%	
36	San Francisco	936	1705	1242	-27.2%	1
37	Tulsa	937	1467	1172	-20.1%	
40	Pacific	940	1623	1183	-27.1%	
41	Mountain	941	1853	1336	-27.9%	
42	Midwest	942	1418	1052	-25.8%	
43	Southwest	943	1397	1116	-20.1%	10
44	North Central	944	1146	923	-19.5%	
45	Mideast	945	1263	988	-21.8%	17
46	Gulf	946	1395	1098	-21.3%	19
47	Southeast	947	1034	1038	0.4%	199
48	Eastern	948	1311	1056	-19.5%	13
49	New England	949	1446	1108	-23.4%	2

Zone Rated Liability

Southeast

<u>Zone</u>	<u>Description</u>	<u>Code</u>	<u>P.D.</u> <u>Current</u> <u>25000</u> <u>Rate</u>	<u>P.D.</u> <u>Revised</u> <u>25000</u> <u>Rate</u>	<u>P.D.</u> <u>Percent</u> <u>Change</u>	<u>1 Year</u> <u>Exposures</u>
1	Atlanta	901	1114	1127	1.2%	5
2	Baltimore/Washington	902	1414	1147	-18.9%	2
3	Boston	903	1558	1203	-22.8%	3
4	Buffalo	904	1414	1147	-18.9%	1
5	Charlotte	905	1114	1127	1.2%	4
6	Chicago	906	1235	1002	-18.9%	5
7	Cincinnati	907	1235	1002	-18.9%	
8	Cleveland	908	1235	1002	-18.9%	
9	Dallas/Fort Worth	909	1507	1212	-19.6%	3
10	Denver	910	1998	1450	-27.4%	
11	Detroit	911	1235	1002	-18.9%	
12	Hartford	912	1558	1203	-22.8%	3
13	Houston	913	1507	1212	-19.6%	2
14	Indianapolis	914	1235	1002	-18.9%	1
15	Jacksonville	915	1114	1127	1.2%	6
16	Kansas City	916	1529	1141	-25.4%	2
17	Little Rock	917	1507	1212	-19.6%	7
18	Los Angeles	918	1747	1284	-26.5%	1
19	Louisville	919	1363	1073	-21.3%	
20	Memphis	920	1363	1073	-21.3%	
21	Miami	921	1114	1127	1.2%	7
22	Milwaukee	922	1529	1141	-25.4%	1
23	Minneapolis/St. Paul	923	1529	1141	-25.4%	5
24	Nashville	924	1363	1073	-21.3%	98
25	New Orleans	925	1505	1192	-20.8%	1
26	New York City	926	1414	1147	-18.9%	8
27	Oklahoma City	927	1507	1212	-19.6%	
28	Omaha	928	1529	1141	-25.4%	
29	Phoenix	929	1998	1450	-27.4%	
30	Philadelphia	930	1414	1147	-18.9%	
31	Pittsburgh	931	1414	1147	-18.9%	1
32	Portland	932	1747	1284	-26.5%	
33	Richmond	933	1114	1127	1.2%	7
34	St. Louis	934	1529	1141	-25.4%	
35	Salt Lake City	935	1998	1450	-27.4%	
36	San Francisco	936	1747	1284	-26.5%	1
37	Tulsa	937	1507	1212	-19.6%	
40	Pacific	940	1664	1222	-26.6%	
41	Mountain	941	1903	1382	-27.4%	
42	Midwest	942	1457	1087	-25.4%	
43	Southwest	943	1435	1154	-19.6%	10
44	North Central	944	1176	954	-18.9%	
45	Mideast	945	1297	1021	-21.3%	17
46	Gulf	946	1433	1135	-20.8%	19
47	Southeast	947	1061	1073	1.1%	199
48	Eastern	948	1346	1092	-18.9%	13
49	New England	949	1483	1145	-22.8%	2

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

Zone	Liability Non Fleet		Zone	Liability Non Fleet		Zone	Liability Non Fleet		Zone	Liability Non Fleet	
01 Atlanta	1089	BI	13 Houston	1172	BI	25 New Orleans	1152	BI	37 Tulsa	1172	BI
	1127	PD		1212	PD		1192	PD		1212	PD
	210	MP		226	MP		222	MP		226	MP
	**201			**213			**225			**237	
02 Balt.-Wash.	1109	BI	14 Indianapolis	969	BI	26 N.Y. City	1109	BI	40 Pacific	1242	BI
	1147	PD		1002	PD		1147	PD		1284	PD
	214	MP		187	MP		214	MP		240	MP
	**202			**214			**226			**240	
03 Boston	1163	BI	15 Jacksonville	1089	BI	27 Okla.-City	1172	BI	41 Mountain	1403	BI
	1203	PD		1127	PD		1212	PD		1450	PD
	224	MP		210	MP		226	MP		271	MP
	**203			**215			**227			**241	
04 Buffalo	1109	BI	16 Kansas City	1105	BI	28 Omaha	1105	BI	42 Midwest	1105	BI
	1147	PD		1141	PD		1141	PD		1141	PD
	214	MP		213	MP		213	MP		213	MP
	**204			**216			**228			**242	
05 Charlotte	1089	BI	17 Little Rock	1172	BI	29 Phoenix	1403	BI	43 Southwest	1172	BI
	1127	PD		1212	PD		1450	PD		1212	PD
	210	MP		226	MP		271	MP		226	MP
	**205			**217			**229			**243	
06 Chicago	969	BI	18 Los Angeles	1242	BI	30 Philadelphia	1109	BI	44 North-Central	969	BI
	1002	PD		1284	PD		1147	PD		1002	PD
	187	MP		240	MP		214	MP		187	MP
	**206			**218			**230			**244	
07 Cincinnati	969	BI	19 Louisville	1037	BI	31 Pittsburgh	1109	BI	45 Mideast	1037	BI
	1002	PD		1073	PD		1147	PD		1073	PD
	187	MP		200	MP		214	MP		200	MP
	**207			**219			**231			**245	
08 Cleveland	969	BI	20 Memphis	1037	BI	32 Portland	1242	BI	46 Gulf	1152	BI
	1002	PD		1073	PD		1284	PD		1192	PD
	187	MP		200	MP		240	MP		222	MP
	**208			**220			**232			**246	
09 Dallas Ft. Worth	1172	BI	21 Miami	1089	BI	33 Richmond	1089	BI	47 Southeast	1089	BI
	1212	PD		1127	PD		1127	PD		1127	PD
	226	MP		210	MP		210	MP		210	MP
	**209			**221			**233			**247	
10 Denver	1403	BI	22 Milwaukee	1105	BI	34 St. Louis	1105	BI	48 Eastern	1109	BI
	1450	PD		1141	PD		1141	PD		1147	PD
	271	MP		213	MP		213	MP		214	MP
	**210			**222			**234			**248	
11 Detroit	969	BI	23 Minn.-St. Paul	1105	BI	35 Salt Lake City	1403	BI	49 New England	1163	BI
	1002	PD		1141	PD		1450	PD		1203	PD
	187	MP		213	MP		271	MP		224	MP
	**211			**223			**235			**249	
12 Hartford	1163	BI	24 Nashville	1037	BI	36 San Francisco	1242	BI			
	1203	PD		1073	PD		1284	PD			
	224	MP		200	MP		240	MP			
	**212			**224			**236				

TRUCKS

Zone Rating Table
Zone 47 (Southeast) Combinations

Section C
Exhibit 5
Sheet 6

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

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

SECTION D
Supporting Exhibits

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE LIABILITY

SUPPORTING EXHIBITS

Exhibit 1 - Loss Development Factors

For Trucks, Tractors, & Trailers, Garage Dealers, Private Passenger Types, and Zone Rated Risks, 30/60/25 limits and total limits loss development factors based on North Carolina only data are shown in this exhibit.

Exhibit 2 - Trend in Claim Severity and Claim Frequency

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

Exhibit 3 - Trend in Expense

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

Exhibit 4 - Expense Experience

Exhibit 5 - Tables of Credibility and Weights

Exhibit 6 - Investment Income

Exhibit 7 - Adjusted and Unadjusted Experience

NORTH CAROLINA
ISO FACILITY DATABASIC LIMIT LOSS DEVELOPMENT
TRUCKS, TRACTORS, AND TRAILERS INCURRED LOSSES AND EXPENSES

Bodily Injury

Accident Year Ending	\$30,000/60,000 15 Months	Basic Limit		Loss Development Factors		
		27 Months	39 Months	15 to 27 Months	27 to 39 Months	
12/31/1996	3,077,525	3,150,011	3,131,975	1.024	0.994	
12/31/1997	2,856,653	2,863,289	2,853,069	1.002	0.996	
12/31/1998	2,105,665	2,106,029	2,302,012	1.000	1.093	
12/31/1999	1,986,713	2,006,295	2,060,531	1.010	1.027	
12/31/2000	1,991,145	2,066,560	2,451,895	1.038	1.186	
12/31/2001	1,485,074	1,698,292	1,728,268	1.144	1.018	
12/31/2002	1,977,919	1,989,586	1,985,060	1.006	0.998	
12/31/2003	2,185,715	2,148,079	2,050,756	0.983	0.955	
12/31/2004	2,733,121	2,912,915	2,980,721	1.066	1.023	
12/31/2005	2,498,032	2,394,822	2,311,175	0.959	0.965	
12/31/2006	2,227,781	2,000,793		0.898		
12/31/2007	2,030,344					
(1) Average Factor (Best 3 of 5) :				(A) Facility	0.983	0.994
				(B) Voluntary	1.056	1.038
(2) Credibility					0.750	0.400
(3) Credibility Weighted Factors					1.001	1.020

Property Damage

Accident Year Ending	\$25,000 Basic Limit 15 Months	Basic Limit		Loss Development Factors		
		27 Months	39 Months	15 to 27 Months	27 to 39 Months	
12/31/1996	3,003,687	3,031,203	3,016,501	1.009	0.995	
12/31/1997	2,861,178	2,966,571	2,960,879	1.037	0.998	
12/31/1998	2,236,005	2,217,837	2,225,524	0.992	1.003	
12/31/1999	2,274,417	2,309,007	2,351,143	1.015	1.018	
12/31/2000	2,246,559	2,324,069	2,325,112	1.035	1.000	
12/31/2001	1,996,776	1,957,253	1,957,023	0.980	1.000	
12/31/2002	1,582,791	1,589,283	1,615,586	1.004	1.017	
12/31/2003	1,970,846	2,068,756	2,049,581	1.050	0.991	
12/31/2004	2,446,141	2,479,324	2,494,482	1.014	1.006	
12/31/2005	2,324,242	2,398,293	2,389,126	1.032	0.996	
12/31/2006	2,044,922	2,104,366		1.029		
12/31/2007	2,100,414					
(1) Average Factor (Best 3 of 5) :				(A) Facility	1.025	1.001
				(B) Voluntary	1.022	1.001
(2) Credibility					0.820	0.000
(3) Credibility Weighted Factors					1.024	1.001

Summary of Factors

	Bodily Injury	Property Damage
39 to Ultimate **	1.013	0.999
27 to Ultimate	1.033	1.000
15 to Ultimate	1.034	1.024

** NC voluntary factors

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

Bodily Injury

Accident Year Ending	\$30,000/60,000 Basic Limit				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1996	16,011,488	17,332,972	17,730,103	18,043,043	18,218,939
12/31/1997	16,746,378	17,309,898	18,004,305	18,465,138	18,546,086
12/31/1998	16,617,121	17,925,816	18,735,129	18,820,999	18,986,979
12/31/1999	16,490,460	17,644,281	18,279,078	18,951,068	18,824,335
12/31/2000	17,250,814	18,728,925	19,666,417	20,172,908	20,409,517
12/31/2001	15,635,266	16,907,349	17,920,325	18,301,964	18,382,734
12/31/2002	14,594,828	15,443,575	16,034,309	16,523,602	16,231,389
12/31/2003	14,146,240	15,083,453	15,706,366	15,749,139	15,589,732
12/31/2004	14,571,180	15,030,936	15,574,777	15,806,168	
12/31/2005	14,675,821	15,775,163	16,169,562		
12/31/2006	16,846,720	17,599,527			
12/31/2007	14,637,436				

Ratios

Accident Year Ending	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
12/31/1996	1.083	1.023	1.018	1.010
12/31/1997	1.034	1.040	1.026	1.004
12/31/1998	1.079	1.045	1.005	1.009
12/31/1999	1.070	1.036	1.037	0.993
12/31/2000	1.086	1.050	1.026	1.012
12/31/2001	1.081	1.060	1.021	1.004
12/31/2002	1.058	1.038	1.031	0.982
12/31/2003	1.066	1.041	1.003	0.990
12/31/2004	1.032	1.036	1.015	
12/31/2005	1.075	1.025		
12/31/2006	1.045			
Average Factor: (Best 3 of 5)	1.056	1.038	1.021	0.996

Summary of Factors

63 to Ult:	(75:63) (75:Ult) =	0.996
51 to Ult:	(63:51) (75:63) (75:Ult) =	0.992
39 to Ult:	(51:39) (63:51) (75:63) (75:Ult) =	1.013
27 to Ult:	(39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.051
15 to Ult:	(27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.110

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

Bodily Injury

Accident Year	\$30,000/60,000 Basic Limit				
<u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1996	18,229,590	18,168,758	18,175,642	18,166,064	18,166,064
12/31/1997	18,592,536	18,482,797	18,470,515	18,470,515	18,470,515
12/31/1998	18,880,272	18,825,654	18,844,483	18,848,858	18,858,856
12/31/1999	18,751,437	18,789,134	18,799,476	18,799,684	
12/31/2000	20,468,929	20,360,944	20,366,252		
12/31/2001	18,282,634	18,306,882			
12/31/2002	16,338,515				

Ratios

Accident Year	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>	<u>123:111</u>
12/31/1996	1.001	0.997	1.000	0.999	1.000
12/31/1997	1.003	0.994	0.999	1.000	1.000
12/31/1998	0.994	0.997	1.001	1.000	1.001
12/31/1999	0.996	1.002	1.001	1.000	
12/31/2000	1.003	0.995	1.000		
12/31/2001	0.995	1.001			
12/31/2002	1.007				
Average Factor: (Best 3 of 5)	0.998	0.998	1.000	1.000	1.000

Summary of Factors

123 to Ult:	(1.000)	=	1.000
111 to Ult:	(123:111) (123:Ult)	=	1.000
99 to Ult:	(111:99) (123:111) (123:Ult)	=	1.000
87 to Ult:	(99:87) (111:99) (123:111) (123:Ult)	=	1.000
75 to Ult:	(87:75) (99:87) (111:99) (123:111) (123:Ult)	=	0.998

NORTH CAROLINA
ISO VOLUNTARY DATA

BASIC LIMITS LOSS DEVELOPMENT
TRUCKS, TRACTORS, AND TRAILERS INCURRED LOSSES AND EXPENSES

Property Damage

Accident Year Ending	\$25,000 Basic Limit				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1996	17,561,586	17,783,520	17,864,107	17,804,010	17,813,664
12/31/1997	18,320,205	18,740,563	18,705,074	18,851,774	18,773,467
12/31/1998	18,921,449	18,943,828	19,111,299	19,154,537	19,192,104
12/31/1999	19,968,384	20,472,312	20,630,187	20,700,796	20,667,305
12/31/2000	20,828,057	21,285,825	21,313,209	21,297,865	21,274,967
12/31/2001	17,885,086	18,235,823	18,209,241	18,234,432	18,262,887
12/31/2002	17,233,476	17,636,096	17,601,801	17,662,660	17,679,476
12/31/2003	15,558,383	15,937,974	15,976,055	15,946,515	15,906,563
12/31/2004	15,509,358	15,959,726	16,031,725	16,031,723	
12/31/2005	16,717,466	17,017,909	17,060,853		
12/31/2006	17,433,861	17,488,303			
12/31/2007	17,043,416				

Ratios

Accident Year Ending	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
12/31/1996	1.013	1.005	0.997	1.001
12/31/1997	1.023	0.998	1.008	0.996
12/31/1998	1.001	1.009	1.002	1.002
12/31/1999	1.025	1.008	1.003	0.998
12/31/2000	1.022	1.001	0.999	0.999
12/31/2001	1.020	0.999	1.001	1.002
12/31/2002	1.023	0.998	1.003	1.001
12/31/2003	1.024	1.002	0.998	0.997
12/31/2004	1.029	1.005	1.000	
12/31/2005	1.018	1.003		
12/31/2006	1.003			
Average Factor: (Best 3 of 5)	1.022	1.001	1.000	0.999

Summary of Factors

63 to Ult:	(75:63) (75:Ult) =	1.000
51 to Ult:	(63:51) (75:63) (75:Ult) =	0.999
39 to Ult:	(51:39) (63:51) (75:63) (75:Ult) =	0.999
27 to Ult:	(39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.000
15 to Ult:	(27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.022

NORTH CAROLINA
ISO VOLUNTARY DATA

BASIC LIMITS LOSS DEVELOPMENT
TRUCKS, TRACTORS, AND TRAILERS INCURRED LOSSES AND EXPENSES

Property Damage

Accident Year Ending	\$25,000 Basic Limit				
	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1996	17,792,088	17,777,964	17,772,940	17,772,940	17,775,415
12/31/1997	18,751,523	18,759,956	18,789,424	18,787,280	18,804,156
12/31/1998	19,178,290	19,177,987	19,184,733	19,185,243	19,185,375
12/31/1999	20,666,163	20,679,639	20,681,426	20,682,146	
12/31/2000	21,284,665	21,320,598	21,320,600		
12/31/2001	18,293,903	18,291,417			
12/31/2002	17,670,397				

Ratios

Accident Year Ending	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>	<u>123:111</u>
12/31/1996	0.999	0.999	1.000	1.000	1.000
12/31/1997	0.999	1.000	1.002	1.000	1.001
12/31/1998	0.999	1.000	1.000	1.000	1.000
12/31/1999	1.000	1.001	1.000	1.000	
12/31/2000	1.000	1.002	1.000		
12/31/2001	1.002	1.000			
12/31/2002	0.999				
Average Factor: (Best 3 of 5)	1.000	1.000	1.000	1.000	1.000

Summary of Factors

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

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

ACCIDENT YEAR ENDED	TOTAL LIMITS AMOUNTS AS OF:									
	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1996	4,128,927	4,932,120	4,851,103	3,864,734	4,680,327	4,634,287	4,634,061	4,634,757	4,634,757	4,634,757
12/31/1997	3,270,125	3,423,209	4,151,670	4,295,725	4,313,353	4,345,385	4,405,075	4,813,843	4,813,993	4,813,993
12/31/1998	2,654,956	3,304,073	3,693,200	4,049,055	4,109,218	4,116,566	4,141,017	4,141,017	4,139,117	4,139,117
12/31/1999	3,009,369	3,149,238	3,323,440	3,651,720	3,578,156	3,572,887	3,571,653	3,572,663	3,572,663	
12/31/2000	2,128,615	2,436,560	3,369,782	3,207,356	3,349,499	3,301,544	3,242,934	3,242,934		
12/31/2001	1,707,326	2,071,609	2,279,863	2,523,825	2,493,590	2,454,445	2,455,645			
12/31/2002	2,595,207	3,034,886	3,237,522	3,313,748	3,206,842	3,160,504				
12/31/2003	3,396,732	6,079,363	6,538,440	6,924,209	7,036,279					
12/31/2004	4,801,707	6,393,264	7,269,313	7,295,736						
12/31/2005	5,515,564	6,300,771	6,121,840							
12/31/2006	3,480,980	4,368,402								
12/31/2007	5,377,675									

ACCIDENT YEAR ENDED	RATIOS									
	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111	
12/31/1996	1.195	0.984	0.797	1.211	0.990	1.000	1.000	1.000	1.000	1.000
12/31/1997	1.047	1.213	1.035	1.004	1.007	1.014	1.093	1.000	1.000	1.000
12/31/1998	1.244	1.118	1.096	1.015	1.002	1.006	1.000	1.000	1.000	1.000
12/31/1999	1.046	1.055	1.099	0.980	0.999	1.000	1.000	1.000	1.000	
12/31/2000	1.145	1.383	0.952	1.044	0.986	0.982	1.000			
12/31/2001	1.213	1.101	1.107	0.988	0.984	1.000				
12/31/2002	1.169	1.067	1.024	0.968	0.986					
12/31/2003	1.790	1.076	1.059	1.016						
12/31/2004	1.331	1.137	1.004							
12/31/2005	1.142	0.972								
12/31/2006	1.255									
Best 3 of 5	1.252	1.081	1.029	0.995	0.990	1.002	1.000	1.000	1.000	1.000
All Years Average	1.234	1.111	1.019	1.028	0.993	1.000	1.019	1.000	1.000	1.000
Selected	1.252	1.081	1.029	0.995	0.990	1.000	1.000	1.000	1.000	1.000

SUMMARY OF FACTORS

123 To Ultimate	(123:Ult.)=	1.000
111 To Ultimate	(123:111)(123:Ult.)=	1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)=	1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)=	1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.990
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.985
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.014
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.096
15 To Ultimate	(27:15)(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.372

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

ACCIDENT YEAR ENDED	TOTAL LIMITS AMOUNTS AS OF:									
	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1996	3,068,980	3,106,013	3,221,311	3,221,755	3,248,881	3,235,380	3,236,433	3,236,433	3,236,433	3,236,433
12/31/1997	2,870,969	2,977,492	2,971,800	2,966,006	2,966,156	2,966,156	2,966,156	2,966,156	2,966,156	2,966,156
12/31/1998	2,266,073	2,227,217	2,234,904	2,242,367	2,257,539	2,257,542	2,258,309	2,258,309	2,259,155	2,259,155
12/31/1999	2,368,736	2,362,231	2,404,367	2,404,709	2,400,068	2,400,119	2,400,109	2,400,109	2,400,109	2,400,109
12/31/2000	2,289,613	2,358,950	2,359,993	2,399,411	2,389,185	2,389,165	2,389,165	2,389,859		
12/31/2001	2,046,247	1,976,744	1,976,514	1,977,830	1,975,265	1,975,265	1,975,265			
12/31/2002	1,650,690	1,657,182	1,730,369	1,762,635	1,746,351	1,746,384				
12/31/2003	2,193,391	2,278,740	2,259,555	2,263,392	2,264,800					
12/31/2004	2,459,153	2,496,312	2,511,470	2,503,116						
12/31/2005	2,436,806	2,522,340	2,523,173							
12/31/2006	2,110,263	2,211,223								
12/31/2007	2,158,999									

ACCIDENT YEAR ENDED	RATIOS								
	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
12/31/1996	1.012	1.037	1.000	1.008	0.996	1.000	1.000	1.000	1.000
12/31/1997	1.037	0.998	0.998	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1998	0.983	1.003	1.003	1.007	1.000	1.000	1.000	1.000	1.000
12/31/1999	0.997	1.018	1.000	0.998	1.000	1.000	1.000	1.000	1.000
12/31/2000	1.030	1.000	1.017	0.996	1.000	1.000	1.000		
12/31/2001	0.966	1.000	1.001	0.999	1.000	1.000			
12/31/2002	1.004	1.044	1.019	0.991	1.000				
12/31/2003	1.039	0.992	1.002	1.001					
12/31/2004	1.015	1.006	0.997						
12/31/2005	1.035	1.000							
12/31/2006	1.048								
Best 3 of 5	1.030	1.002	1.007	0.998	1.000	1.000	1.000	1.000	1.000
All Years Average	1.015	1.010	1.004	1.000	0.999	1.000	1.000	1.000	1.000
Selected	1.030	1.002	1.007	0.998	1.000	1.000	1.000	1.000	1.000

SUMMARY OF FACTORS

123 To Ultimate	(123:Ult.)=	1.000
111 To Ultimate	(123:111)(123:Ult.)=	1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)=	1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)=	1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.998
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.005
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.007
15 To Ultimate	(27:15)(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.037

BASIC LIMITS LOSS DEVELOPMENT
PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES

Bodily Injury

Accident Year Ending	\$30,000/60,000 15 Months	Basic Limit		Loss Development Factors		
		27 Months	39 Months	15 to 27 Months	27 to 39 Months	
12/31/1996	95,596	71,855	71,855	0.752	1.000	
12/31/1997	92,157	101,849	33,809	1.105	0.332	
12/31/1998	25,026	24,686	24,686	0.986	1.000	
12/31/1999	76,805	72,057	72,057	0.938	1.000	
12/31/2000	59,864	34,324	29,794	0.573	0.868	
12/31/2001	110,134	170,897	173,091	1.552	1.013	
12/31/2002	48,514	48,514	53,514	1.000	1.103	
12/31/2003	18,890	18,429	18,429	0.976	1.000	
12/31/2004	40,366	52,990	37,871	1.313	0.715	
12/31/2005	65,868	54,560	48,185	0.828	0.883	
12/31/2006	23,853	20,633		0.865		
12/31/2007	10,361					
(1) Average Factor (Best 3 of 5) :				(A) Facility	0.947	0.965
				(B) Voluntary	1.100	1.023
(2) Credibility					0.080	0.030
(3) Credibility Weighted Factors					1.088	1.021

Property Damage

Accident Year Ending	\$25,000 Basic Limit 15 Months	Basic Limit		Loss Development Factors		
		27 Months	39 Months	15 to 27 Months	27 to 39 Months	
12/31/1996	90,837	91,110	91,110	1.003	1.000	
12/31/1997	63,941	60,756	60,756	0.950	1.000	
12/31/1998	86,709	87,318	87,337	1.007	1.000	
12/31/1999	97,630	85,932	85,932	0.880	1.000	
12/31/2000	132,303	116,611	120,738	0.881	1.035	
12/31/2001	55,118	52,709	52,709	0.956	1.000	
12/31/2002	59,164	59,139	59,139	1.000	1.000	
12/31/2003	36,376	29,755	29,755	0.818	1.000	
12/31/2004	28,959	28,949	28,949	1.000	1.000	
12/31/2005	55,695	33,220	34,035	0.596	1.025	
12/31/2006	12,640	15,060		1.191		
12/31/2007	28,074					
(1) Average Factor (Best 3 of 5) :				(A) Facility	0.939	1.000
				(B) Voluntary	1.032	1.001
(2) Credibility					0.140	0.000
(3) Credibility Weighted Factors					1.019	1.001

Summary of Factors

	Bodily Injury	Property Damage
39 to Ultimate **	1.003	1.005
27 to Ultimate	1.024	1.006
15 to Ultimate	1.114	1.025

** NC voluntary factors

Bodily Injury

Accident Year Ending	\$30,000/60,000 Basic Limit 15 Months	27 Months	39 Months	51 Months	63 Months
12/31/1996	2,576,107	2,862,985	2,956,068	2,940,701	2,860,628
12/31/1997	2,491,983	2,747,167	2,736,378	2,964,165	2,970,332
12/31/1998	2,396,002	2,317,294	2,685,239	2,754,225	2,819,785
12/31/1999	2,558,184	2,701,758	2,827,684	2,820,833	2,716,785
12/31/2000	2,512,605	2,751,740	2,701,413	2,683,122	2,643,042
12/31/2001	1,976,151	2,164,004	2,279,900	2,415,217	2,629,273
12/31/2002	1,759,781	2,006,412	2,041,407	2,157,633	2,099,399
12/31/2003	1,742,079	1,930,897	2,006,464	1,997,637	1,971,498
12/31/2004	1,865,005	2,152,479	2,062,322	2,069,216	
12/31/2005	1,996,289	2,100,875	2,127,139		
12/31/2006	1,966,650	1,992,330			
12/31/2007	1,738,377				

Ratios

Accident Year Ending	27:15	39:27	51:39	63:51
12/31/1996	1.111	1.033	0.995	0.973
12/31/1997	1.102	0.996	1.083	1.002
12/31/1998	0.967	1.159	1.026	1.024
12/31/1999	1.056	1.047	0.998	0.963
12/31/2000	1.095	0.982	0.993	0.985
12/31/2001	1.095	1.054	1.059	1.089
12/31/2002	1.140	1.017	1.057	0.973
12/31/2003	1.108	1.039	0.996	0.987
12/31/2004	1.154	0.958	1.003	
12/31/2005	1.052	1.013		
12/31/2006	1.013			
Average Factor: (Best 3 of 5)	1.100	1.023	1.019	0.982

Summary of Factors

63 to Ult:	(75:63) (75:Ult) =	1.002
51 to Ult:	(63:51) (75:63) (75:Ult) =	0.984
39 to Ult:	(51:39) (63:51) (75:63) (75:Ult) =	1.003
27 to Ult:	(39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.026
15 to Ult:	(27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.128

BASIC LIMITS LOSS DEVELOPMENT

PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES

Bodily Injury

Accident Year	\$30,000/60,000 Basic Limit				
Ending	75 Months	87 Months	99 Months	111 Months	123 Months
12/31/1996	2,860,558	2,857,663	2,893,232	2,862,700	2,864,000
12/31/1997	2,978,941	2,978,941	2,962,797	2,962,797	2,962,797
12/31/1998	2,826,596	2,863,579	2,851,231	2,853,758	2,861,069
12/31/1999	2,740,649	2,728,588	2,728,588	2,728,588	
12/31/2000	2,639,712	2,648,428	2,662,304		
12/31/2001	2,611,776	2,611,776			
12/31/2002	2,099,467				

Ratios

Accident Year	75:63	87:75	99:87	111:99	123:111
12/31/1996	1.000	0.999	1.012	0.989	1.000
12/31/1997	1.003	1.000	0.995	1.000	1.000
12/31/1998	1.002	1.013	0.996	1.001	1.003
12/31/1999	1.009	0.996	1.000	1.000	
12/31/2000	0.999	1.003	1.005		
12/31/2001	0.993	1.000			
12/31/2002	1.000				
Average Facto (Best 3 of 5)	1.000	1.001	1.000	1.000	1.001

Summary of Factors

123 to Ult:	(1.000)	=	1.000
111 to Ult:	(123:111) (123:Ult)	=	1.001
99 to Ult:	(111:99) (123:111) (123:Ult)	=	1.001
87 to Ult:	(99:87) (111:99) (123:111) (123:Ult)	=	1.001
75 to Ult:	(87:75) (99:87) (111:99) (123:111) (123:Ult)	=	1.002

BASIC LIMITS LOSS DEVELOPMENT

PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES

Property Damage

Accident Year Ending	\$25,000 Basic Limit					
		<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1996	2,570,031	2,580,100	2,604,061	2,572,853	2,561,781	
12/31/1997	2,080,163	2,100,732	2,097,037	2,111,239	2,108,593	
12/31/1998	2,438,884	2,444,169	2,434,719	2,471,281	2,476,555	
12/31/1999	2,690,053	2,840,675	2,801,271	2,792,636	2,786,444	
12/31/2000	2,446,470	2,456,724	2,448,115	2,454,589	2,443,295	
12/31/2001	2,403,915	2,409,485	2,408,236	2,498,982	2,546,397	
12/31/2002	2,037,170	2,089,962	2,094,228	2,118,342	2,103,222	
12/31/2003	1,723,878	1,803,379	1,820,123	1,822,308	1,824,908	
12/31/2004	1,854,493	1,994,331	1,993,518	1,997,519		
12/31/2005	2,010,783	2,057,367	2,060,693			
12/31/2006	1,994,899	1,984,631				
12/31/2007	1,780,152					

Ratios

Accident Year Ending		<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
12/31/1996		1.004	1.009	0.988	0.996
12/31/1997		1.010	0.998	1.007	0.999
12/31/1998		1.002	0.996	1.015	1.002
12/31/1999		1.056	0.986	0.997	0.998
12/31/2000		1.004	0.996	1.003	0.995
12/31/2001		1.002	0.999	1.038	1.019
12/31/2002		1.026	1.002	1.012	0.993
12/31/2003		1.046	1.009	1.001	1.001
12/31/2004		1.075	1.000	1.002	
12/31/2005		1.023	1.002		
12/31/2006		0.995			
Average Factor: (Best 3 of 5)		1.032	1.001	1.006	0.998

Summary of Factors

63 to Ult:	(75:63) (75:Ult) =	1.001
51 to Ult:	(63:51) (75:63) (75:Ult) =	0.999
39 to Ult:	(51:39) (63:51) (75:63) (75:Ult) =	1.005
27 to Ult:	(39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.006
15 to Ult:	(27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.038

BASIC LIMITS LOSS DEVELOPMENT

PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES

Property Damage

Accident Year	\$25,000 Basic Limit				
<u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1996	2,559,861	2,559,289	2,559,289	2,559,852	2,559,852
12/31/1997	2,108,593	2,108,593	2,108,593	2,108,593	2,108,593
12/31/1998	2,477,987	2,478,635	2,473,218	2,478,729	2,478,729
12/31/1999	2,784,574	2,759,574	2,761,354	2,761,354	
12/31/2000	2,448,405	2,456,982	2,456,982		
12/31/2001	2,525,539	2,525,540			
12/31/2002	2,103,222				

Ratios

Accident Year	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>	<u>123:111</u>
12/31/1996	0.999	1.000	1.000	1.000	1.000
12/31/1997	1.000	1.000	1.000	1.000	1.000
12/31/1998	1.001	1.000	0.998	1.002	1.000
12/31/1999	0.999	0.991	1.001	1.000	
12/31/2000	1.002	1.004	1.000		
12/31/2001	0.992	1.000			
12/31/2002	1.000				
Average Facto (Best 3 of 5)	1.000	1.000	1.000	1.001	1.000

Summary of Factors

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

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

ACCIDENT YEAR ENDED	TOTAL LIMITS AMOUNTS AS OF:									
	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1996	95,596	71,855	71,855	71,855	71,855	71,855	71,855	71,855	71,855	71,855
12/31/1997	92,157	132,339	33,809	39,515	33,992	34,492	33,992	33,992	33,992	33,992
12/31/1998	25,026	24,686	24,686	24,686	24,686	24,686	24,686	24,686	24,686	24,686
12/31/1999	76,805	72,057	72,057	72,057	72,057	72,057	72,057	72,057	72,057	72,057
12/31/2000	59,864	34,324	29,794	29,794	29,794	29,794	29,794	29,794	29,794	
12/31/2001	800,134	853,247	855,441	847,508	849,103	849,103	849,103	849,103		
12/31/2002	48,514	48,514	53,514	48,514	48,514	48,514	48,514			
12/31/2003	18,890	18,429	18,429	18,429	18,429					
12/31/2004	45,366	52,990	37,871	38,151						
12/31/2005	65,868	54,560	48,185							
12/31/2006	23,853	20,633								
12/31/2007	10,361									

ACCIDENT YEAR ENDED	RATIOS									
	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111	
12/31/1996	0.752	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1997	1.436	0.255	1.169	0.860	1.015	0.986	1.000	1.000	1.000	1.000
12/31/1998	0.986	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1999	0.938	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
12/31/2000	0.573	0.868	1.000	1.000	1.000	1.000	1.000	1.000		
12/31/2001	1.066	1.003	1.091	1.002	1.000	1.000				
12/31/2002	1.000	1.103	0.907	1.000	1.000					
12/31/2003	0.976	1.000	1.000	1.000						
12/31/2004	1.168	0.715	1.007							
12/31/2005	0.828	0.883								
12/31/2006	0.865									
Best 3 of 5	0.947	0.962	0.997	1.000	1.000	1.000	1.000	1.000	1.000	1.000
All Years Average	0.963	0.883	1.008	0.983	1.002	0.998	1.000	1.000	1.000	1.000
Selected	0.947	0.962	0.997	1.000	1.000	1.000	1.000	1.000	1.000	1.000

SUMMARY OF FACTORS	
123 To Ultimate	(123:Ult.)= 1.000
111 To Ultimate	(123:111)(123:Ult.)= 1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)= 1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)= 1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.000
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.000
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.000
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 0.997
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 0.959
15 To Ultimate	(27:15)(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 0.908

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

ACCIDENT YEAR ENDED	TOTAL LIMITS AMOUNTS AS OF:									
	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1996	90,837	91,110	91,110	91,110	91,110	91,110	91,110	91,110	91,110	91,110
12/31/1997	63,941	60,756	60,756	60,756	60,756	60,756	60,756	60,756	60,756	60,756
12/31/1998	86,709	87,318	87,337	87,318	87,318	87,318	87,318	87,318	87,318	87,318
12/31/1999	97,630	85,932	85,932	85,932	85,932	85,932	85,932	85,932	85,932	85,932
12/31/2000	132,303	116,611	120,738	111,244	111,324	111,324	111,324	111,324	111,324	
12/31/2001	55,118	52,709	52,709	52,709	52,709	52,709	52,709	52,709		
12/31/2002	59,164	59,139	59,139	59,139	59,139	59,139	59,139			
12/31/2003	36,376	29,755	29,755	29,755	29,755					
12/31/2004	28,959	28,949	28,949	28,949						
12/31/2005	67,316	33,220	34,035							
12/31/2006	12,640	15,060								
12/31/2007	28,074									

ACCIDENT YEAR ENDED	RATIOS									
	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111	
12/31/1996	1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1997	0.950	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1998	1.007	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1999	0.880	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
12/31/2000	0.881	1.035	0.921	1.001	1.000	1.000	1.000			
12/31/2001	0.956	1.000	1.000	1.000	1.000	1.000				
12/31/2002	1.000	1.000	1.000	1.000	1.000					
12/31/2003	0.818	1.000	1.000	1.000						
12/31/2004	1.000	1.000	1.000							
12/31/2005	0.493	1.025								
12/31/2006	1.191									
Best 3 of 5	0.939	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
All Years Average	0.925	1.006	0.991	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	0.939	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

SUMMARY OF FACTORS

123 To Ultimate	(123:Ult.)=	1.000
111 To Ultimate	(123:111)(123:Ult.)=	1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)=	1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)=	1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
15 To Ultimate	(27:15)(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.939

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

POLICY YEAR ENDED	BASIC LIMITS (\$30,000/60,000) AMOUNTS AS OF:								
	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1997	1,035,857	1,076,834	1,102,610	1,154,515	1,142,763	1,142,763	1,142,763	1,142,763	1,142,763
12/31/1998	676,716	686,079	692,246	693,276	693,276	693,276	693,276	693,276	693,276
12/31/1999	380,811	422,082	484,362	552,418	542,845	544,792	546,743	546,855	546,855
12/31/2000	321,260	323,173	340,609	336,551	336,551	336,551	336,551	336,551	
12/31/2001	278,437	287,237	304,669	304,669	304,669	304,669	304,669		
12/31/2002	358,681	378,725	424,643	444,026	416,901	418,312			
12/31/2003	315,011	327,328	324,409	332,151	352,693				
12/31/2004	325,791	419,978	393,504	391,301					
12/31/2005	268,775	286,914	284,349						
12/31/2006	409,933	501,252							
12/31/2007	216,157								

POLICY YEAR ENDED	RATIOS							
	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
12/31/1997	1.040	1.024	1.047	0.990	1.000	1.000	1.000	1.000
12/31/1998	1.014	1.009	1.001	1.000	1.000	1.000	1.000	1.000
12/31/1999	1.108	1.148	1.141	0.983	1.004	1.004	1.000	1.000
12/31/2000	1.006	1.054	0.988	1.000	1.000	1.000	1.000	
12/31/2001	1.032	1.061	1.000	1.000	1.000	1.000		
12/31/2002	1.056	1.121	1.046	0.939	1.003			
12/31/2003	1.039	0.991	1.024	1.062				
12/31/2004	1.289	0.937	0.994					
12/31/2005	1.067	0.991						
12/31/2006	1.223							
Best 3 of 5	1.115	1.014	1.006	0.994	1.001	1.000	1.000	1.000
All Years Average	1.087	1.037	1.030	0.996	1.001	1.001	1.000	1.000
Selected	1.115	1.010	1.006	0.994	1.001	1.000	1.000	1.000

SUMMARY OF FACTORS

123 To Ultimate	(123:Ult.)=	1.000
111 To Ultimate	(123:111)(123:Ult.)=	1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)=	1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)=	1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.001
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.995
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.001
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.011
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.127

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

POLICY YEAR ENDED	TOTAL LIMITS AMOUNTS AS OF:								
	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1997	1,259,557	1,379,658	1,376,310	1,504,640	1,485,388	1,485,388	1,485,388	1,485,388	1,485,388
12/31/1998	891,235	917,097	907,264	917,295	917,295	917,295	917,295	917,295	917,295
12/31/1999	400,811	442,082	579,362	647,418	774,674	790,771	792,722	792,834	792,834
12/31/2000	484,260	466,173	483,609	479,551	479,551	479,551	479,551	479,551	
12/31/2001	278,437	290,237	309,669	309,669	309,669	309,669	309,669		
12/31/2002	368,681	383,725	429,667	469,197	488,072	489,483			
12/31/2003	498,421	499,888	496,969	504,711	525,253				
12/31/2004	337,791	433,697	407,223	405,020					
12/31/2005	348,775	306,914	284,349						
12/31/2006	568,668	669,988							
12/31/2007	916,157								

POLICY YEAR ENDED	RATIOS							
	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
12/31/1997	1.095	0.998	1.093	0.987	1.000	1.000	1.000	1.000
12/31/1998	1.029	0.989	1.011	1.000	1.000	1.000	1.000	1.000
12/31/1999	1.103	1.311	1.117	1.197	1.021	1.002	1.000	1.000
12/31/2000	0.963	1.037	0.992	1.000	1.000	1.000	1.000	
12/31/2001	1.042	1.067	1.000	1.000	1.000	1.000		
12/31/2002	1.041	1.120	1.092	1.040	1.003			
12/31/2003	1.003	0.994	1.016	1.041				
12/31/2004	1.284	0.939	0.995					
12/31/2005	0.880	0.926						
12/31/2006	1.178							
Best 3 of 5	1.074	1.000	1.004	1.027	1.001	1.000	1.000	1.000
All Years Average	1.062	1.042	1.040	1.038	1.004	1.000	1.000	1.000
Selected	1.074	1.000	1.004	1.030	1.001	1.000	1.000	1.000

SUMMARY OF FACTORS

123 To Ultimate	(123:Ult.)=	1.000
111 To Ultimate	(123:111)(123:Ult.)=	1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)=	1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)=	1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.001
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.031
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.035
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.035
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.112

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

POLICY YEAR ENDED	BASIC LIMITS (\$25,000) AMOUNTS AS OF:								
	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1997	780,074	765,804	774,582	748,489	771,409	773,582	773,582	773,582	773,582
12/31/1998	626,249	662,853	691,826	704,781	704,781	704,781	704,781	704,781	704,781
12/31/1999	391,615	419,680	418,272	414,924	414,924	414,924	414,924	414,924	414,924
12/31/2000	493,553	509,642	510,828	501,759	501,747	501,747	501,747	501,747	501,747
12/31/2001	383,493	367,688	359,640	359,640	359,620	359,620	359,620	359,620	359,620
12/31/2002	342,318	354,724	354,724	354,724	354,724	354,724	354,724	354,724	354,724
12/31/2003	409,161	370,230	373,435	373,435	373,435	373,435			
12/31/2004	348,734	325,315	330,015	328,827					
12/31/2005	267,325	267,487	275,327						
12/31/2006	269,191	276,539							
12/31/2007	226,096								

POLICY YEAR ENDED	RATIOS							
	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
12/31/1997	0.982	1.011	0.966	1.031	1.003	1.000	1.000	1.000
12/31/1998	1.058	1.044	1.019	1.000	1.000	1.000	1.000	1.000
12/31/1999	1.072	0.997	0.992	1.000	1.000	1.000	1.000	1.000
12/31/2000	1.033	1.002	0.982	1.000	1.000	1.000	1.000	1.000
12/31/2001	0.959	0.978	1.000	1.000	1.000	1.000		
12/31/2002	1.036	1.000	1.000	1.000	1.000			
12/31/2003	0.905	1.009	1.000	1.000				
12/31/2004	0.933	1.014	0.996					
12/31/2005	1.001	1.029						
12/31/2006	1.027							
Best 3 of 5	0.987	1.008	0.999	1.000	1.000	1.000	1.000	1.000
All Years Average	1.001	1.009	0.994	1.004	1.001	1.000	1.000	1.000
Selected	0.990	1.008	0.999	1.000	1.000	1.000	1.000	1.000

SUMMARY OF FACTORS

123 To Ultimate	(123:Ult.)=	1.000
111 To Ultimate	(123:111)(123:Ult.)=	1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)=	1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)=	1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.999
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.007
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.997

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

POLICY YEAR ENDED	TOTAL LIMITS AMOUNTS AS OF:								
	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1997	1,058,625	1,050,355	1,059,133	1,033,040	1,055,960	1,058,133	1,058,133	1,058,133	1,058,133
12/31/1998	629,304	665,908	696,881	709,836	709,836	709,836	709,836	709,836	709,836
12/31/1999	396,379	467,444	466,036	462,688	462,688	462,688	462,688	462,688	462,688
12/31/2000	518,553	534,642	535,828	526,759	526,747	526,747	526,747	526,747	
12/31/2001	383,493	367,688	359,640	359,640	359,620	359,620	359,620		
12/31/2002	342,318	357,594	357,594	357,594	357,594	357,594			
12/31/2003	410,992	372,061	375,266	375,266	375,266				
12/31/2004	352,519	325,315	330,015	328,827					
12/31/2005	267,325	267,487	275,327						
12/31/2006	269,191	276,539							
12/31/2007	226,096								

POLICY YEAR ENDED	RATIOS							
	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
12/31/1997	0.992	1.008	0.975	1.022	1.002	1.000	1.000	1.000
12/31/1998	1.058	1.047	1.019	1.000	1.000	1.000	1.000	1.000
12/31/1999	1.179	0.997	0.993	1.000	1.000	1.000	1.000	1.000
12/31/2000	1.031	1.002	0.983	1.000	1.000	1.000	1.000	
12/31/2001	0.959	0.978	1.000	1.000	1.000	1.000		
12/31/2002	1.045	1.000	1.000	1.000	1.000			
12/31/2003	0.905	1.009	1.000	1.000				
12/31/2004	0.923	1.014	0.996					
12/31/2005	1.001	1.029						
12/31/2006	1.027							
Best 3 of 5	0.984	1.008	0.999	1.000	1.000	1.000	1.000	1.000
All Years Average	1.012	1.009	0.996	1.003	1.000	1.000	1.000	1.000
Selected	0.990	1.008	0.999	1.000	1.000	1.000	1.000	1.000

SUMMARY OF FACTORS

123 To Ultimate	(123:Ult.)=	1.000
111 To Ultimate	(123:111)(123:Ult.)=	1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)=	1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)=	1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.999
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.007
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.997

NORTH CAROLINA
ISO FACILITY DATA AND VOLUNTARY DATA
BASIC LIMITS LOSS DEVELOPMENT
ZONE RATED INCURRED LOSSES AND EXPENSES
BODILY INJURY

POLICY YEAR ENDED	BASIC LIMITS (\$30,000/60,000) AMOUNTS AS OF:								
	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1997	2,062,830	2,294,167	2,173,333	2,121,911	2,192,497	2,195,751	2,195,769	2,195,769	2,195,769
12/31/1998	2,311,702	2,319,328	2,419,769	2,478,891	2,517,572	2,518,562	2,518,965	2,518,965	2,518,965
12/31/1999	1,409,530	1,648,948	1,820,946	1,817,260	1,790,675	1,764,781	1,772,595	1,772,595	1,772,595
12/31/2000	1,487,519	1,342,620	1,473,413	1,560,116	1,450,727	1,465,560	1,449,653	1,449,926	
12/31/2001	1,008,507	1,029,279	1,151,525	1,195,639	1,181,903	1,128,980	1,129,551		
12/31/2002	363,860	491,456	585,168	497,072	499,153	499,153			
12/31/2003	173,459	209,486	256,831	213,756	202,446				
12/31/2004	480,411	468,438	435,844	453,410					
12/31/2005	472,851	433,728	521,940						
12/31/2006	449,438	626,326							
12/31/2007	295,831								

POLICY YEAR ENDED	RATIOS							
	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
12/31/1997	1.112	0.947	0.976	1.033	1.001	1.000	1.000	1.000
12/31/1998	1.003	1.043	1.024	1.016	1.000	1.000	1.000	1.000
12/31/1999	1.170	1.104	0.998	0.985	0.986	1.004	1.000	1.000
12/31/2000	0.903	1.097	1.059	0.930	1.010	0.989	1.000	
12/31/2001	1.021	1.119	1.038	0.989	0.955	1.001		
12/31/2002	1.351	1.191	0.849	1.004	1.000			
12/31/2003	1.208	1.226	0.832	0.947				
12/31/2004	0.975	0.930	1.040					
12/31/2005	0.917	1.203						
12/31/2006	1.394							
Best 3 of 5	1.178	1.171	0.976	0.974	0.995	1.000	1.000	1.000
All Years Average	1.105	1.096	0.977	0.986	0.992	0.999	1.000	1.000
Selected	1.150	1.095	1.000	0.980	1.000	1.000	1.000	1.000

SUMMARY OF FACTORS

123 To Ultimate	(123:Ult.)=	1.000
111 To Ultimate	(123:111)(123:Ult.)=	1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)=	1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)=	1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.980
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.980
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.073
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.234

NORTH CAROLINA
 ISO FACILITY DATA AND VOLUNTARY DATA
 TOTAL LIMITS LOSS DEVELOPMENT
 ZONE RATED INCURRED LOSSES AND EXPENSES
 BODILY INJURY

POLICY YEAR ENDED	TOTAL LIMITS AMOUNTS AS OF:								
	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1997	4,821,699	6,370,073	6,024,900	6,273,616	7,811,721	7,644,988	7,652,953	7,652,953	7,652,953
12/31/1998	6,080,203	6,016,829	6,161,967	6,588,589	7,137,270	7,138,260	7,166,581	7,166,581	7,166,581
12/31/1999	2,274,716	2,910,103	4,159,742	4,281,056	4,144,379	4,128,485	4,136,299	4,136,299	4,136,299
12/31/2000	5,037,933	4,543,311	5,556,604	5,693,307	5,536,418	5,538,751	5,552,844	5,553,117	
12/31/2001	2,904,507	3,248,707	3,503,289	3,553,403	3,530,143	3,511,884	3,512,455		
12/31/2002	498,860	826,456	1,225,168	937,072	939,153	939,153			
12/31/2003	173,459	234,486	453,756	233,756	222,446				
12/31/2004	2,205,411	1,687,897	1,611,840	1,554,406					
12/31/2005	1,543,185	1,520,744	1,613,956						
12/31/2006	1,640,352	1,770,210							
12/31/2007	690,831								

POLICY YEAR ENDED	RATIOS							
	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
12/31/1997	1.321	0.946	1.041	1.245	0.979	1.001	1.000	1.000
12/31/1998	0.990	1.024	1.069	1.083	1.000	1.004	1.000	1.000
12/31/1999	1.279	1.429	1.029	0.968	0.996	1.002	1.000	1.000
12/31/2000	0.902	1.223	1.025	0.972	1.000	1.003	1.000	
12/31/2001	1.119	1.078	1.014	0.993	0.995	1.000		
12/31/2002	1.657	1.482	0.765	1.002	1.000			
12/31/2003	1.352	1.935	0.515	0.952				
12/31/2004	0.765	0.955	0.964					
12/31/2005	0.985	1.061						
12/31/2006	1.079							
Best 3 of 5	1.139	1.207	0.914	0.978	0.999	1.002	1.000	1.000
All Years Average	1.145	1.237	0.928	1.031	0.995	1.002	1.000	1.000
Selected	1.140	1.100	1.000	0.980	1.000	1.000	1.000	1.000

SUMMARY OF FACTORS	
123 To Ultimate	(123:Ult.)= 1.000
111 To Ultimate	(123:111)(123:Ult.)= 1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)= 1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)= 1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.000
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 0.980
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 0.980
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.078
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.229

NORTH CAROLINA
 ISO FACILITY DATA AND VOLUNTARY DATA
 BASIC LIMITS LOSS DEVELOPMENT
 ZONE RATED INCURRED LOSSES AND EXPENSES
 PROPERTY DAMAGE

POLICY YEAR ENDED	BASIC LIMITS (\$25,000) AMOUNTS AS OF:								
	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1997	1,620,689	1,616,784	1,633,957	1,626,864	1,666,348	1,664,848	1,665,176	1,659,892	1,659,892
12/31/1998	1,839,074	1,821,119	1,686,577	1,691,504	1,690,783	1,690,783	1,690,783	1,690,783	1,690,783
12/31/1999	1,922,334	1,963,695	1,974,210	1,980,432	1,980,432	1,981,136	1,981,812	1,976,140	1,976,149
12/31/2000	1,499,629	1,498,830	1,527,930	1,527,257	1,525,007	1,524,899	1,524,899	1,526,143	
12/31/2001	617,745	616,317	687,531	691,574	689,159	687,040	687,040		
12/31/2002	347,551	343,214	343,254	343,154	343,154	343,154			
12/31/2003	395,333	442,771	434,200	434,200	434,200				
12/31/2004	354,975	360,955	354,657	364,656					
12/31/2005	478,454	499,754	499,754						
12/31/2006	440,119	401,076							
12/31/2007	302,453								

POLICY YEAR ENDED	RATIOS							
	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
12/31/1997	0.998	1.011	0.996	1.024	0.999	1.000	0.997	1.000
12/31/1998	0.990	0.926	1.003	1.000	1.000	1.000	1.000	1.000
12/31/1999	1.022	1.005	1.003	1.000	1.000	1.000	0.997	1.000
12/31/2000	0.999	1.019	1.000	0.999	1.000	1.000	1.001	
12/31/2001	0.998	1.116	1.006	0.997	0.997	1.000		
12/31/2002	0.988	1.000	1.000	1.000	1.000			
12/31/2003	1.120	0.981	1.000	1.000				
12/31/2004	1.017	0.983	1.028					
12/31/2005	1.045	1.000						
12/31/2006	0.911							
Best 3 of 5	1.017	0.994	1.002	1.000	1.000	1.000	0.999	1.000
All Years Average	1.009	1.005	1.005	1.003	0.999	1.000	0.999	1.000
Selected	1.000	1.010	1.000	1.000	1.000	1.000	1.000	1.000

SUMMARY OF FACTORS

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

NORTH CAROLINA
 ISO FACILITY DATA AND VOLUNTARY DATA
 TOTAL LIMITS LOSS DEVELOPMENT
 ZONE RATED INCURRED LOSSES AND EXPENSES
 PROPERTY DAMAGE

POLICY YEAR ENDED	TOTAL LIMITS AMOUNTS AS OF:								
	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1997	1,717,381	1,695,245	1,738,045	1,725,952	1,915,436	1,913,936	1,914,264	1,908,980	1,908,980
12/31/1998	2,860,041	2,723,905	2,594,499	2,599,426	2,598,705	2,598,705	2,598,705	2,598,705	2,598,705
12/31/1999	2,037,920	2,096,048	2,106,563	2,107,113	2,107,113	2,107,817	2,108,493	2,108,493	2,108,502
12/31/2000	1,646,112	1,645,168	1,674,268	1,673,595	1,671,345	1,671,237	1,671,237	1,672,481	
12/31/2001	626,217	621,669	730,383	741,926	739,511	739,511	739,511		
12/31/2002	400,366	396,029	396,069	395,969	395,969	395,969			
12/31/2003	549,907	576,540	567,969	567,969	567,969				
12/31/2004	357,156	368,509	362,211	372,210					
12/31/2005	495,736	517,036	517,036						
12/31/2006	514,023	472,196							
12/31/2007	302,453								

POLICY YEAR ENDED	RATIOS								
	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111	
12/31/1997	0.987	1.025	0.993	1.110	0.999	1.000	0.997	1.000	
12/31/1998	0.952	0.952	1.002	1.000	1.000	1.000	1.000	1.000	
12/31/1999	1.029	1.005	1.000	1.000	1.000	1.000	1.000	1.000	
12/31/2000	0.999	1.018	1.000	0.999	1.000	1.000	1.001		
12/31/2001	0.993	1.175	1.016	0.997	1.000	1.000			
12/31/2002	0.989	1.000	1.000	1.000	1.000				
12/31/2003	1.048	0.985	1.000	1.000					
12/31/2004	1.032	0.983	1.028						
12/31/2005	1.043	1.000							
12/31/2006	0.919								
Best 3 of 5	1.021	0.995	1.005	1.000	1.000	1.000	1.000	1.000	
All Years Average	0.999	1.016	1.005	1.015	1.000	1.000	1.000	1.000	
Selected	1.000	1.010	1.000	1.000	1.000	1.000	1.000	1.000	

SUMMARY OF FACTORS	
123 To Ultimate	(123:Ult.)= 1.000
111 To Ultimate	(123:111)(123:Ult.)= 1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)= 1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)= 1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.000
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.000
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.000
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.010
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.010

Commercial Auto Liability
NORTH CAROLINA

BODILY INJURY TREND FACTORS

PAID DATA THROUGH 09/30/2008

\$30,000

12 Point - Paid Weighted Severity	+2.4%
24 Point - Paid Weighted Severity	+2.2%
12 Point - Paid NC only Severity	+1.9%
24 Point - Paid NC only Severity	+1.7%
Selected Severity Trend Factor	+2.0%

INCURRED DATA THROUGH 06/30/2008

Selected Frequency Trend Factor	-4.0%
Selected Combined Trend Factor	-2.1%

PAID DATA THROUGH 09/30/2008

Total Limits

12 Point - Paid Weighted Severity	+5.9%
24 Point - Paid Weighted Severity	+5.2%
12 Point - Paid NC only Severity	+6.7%
24 Point - Paid NC only Severity	+2.8%
Selected Severity Trend Factor	+5.0%

INCURRED DATA THROUGH 06/30/2008

Selected Frequency Trend Factor	- 4.0%
Selected Combined Trend Factor	+ 0.8%

Commercial Auto Liability
NORTH CAROLINA

PROPERTY DAMAGE TREND FACTORS

PAID DATA THROUGH 09/30/2008

\$25,000

12 Point - Paid Weighted Severity	+2.6%
24 Point - Paid Weighted Severity	+3.6%
12 Point - Paid NC only Severity	+1.6%
24 Point - Paid NC only Severity	+3.2%
Selected Severity Trend Factor	+3.0%

INCURRED DATA THROUGH 06/30/2008

Selected Frequency Trend Factor	- 2.0%
Selected Combined Trend Factor	+ 0.9%

PAID DATA THROUGH 09/30/2008

Total Limits

12 Point - Paid Weighted Severity	+3.3%
24 Point - Paid Weighted Severity	+4.1%
12 Point - Paid NC only Severity	+2.2%
24 Point - Paid NC only Severity	+3.8%
Selected Severity Trend Factor	+3.5%

INCURRED DATA THROUGH 06/30/2008

Selected Frequency Trend Factor	-2.0%
Selected Combined Trend Factor	+ 1.4%

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

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	NORTH CAROLINA				MULTISTATE*			
	BODILY INJURY (\$30000 LIMITS)		PROPERTY DAMAGE (\$25000 LIMITS)		BODILY INJURY (\$30000 LIMITS)		PROPERTY DAMAGE (\$25000 LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT
12/31/2005	7996.07	7960.16	2936.02	2955.03	10401.79	10315.53	2926.70	2961.65
3/31/2006	7962.93	7997.98	2979.52	2966.72	10386.38	10376.88	2975.55	2987.03
6/30/2006	8110.91	8035.97	2989.68	2978.46	10423.44	10438.59	3012.96	3012.64
9/30/2006	8124.37	8074.15	3010.35	2990.24	10489.06	10500.66	3060.92	3038.46
12/31/2006	8171.79	8112.51	2980.25	3002.07	10497.27	10563.11	3091.74	3064.50
3/31/2007	8190.96	8151.05	3003.95	3013.95	10588.86	10625.92	3108.91	3090.77
6/30/2007	8117.22	8189.77	3035.29	3025.88	10661.07	10689.11	3120.46	3117.27
9/30/2007	8073.62	8228.68	3033.04	3037.85	10747.52	10752.68	3147.97	3143.99
12/31/2007	8121.35	8267.77	3059.69	3049.87	10836.57	10816.62	3178.06	3170.93
3/31/2008	8145.94	8307.05	3061.45	3061.94	10846.90	10880.95	3193.10	3198.11
6/30/2008	8299.57	8346.51	3052.46	3074.05	10964.15	10945.66	3220.29	3225.53
9/30/2008	8756.91	8386.17	3100.98	3086.21	11074.49	11010.75	3227.93	3253.18

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	1.9%	1.6%
(B) MULTISTATE	2.4%	3.5%
(10) CREDIBILITY	0.10	0.50
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	2.4%	2.6%

* EXCLUDES MASSACHUSETTS AND PUERTO RICO

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

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	NORTH CAROLINA				MULTISTATE*			
	BODILY INJURY (\$30000 LIMITS)		PROPERTY DAMAGE (\$25000 LIMITS)		BODILY INJURY (\$30000 LIMITS)		PROPERTY DAMAGE (\$25000 LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT
12/31/2002	7259.81	7628.71	2516.41	2622.24	9285.87	9676.02	2536.40	2610.03
3/31/2003	7604.12	7660.38	2632.51	2642.98	9620.33	9731.26	2636.17	2635.88
6/30/2003	7680.38	7692.18	2689.42	2663.88	9763.71	9786.81	2672.88	2661.98
9/30/2003	7796.72	7724.11	2739.94	2684.95	9932.91	9842.68	2708.35	2688.34
12/31/2003	7798.98	7756.17	2731.24	2706.18	10001.28	9898.87	2737.29	2714.96
3/31/2004	7876.63	7788.37	2744.70	2727.59	10087.01	9955.38	2756.09	2741.85
6/30/2004	7982.64	7820.70	2731.92	2749.16	10162.35	10012.21	2781.01	2769.00
9/30/2004	7906.15	7853.17	2735.52	2770.90	10154.92	10069.37	2799.13	2796.42
12/31/2004	8076.89	7885.77	2754.84	2792.81	10222.11	10126.85	2815.01	2824.11
3/31/2005	8033.20	7918.50	2769.77	2814.90	10280.35	10184.66	2846.15	2852.07
6/30/2005	7975.60	7951.38	2830.67	2837.16	10335.56	10242.80	2874.35	2880.32
9/30/2005	8068.94	7984.38	2891.48	2859.60	10378.22	10301.27	2894.59	2908.84
12/31/2005	7996.07	8017.53	2936.02	2882.22	10401.79	10360.08	2926.70	2937.64
3/31/2006	7962.93	8050.81	2979.52	2905.01	10386.38	10419.22	2975.55	2966.73
6/30/2006	8110.91	8084.23	2989.68	2927.99	10423.44	10478.70	3012.96	2996.11
9/30/2006	8124.37	8117.79	3010.35	2951.14	10489.06	10538.52	3060.92	3025.78
12/31/2006	8171.79	8151.49	2980.25	2974.48	10497.27	10598.68	3091.74	3055.74
3/31/2007	8190.96	8185.33	3003.95	2998.01	10588.86	10659.19	3108.91	3086.00
6/30/2007	8117.22	8219.31	3035.29	3021.72	10661.07	10720.04	3120.46	3116.56
9/30/2007	8073.62	8253.43	3033.04	3045.61	10747.52	10781.23	3147.97	3147.42
12/31/2007	8121.35	8287.69	3059.69	3069.70	10836.57	10842.78	3178.06	3178.59
3/31/2008	8145.94	8322.10	3061.45	3093.98	10846.90	10904.68	3193.10	3210.07
6/30/2008	8299.57	8356.64	3052.46	3118.45	10964.15	10966.93	3220.29	3241.85
9/30/2008	8756.91	8391.33	3100.98	3143.11	11074.49	11029.54	3227.93	3273.96

BODILY INJURY PROPERTY DAMAGE

(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)

(A) NORTH CAROLINA

1.7%

3.2%

(B) MULTISTATE

2.3%

4.0%

(10) CREDIBILITY

0.10

0.50

(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS

{(10) * (9A)} + {(1.0 - (10)) * (9B)}

2.2%

3.6%

* EXCLUDES MASSACHUSETTS AND PUERTO RICO

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

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	NORTH CAROLINA				MULTISTATE*			
	BODILY INJURY		PROPERTY DAMAGE		BODILY INJURY		PROPERTY DAMAGE	
	(TOTAL LIMITS)		(TOTAL LIMITS)		(TOTAL LIMITS)		(TOTAL LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT
12/31/2005	23923.35	21445.39	3096.68	3107.00	32971.53	32307.99	3123.85	3157.58
3/31/2006	23102.15	21797.28	3127.26	3123.77	32755.37	32763.27	3181.26	3190.71
6/30/2006	22819.86	22154.95	3146.50	3140.62	33061.25	33224.96	3217.45	3224.18
9/30/2006	21589.84	22518.48	3191.85	3157.57	33639.98	33693.16	3270.45	3258.01
12/31/2006	19740.16	22887.98	3152.01	3174.61	33488.79	34167.96	3305.24	3292.19
3/31/2007	20872.21	23263.54	3165.38	3191.74	34284.55	34649.44	3341.54	3326.73
6/30/2007	22248.79	23645.26	3214.30	3208.96	35067.25	35137.71	3374.58	3361.63
9/30/2007	23840.37	24033.25	3234.04	3226.28	35755.50	35632.87	3430.88	3396.90
12/31/2007	26765.76	24427.60	3264.78	3243.69	36630.52	36135.00	3467.93	3432.54
3/31/2008	25411.48	24828.42	3250.55	3261.19	36532.37	36644.20	3465.24	3468.55
6/30/2008	24960.61	25235.83	3249.87	3278.79	37215.85	37160.58	3483.50	3504.94
9/30/2008	27420.74	25649.91	3318.16	3296.48	37820.78	37684.24	3494.63	3541.71

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	6.7%	2.2%
(B) MULTISTATE	5.8%	4.3%
(10) CREDIBILITY	0.10	0.50
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	5.9%	3.3%

* EXCLUDES MASSACHUSETTS AND PUERTO RICO

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

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	NORTH CAROLINA				MULTISTATE*			
	BODILY INJURY (TOTAL LIMITS)		PROPERTY DAMAGE (TOTAL LIMITS)		BODILY INJURY (TOTAL LIMITS)		PROPERTY DAMAGE (TOTAL LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	EXPONEN- ACTUAL	TIAL FIT	EXPONEN- ACTUAL	TIAL FIT	EXPONEN- ACTUAL	TIAL FIT	EXPONEN- ACTUAL	TIAL FIT
12/31/2002	20813.44	21058.92	2589.79	2710.27	25946.34	27776.25	2714.68	2771.46
3/31/2003	21518.83	21204.93	2730.93	2735.45	27347.13	28152.44	2829.37	2801.26
6/30/2003	20638.17	21351.94	2816.68	2760.87	27984.54	28533.72	2854.80	2831.39
9/30/2003	21100.05	21499.98	2887.14	2786.52	28916.35	28920.16	2877.85	2861.84
12/31/2003	21201.74	21649.04	2864.31	2812.40	29642.11	29311.84	2901.64	2892.62
3/31/2004	22977.64	21799.13	2861.24	2838.53	30459.54	29708.82	2929.18	2923.72
6/30/2004	23706.32	21950.27	2813.27	2864.90	31144.30	30111.18	2954.53	2955.17
9/30/2004	22047.56	22102.45	2811.09	2891.52	31534.88	30518.99	2989.38	2986.95
12/31/2004	23568.26	22255.69	2827.21	2918.38	32085.42	30932.32	3014.99	3019.07
3/31/2005	22800.66	22409.99	2886.59	2945.50	32316.46	31351.25	3039.87	3051.54
6/30/2005	22479.41	22565.36	2987.26	2972.86	32541.23	31775.85	3078.86	3084.36
9/30/2005	23444.27	22721.80	3019.69	3000.48	32570.27	32206.20	3088.47	3117.53
12/31/2005	23923.35	22879.34	3096.68	3028.36	32971.53	32642.39	3123.85	3151.05
3/31/2006	23102.15	23037.96	3127.26	3056.49	32755.37	33084.47	3181.26	3184.94
6/30/2006	22819.86	23197.68	3146.50	3084.89	33061.25	33532.55	3217.45	3219.19
9/30/2006	21589.84	23358.51	3191.85	3113.55	33639.98	33986.70	3270.45	3253.81
12/31/2006	19740.16	23520.46	3152.01	3142.47	33488.79	34446.99	3305.24	3288.81
3/31/2007	20872.21	23683.53	3165.38	3171.67	34284.55	34913.52	3341.54	3324.17
6/30/2007	22248.79	23847.73	3214.30	3201.13	35067.25	35386.37	3374.58	3359.92
9/30/2007	23840.37	24013.07	3234.04	3230.87	35755.50	35865.62	3430.88	3396.06
12/31/2007	26765.76	24179.55	3264.78	3260.89	36630.52	36351.36	3467.93	3432.58
3/31/2008	25411.48	24347.19	3250.55	3291.18	36532.37	36843.69	3465.24	3469.49
6/30/2008	24960.61	24515.99	3249.87	3321.76	37215.85	37342.67	3483.50	3506.81
9/30/2008	27420.74	24685.96	3318.16	3352.62	37820.78	37848.42	3494.63	3544.52

BODILY INJURY PROPERTY DAMAGE

(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)

(A) NORTH CAROLINA
(B) MULTISTATE

2.8% 3.8%
5.5% 4.4%

(10) CREDIBILITY

0.10 0.50

(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS

{(10) * (9A)} + {(1.0 - (10)) * (9B)}

5.2% 4.1%

* EXCLUDES MASSACHUSETTS AND PUERTO RICO

LIABILITY
FREQUENCY TREND

The data underlying the claim frequency trend selections is shown on the following exhibits. The exhibits include quarterly points for Multistate, North Carolina Voluntary, and NCRF incurred frequency trends, as well as, annual changes in incurred frequency trend, for the combined experience of all commercial automobile classes that employ a common exposure base (car-years). As can be seen from the exhibits, frequency for both bodily injury and property damage has changed from year to year in an unpredictable manner. Historically, frequency trend for commercial auto liability has been quite variable, often cyclical in nature. As a result, an exponential curve of the form $Y=A(B^X)$ does not fit the data well over the long term. Frequency trend is being selected to be -4.0% for bodily injury and -2.0% for property damage.

COMMERCIAL AUTO LIABILITY
INCURRED CLAIM FREQUENCY

MULTISTATE*

ALL COMMERCIAL AUTOMOBILE CLASSES COMBINED#

<u>YEAR ENDING</u>	<u>BODILY INJURY ACTUAL</u>	<u>BODILY INJURY ACTUAL CHANGE@</u>	<u>PROPERTY DAMAGE ACTUAL</u>	<u>PROPERTY DAMAGE ACTUAL CHANGE@</u>
9/30/2002	1.1112		4.0401	
12/31/2002	1.0853		3.9732	
3/31/2003	1.0686		3.9798	
6/30/2003	1.0580		3.8933	
9/30/2003	1.0443	-6.0%&	3.8570	-4.5%&
12/31/2003	1.0445		3.8355	
3/31/2004	1.0386		3.7918	
6/30/2004	1.0400	-1.7%	3.7914	-2.6%
9/30/2004	1.0412		3.7478	
12/31/2004	1.0416		3.7282	
3/31/2005	1.0388		3.7216	
6/30/2005	1.0349	-0.5%	3.7194	-1.9%
9/30/2005	1.0283		3.7016	
12/31/2005	1.0145		3.6720	
3/31/2006	1.0094		3.5838	
6/30/2006	0.9912	-4.2%	3.5285	-5.1%
9/30/2006	0.9802		3.4867	
12/31/2006	0.9643		3.4196	
3/31/2007	0.9530		3.4586	
6/30/2007	0.9410	-5.1%	3.4072	-3.4%
9/30/2007	0.9220		3.3708	
12/31/2007	0.9104		3.3878	
3/31/2008	0.8993		3.3428	
6/30/2008	0.8783	-6.7%	3.2858	-3.6%

* EXCLUDES MASSACHUSETTS AND PUERTO RICO

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

@ CHANGE BASED ON YEARS ENDING 6/30/XXXX

& CHANGE BASED ON YEAR ENDING 9/30/2003 DIVIDED BY 9/30/2002

COMMERCIAL AUTO LIABILITY
INCURRED CLAIM FREQUENCY

NORTH CAROLINA*

ALL COMMERCIAL AUTOMOBILE CLASSES COMBINED#

<u>YEAR ENDING</u>	<u>BODILY INJURY ACTUAL</u>	<u>BODILY INJURY ACTUAL CHANGE@</u>	<u>PROPERTY DAMAGE ACTUAL</u>	<u>PROPERTY DAMAGE ACTUAL CHANGE@</u>
9/30/2002	1.1414		3.7377	
12/31/2002	1.1461		3.7464	
3/31/2003	1.1630		3.6994	
6/30/2003	1.1645		3.5896	
9/30/2003	1.2352	+8.2%&	3.6483	-2.4%&
12/31/2003	1.2019		3.5501	
3/31/2004	1.1929		3.5913	
6/30/2004	1.1650	+0.0%	3.5956	+0.2%
9/30/2004	1.1307		3.4848	
12/31/2004	1.1875		3.5398	
3/31/2005	1.1889		3.5140	
6/30/2005	1.2014	+3.1%	3.5637	-0.9%
9/30/2005	1.1896		3.5523	
12/31/2005	1.1627		3.5274	
3/31/2006	1.1562		3.4732	
6/30/2006	1.1564	-3.7%	3.3593	-5.7%
9/30/2006	1.1486		3.3260	
12/31/2006	1.1787		3.3193	
3/31/2007	1.1452		3.3245	
6/30/2007	1.1109	-3.9%	3.2876	-2.1%
9/30/2007	1.0526		3.2376	
12/31/2007	1.0052		3.2298	
3/31/2008	0.9702		3.1849	
6/30/2008	0.9518	-14.3%	3.1356	-4.6%

* EXCLUDE NORTH CAROLINA REINSURANCE FACILITY DATA

CONSISTS OF THE FOLLOWING CLASSES WHICH ARE RATED ON A PER CAR BASIS:

TRUCKS, TRACTORS, AND TRAILERS, PRIVATE PASSENGER TYPES, BUSES AND PUBLICS

@ CHANGE BASED ON YEARS ENDING 6/30/XXXX

& CHANGE BASED ON YEAR ENDING 9/30/2003 DIVIDED BY 9/30/2002

COMMERCIAL AUTO LIABILITY
INCURRED CLAIM FREQUENCY

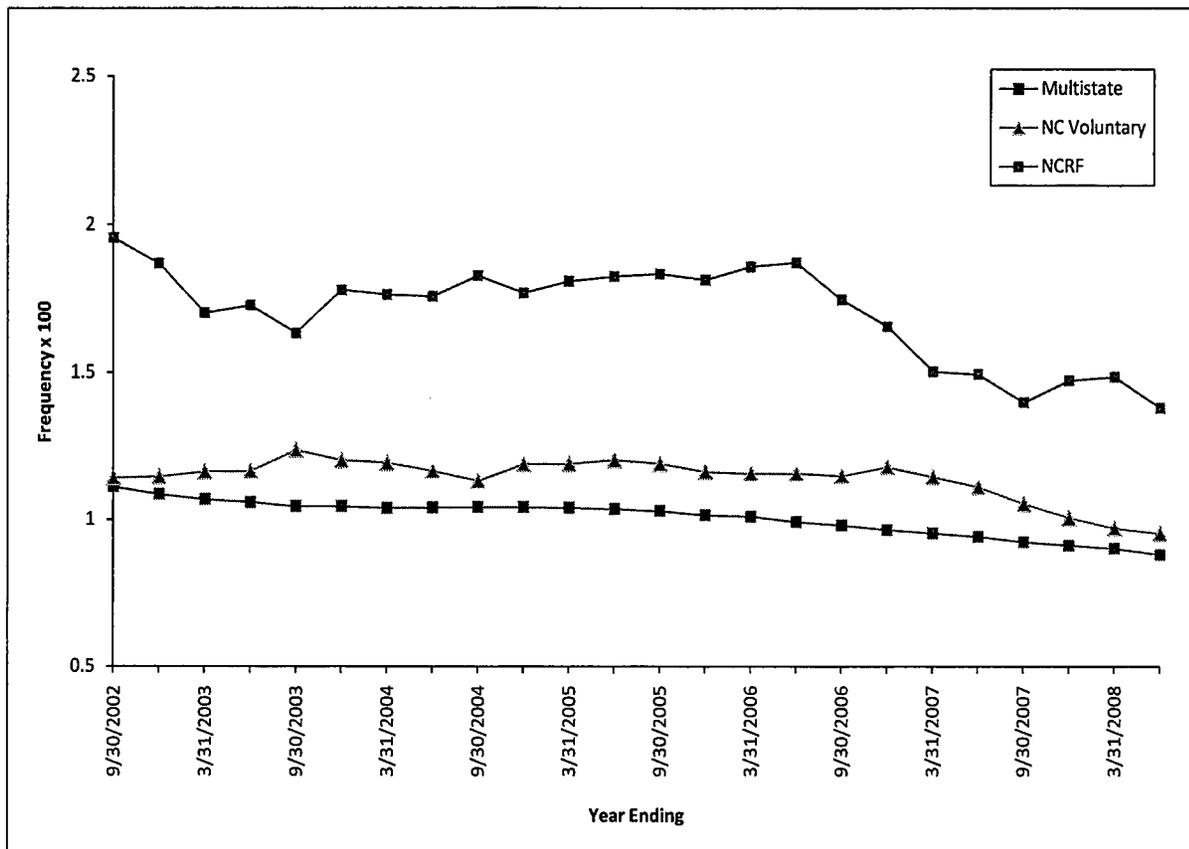
NORTH CAROLINA REINSURANCE FACILITY

ALL COMMERCIAL AUTOMOBILE CLASSES COMBINED#

<u>YEAR ENDING</u>	<u>BODILY INJURY ACTUAL</u>	<u>BODILY INJURY ACTUAL CHANGE@</u>	<u>PROPERTY DAMAGE ACTUAL</u>	<u>PROPERTY DAMAGE ACTUAL CHANGE@</u>
9/30/2002	1.9557		5.0040	
12/31/2002	1.8691		4.6810	
3/31/2003	1.7014		4.4309	
6/30/2003	1.7269		4.2953	
9/30/2003	1.6331	-16.5%&	4.3902	-12.3%&
12/31/2003	1.7792		4.4903	
3/31/2004	1.7636		4.5381	
6/30/2004	1.7573	1.8%	4.4596	3.8%
9/30/2004	1.8277		4.4135	
12/31/2004	1.7687		4.5997	
3/31/2005	1.8088		4.6438	
6/30/2005	1.8245	3.8%	4.8840	9.5%
9/30/2005	1.8328		4.9877	
12/31/2005	1.8133		4.8436	
3/31/2006	1.8567		4.7907	
6/30/2006	1.8703	2.5%	4.5959	-5.9%
9/30/2006	1.7455		4.5107	
12/31/2006	1.6545		4.3519	
3/31/2007	1.5019		4.3586	
6/30/2007	1.4926	-20.2%	4.3788	-4.7%
9/30/2007	1.3984		4.1439	
12/31/2007	1.4718		4.0263	
3/31/2008	1.4837		3.8095	
6/30/2008	1.3788	-7.6%	3.5787	-18.3%

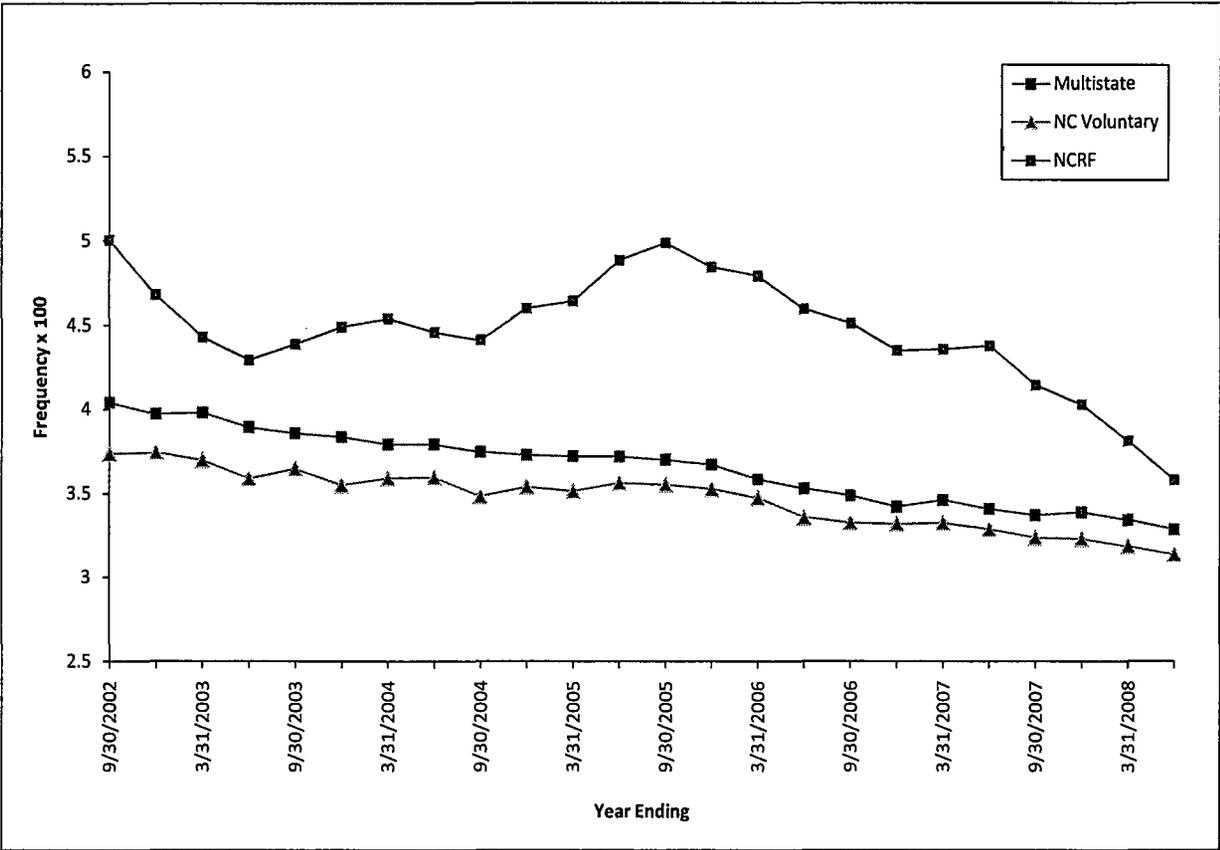
CONSISTS OF THE FOLLOWING CLASSES WHICH ARE RATED ON A PER CAR BASIS:
TRUCKS, TRACTORS, AND TRAILERS, PRIVATE PASSENGER TYPES, BUSES AND PUBLICS
@ CHANGE BASED ON YEARS ENDING 6/30/XXXX
& CHANGE BASED ON YEAR ENDING 9/30/2003 DIVIDED BY 9/30/2002

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



INSURANCE SERVICES OFFICE, INC.

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



NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
DETERMINATION OF TREND FOR EXPENSES

Section D
Exhibit 3
Sheet 1

	<u>ALL ITEMS CPI INDEX</u>	<u>COMPENSATION COST INDEX</u>
Jan-05	190.7	
Feb-05	191.8	186.3
Mar-05	193.3	
Apr-05	194.6	
May-05	194.4	188.8
Jun-05	194.5	
Jul-05	195.4	
Aug-05	196.4	189.0
Sep-05	198.8	
Oct-05	199.2	
Nov-05	197.6	190.0
Dec-05	196.8	
Jan-06	198.3	
Feb-06	198.7	191.7
Mar-06	199.8	
Apr-06	201.5	
May-06	202.5	193.0
Jun-06	202.9	
Jul-06	203.5	
Aug-06	203.9	193.8
Sep-06	202.9	
Oct-06	201.8	
Nov-06	201.5	194.9
Dec-06	201.8	
Jan-07	202.4	
Feb-07	203.5	196.7
Mar-07	205.4	
Apr-07	206.7	
May-07	207.9	199.5
Jun-07	208.4	
Jul-07	208.3	
Aug-07	207.9	201.4
Sep-07	208.5	
Oct-07	208.9	
Nov-07	210.2	200.8
Dec-07	210.0	
Jan-08	211.1	
Feb-08	211.7	204.1
Mar-08	213.5	
Apr-08	214.8	
May-08	216.6	205.0
Jun-08	218.8	
Jul-08	220.0	
Aug-08	219.1	205.8
Sep-08	218.8	
Oct-08	216.6	
Nov-08	212.4	205.6
Dec-08	210.2	

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
DETERMINATION OF TREND FOR EXPENSES

Section D
Exhibit 3
Sheet 2

	<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)	3.22%	2.85%	3.03%
(2) Annual Change in indices based on exponential curve of best fit for the latest 36 points (or 12 quarters)	3.21%	2.90%	3.05%
(3) Annual Change in indices based on exponential curve of best fit for the latest 24 points (or 8 quarters)	3.44%	2.58%	3.01%
(4) Annual Change in indices based on exponential curve of best fit for the latest 12 points (or 4 quarters)	0.91%	1.04%	0.97%
(5) Average Annual Index (D)			
Year Ended 6/30/2006	198.99	190.93	
Year Ended 12/31/2006	201.59	193.35	
Year Ended 6/30/2007	204.14	196.23	
Year Ended 12/31/2007	207.34	199.60	
Year Ended 6/30/2008	211.69	202.83	
Year Ended 12/31/2008	215.30	205.13	
(6) Current Cost Factor (Index Value Divided by Average Annual Index)			
Year Ended 6/30/2006	1.06	1.08	1.07
Year Ended 12/31/2006	1.04	1.06	1.05
Year Ended 6/30/2007	1.03	1.05	1.04
Year Ended 12/31/2007	1.01	1.03	1.02
Year Ended 6/30/2008	0.99	1.01	1.00
Year Ended 12/31/2008	0.98	1.00	0.99

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

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

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

(D) Average year ended index for period shown.

EXTERNAL EXPENSE TREND SUMMARY

AVERAGE ANNUAL RATES OF CHANGE
DATA ENDED DECEMBER 2008CONSUMER PRICE INDEX

	STRAIGHT LINE		
	END POINT	MID POINT	EXPONENTIAL
48 points	2.99%	3.17%	3.22%
36 points	3.02%	3.16%	3.21%
24 points	3.28%	3.38%	3.44%
12 points	0.91%	0.91%	0.91%

COMPENSATION COST INDEX

	STRAIGHT LINE		
	END POINT	MID POINT	EXPONENTIAL
16 points	2.67%	2.81%	2.85%
12 points	2.75%	2.85%	2.90%
8 points	2.48%	2.54%	2.58%
4 points	1.03%	1.03%	1.04%

EXTERNAL EXPENSE TREND SUMMARY
CORRELATION COEFFICIENTS
DATA ENDED DECEMBER 2008

CONSUMER PRICE INDEX

	STRAIGHT LINE	EXPONENTIAL
48 points	0.96	0.96
36 points	0.92	0.93
24 points	0.84	0.84
12 points	0.17	0.17

COMPENSATION COST INDEX

	STRAIGHT LINE	EXPONENTIAL
16 points	0.99	0.99
12 points	0.99	0.98
8 points	0.96	0.95
4 points	0.90	0.90

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
DETERMINATION OF TREND FOR EXPENSES

Section D
Exhibit 3
Sheet 5

	<u>ALL ITEMS - LESS ENERGY CPI INDEX</u>	<u>COMPENSATION COST INDEX</u>
Jan-05	196.4	
Feb-05	197.3	186.3
Mar-05	198.3	
Apr-05	198.6	
May-05	198.6	188.8
Jun-05	198.5	
Jul-05	198.7	
Aug-05	198.9	189.0
Sep-05	199.2	
Oct-05	200.1	
Nov-05	200.2	190.0
Dec-05	200.1	
Jan-06	200.8	
Feb-06	201.6	191.7
Mar-06	202.6	
Apr-06	203.0	
May-06	203.3	193.0
Jun-06	203.6	
Jul-06	203.9	
Aug-06	204.4	193.8
Sep-06	204.9	
Oct-06	205.6	
Nov-06	205.3	194.9
Dec-06	205.1	
Jan-07	206.0	
Feb-07	207.1	196.7
Mar-07	207.9	
Apr-07	208.2	
May-07	208.4	199.5
Jun-07	208.6	
Jul-07	209.0	
Aug-07	209.4	201.4
Sep-07	210.0	
Oct-07	210.7	
Nov-07	210.9	200.8
Dec-07	210.9	
Jan-08	211.8	
Feb-08	212.5	204.1
Mar-08	213.4	
Apr-08	213.9	
May-08	214.1	205.0
Jun-08	214.6	
Jul-08	215.3	
Aug-08	215.9	205.8
Sep-08	216.4	
Oct-08	216.7	
Nov-08	216.4	205.6
Dec-08	215.9	

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
DETERMINATION OF TREND FOR EXPENSES

Section D
Exhibit 3
Sheet 6

	<u>All Items - Less Energy (A)</u>	<u>CCI (B)</u>	<u>Combined (C)</u>
(1) Annual Change in indices based on exponential curve of best fit for the latest 48 points (or 16 quarters)	2.59%	2.85%	2.72%
(2) Annual Change in indices based on exponential curve of best fit for the latest 36 points (or 12 quarters)	2.65%	2.90%	2.78%
(3) Annual Change in indices based on exponential curve of best fit for the latest 24 points (or 8 quarters)	2.70%	2.58%	2.64%
(4) Annual Change in indices based on exponential curve of best fit for the latest 12 points (or 4 quarters)	2.40%	1.04%	1.72%

(5) Average Annual Index (D)

Year Ended 6/30/2006	201.01	190.93
Year Ended 12/31/2006	203.68	193.35
Year Ended 6/30/2007	206.29	196.23
Year Ended 12/31/2007	208.92	199.60
Year Ended 6/30/2008	211.77	202.83
Year Ended 12/31/2008	214.75	205.13

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

Year Ended 6/30/2006	1.07	1.08	1.08
Year Ended 12/31/2006	1.06	1.06	1.06
Year Ended 6/30/2007	1.05	1.05	1.05
Year Ended 12/31/2007	1.03	1.03	1.03
Year Ended 6/30/2008	1.02	1.01	1.02
Year Ended 12/31/2008	1.01	1.00	1.01

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

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

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

(D) Average year ended index for period shown.

(7) Selected Expense Trend: 3.0%

EXTERNAL EXPENSE TREND SUMMARY

AVERAGE ANNUAL RATES OF CHANGE
DATA ENDED DECEMBER 2008ALL ITEMS - LESS ENERGY CPI INDEX

	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
48 points	2.44%	2.56%	2.59%
36 points	2.52%	2.62%	2.65%
24 points	2.59%	2.66%	2.70%
12 points	2.34%	2.37%	2.40%

COMPENSATION COST INDEX

	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
16 points	2.67%	2.81%	2.85%
12 points	2.75%	2.85%	2.90%
8 points	2.48%	2.54%	2.58%
4 points	1.03%	1.03%	1.04%

EXTERNAL EXPENSE TREND SUMMARY
CORRELATION COEFFICIENTS
DATA ENDED DECEMBER 2008

ALL ITEMS - LESS ENERGY CPI INDEX

	STRAIGHT LINE	EXPONENTIAL
48 points	1.00	1.00
36 points	1.00	1.00
24 points	0.99	0.99
12 points	0.95	0.95

COMPENSATION COST INDEX

	STRAIGHT LINE	EXPONENTIAL
16 points	0.99	0.99
12 points	0.99	0.98
8 points	0.96	0.95
4 points	0.90	0.90

NORTH CAROLINA COMMERCIAL AUTOMOBILE EXPENSE EXPERIENCE
Calendar Year 2008

Section D
Exhibit 4

<u>Item</u>	<u>Bodily Injury</u>	<u>Property Damage</u>	<u>Totals</u>
Premium Written *	371,677,063	78,902,086	450,579,149
Premium Earned *	380,155,213	81,879,297	462,034,509
Commission & Brokerage Expense	62,097,281	13,350,191	75,447,472
Other Acquisition Expense	24,014,813	6,288,008	30,302,821
General Expense	28,895,859	8,546,124	37,441,983
Taxes, Licenses, and Fees	10,921,360	2,491,963	13,413,323
Losses Incurred	200,889,294	62,470,211	263,359,505
Allocated Loss Adjustment Expense	11,344,818	2,181,109	13,525,927
Unallocated Loss Adjustment Expense	21,398,890	4,399,644	25,798,534

Ratios

B.I. & P.D. Combined

Commission & Brokerage Expense to Written Premium:	0.167 **
Other Acquisition Expense to Earned Premium:	0.066
General Expense to Earned Premium	0.081 ***
Taxes, etc. to Written Premium:	0.030

	<u>B.I.</u>	<u>P.D.</u>	<u>Total</u>
Allocated Loss Adjustment Expense to Incurred Losses:	0.056	0.035	0.051
Unallocated Loss Adjustment Expense to Incurred Losses + Allocated:	0.101	0.068	0.093

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

** Facility commission is limited to 10% for Trucks, Tractors, and Trailers, Private Passenger Types, and Garage Dealers. For Zone-Rated risks, the Facility commission is limited to 5%.

*** 0.075 is used for Trucks, Tractors, and Trailers and Private Passenger Types, and Zone-Rated; 0.105 selected for Garage Dealers.

**COMMERCIAL AUTOMOBILE INSURANCE
TABLES OF CREDIBILITY AND WEIGHTS**

Credibility Tables

Credibility for Statewide Loss Ratio*

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

Credibility for use with Trend Data**

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

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

Accident Year and/or Policy Year Weights

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

<u>Year Ending</u>	<u>Weights</u>
12/31/2003	.10
12/31/2004	.15
12/31/2005	.20
12/31/2006	.25
12/31/2007	.30

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

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

Section D
Exhibit 6

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

COMMERCIAL AUTOMOBILE INSURANCE
CEDED LIABILITY COVERAGE

Section D
Exhibit 6
Sheet 1

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

TRUCKS, TRACTORS, AND TRAILERS AND PRIVATE PASSENGER TYPES

A. Unearned Premium Reserve

1. Earned Premium for Calendar Year Ending 12/31/2008	<u>\$62,250,336</u>
2. Mean Unearned Premium Reserve: (1) x 0.441	<u>27,452,398</u>
3. Deduction for Prepaid Expenses	
Commission and Brokerage Expense	10.00%
83% of Taxes, Licenses and Fees	2.49%
50% of Other Acquisition Expense	3.30%
50% of Company Operating Expense	<u>3.75%</u>
Total	19.54%
4. (2) x (3)	<u>5,364,199</u>
5. Net Subject to Investment (2) - (4)	<u>22,088,199</u>

B. Delayed Remission of Premium (Agents' Balances)

1. Direct Earned Premium (A-1)	<u>62,250,336</u>
2. Average Agents' Balance	0.188
3. Delayed Remission (1) x (2)	<u>11,703,063</u>

C. Loss Reserve

1. Direct Earned Premium (A-1)	<u>62,250,336</u>
2. Expected Incurred Losses and Loss Adjustment Expenses (1) x 0.729	<u>45,380,495</u>
3. Expected Mean Loss Reserves (2) x 2.189	<u>99,337,904</u>

D. Net Subject to Investment

(A-5) - (B-3) + (C-3)	<u>109,723,040</u>
-----------------------	--------------------

E. Average Rate of Return

3.76%

F. Investment Earnings on Net Subject to Investment (D) x (E)

4,125,586

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

6.63%

COMMERCIAL AUTOMOBILE INSURANCE
CEDED LIABILITY COVERAGE

Section D
Exhibit 6
Sheet 2

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

GARAGE DEALERS

A. Unearned Premium Reserve

1. Earned Premium for Calendar Year Ending 12/31/2008	<u>\$62,250,336</u>
2. Mean Unearned Premium Reserve: (1) x 0.441	<u>27,452,398</u>
3. Deduction for Prepaid Expenses	
Commission and Brokerage Expense	10.00%
83% of Taxes, Licenses and Fees	2.49%
50% of Other Acquisition Expense	3.30%
50% of Company Operating Expense	<u>5.25%</u>
Total	21.04%
4. (2) x (3)	<u>5,775,985</u>
5. Net Subject to Investment (2) - (4)	<u>21,676,413</u>

B. Delayed Remission of Premium (Agents' Balances)

1. Direct Earned Premium (A-1)	<u>62,250,336</u>
2. Average Agents' Balance	0.188
3. Delayed Remission (1) x (2)	<u>11,703,063</u>

C. Loss Reserve

1. Direct Earned Premium (A-1)	<u>62,250,336</u>
2. Expected Incurred Losses and Loss Adjustment Expenses (1) x 0.699	<u>43,512,985</u>
3. Expected Mean Loss Reserves (2) x 2.189	<u>95,249,924</u>

D. Net Subject to Investment

(A-5) - (B-3) + (C-3)	<u>105,223,274</u>
-----------------------	--------------------

E. Average Rate of Return

3.76%

F. Investment Earnings on Net Subject to Investment (D) x (E)

3,956,395

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

6.36%

COMMERCIAL AUTOMOBILE INSURANCE
CEDED LIABILITY COVERAGE

Section D
Exhibit 6
Sheet 3

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

ZONE RATED RISKS

A. Unearned Premium Reserve

1. Earned Premium for Calendar Year Ending 12/31/2008	<u>\$62,250,336</u>
2. Mean Unearned Premium Reserve: (1) x 0.441	<u>27,452,398</u>
3. Deduction for Prepaid Expenses	
Commission and Brokerage Expense	5.00%
83% of Taxes, Licenses and Fees	2.49%
50% of Other Acquisition Expense	3.30%
50% of Company Operating Expense	<u>3.75%</u>
Total	14.54%
4. (2) x (3)	<u>3,991,579</u>
5. Net Subject to Investment (2) - (4)	<u>23,460,819</u>

B. Delayed Remission of Premium (Agents' Balances)

1. Direct Earned Premium (A-1)	<u>62,250,336</u>
2. Average Agents' Balance	0.188
3. Delayed Remission (1) x (2)	<u>11,703,063</u>

C. Loss Reserve

1. Direct Earned Premium (A-1)	<u>62,250,336</u>
2. Expected Incurred Losses and Loss	
Adjustment Expenses (1) x 0.779	<u>48,493,012</u>
3. Expected Mean Loss Reserves (2) x 2.189	<u>106,151,203</u>

D. Net Subject to Investment

(A-5) - (B-3) + (C-3) 117,908,959

E. Average Rate of Return

3.76%

F. Investment Earnings on Net Subject to Investment (D) x (E)

4,433,377

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

7.12%

Line A-1

Direct earned premiums are determined from NCRF net underwriting results.

Line A-2

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

1.	Direct Earned Premium for Calendar Year 2007	\$22,026,440
2.	Direct Unearned Premium Reserve as of 12/31/06	9,870,864
3.	Direct Unearned Premium Reserve as of 12/31/07	9,550,241
4.	Mean Direct Unearned Premium Reserve = $\frac{1}{2} [(2) + (3)]$	9,710,553
5.	Ratio (4) / (1)	0.441

Line A-3

Deduction for prepaid expenses:

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

Line B-2

Delayed remission of premium:

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

The total of admitted and non-admitted agents' balances, or uncollected premiums due, amounts to 0.188 of net earned premiums for all companies. The 0.188 is based on the following:

1.	Net Earned Premium for Calendar Year 2007	\$438,907,763
2.	Net Agents' Balances as of 12/31/06	82,261,603
3.	Net Agents' Balances as of 12/31/07	82,543,576
4.	Mean Agents' Balances: $\frac{1}{2} [(2) + (3)]$	82,402,589
5.	Ratio (4) / (1)	0.188

Notes:

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

**Estimated Investment Earnings on Unearned Premium Reserves and on Loss Reserves
Commercial Auto Liability & No-Fault**

Section D
Exhibit 6
Sheet 5

Line C-2

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

Line C-3

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

1. Direct Incurred for Calendar Year 2006	14,447,587
2. Direct Incurred for Calendar Year 2007	14,453,722
3. Direct Reserves as of 12/31/05	30,949,064
4. Direct Reserves as of 12/31/06	32,135,569
5. Direct Reserves as of 12/31/07	31,284,851
6. Mean Loss Reserve 2006: $\frac{1}{2} [(3) + (4)]$	31,542,317
7. Mean Loss Reserve 2007: $\frac{1}{2} [(4) + (5)]$	31,710,210
8. Ratio (6) / (1)	2.183
9. Ratio (7) / (2)	2.194
10. $\frac{1}{2} [(8) + (9)]$	2.189

Notes:

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

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

Bodily Injury
Unadjusted Experience

Trucks, Tractors, and Trailers:

Accident Year Ending	\$30,000/\$60,000 Incurred Losses*	Excess Losses*
12/31/2003	6,218,094	8,998,541
12/31/2004	8,212,245	8,500,073
12/31/2005	7,255,667	11,113,237
12/31/2006	6,503,601	5,538,244
12/31/2007	5,930,072	4,898,012

Garage Dealers:

Policy Year Ending	\$30,000/\$60,000 Incurred Losses*	Excess Losses*
12/31/2003	1,362,349	347,661
12/31/2004	1,477,054	165,719
12/31/2005	1,224,495	54,463
12/31/2006	1,103,456	183,736
12/31/2007	1,019,499	810,000

Private Passenger Types:

Accident Year Ending	\$30,000/\$60,000 Incurred Losses*	Excess Losses*
12/31/2003	79,607	33,500
12/31/2004	101,193	20,000
12/31/2005	108,025	180,000
12/31/2006	103,372	0
12/31/2007	7,514	0

Zone Rated:

Policy Year Ending	\$30,000/\$60,000 Incurred Losses*	Excess Losses*
12/31/2003	125,287	0
12/31/2004	262,500	909,850
12/31/2005	333,933	96,250
12/31/2006	263,808	155,001
12/31/2007	280,263	285,500

*These losses are not developed, and include only allocated loss adjustment expenses. The evaluation date of losses is March 31, 2008.

Property Damage
Unadjusted Experience

Trucks, Tractors, and Trailers:

Accident Year Ending	\$25000 Incurred Losses*	Excess Losses*
12/31/2003	6,926,113	1,081,867
12/31/2004	8,265,702	568,667
12/31/2005	7,701,523	285,403
12/31/2006	7,113,377	487,388
12/31/2007	6,394,177	156,676

Garage Dealers:

Policy Year Ending	\$25000 Incurred Losses*	Excess Losses*
12/31/2003	1,270,121	3,790
12/31/2004	1,295,636	5,980
12/31/2005	987,303	13,991
12/31/2006	1,098,025	52,342
12/31/2007	970,380	6,951

Private Passenger Types:

Accident Year Ending	\$25000 Incurred Losses*	Excess Losses*
12/31/2003	97,801	0
12/31/2004	49,645	0
12/31/2005	104,399	0
12/31/2006	71,065	0
12/31/2007	21,082	0

Zone Rated:

Policy Year Ending	\$25000 Incurred Losses*	Excess Losses*
12/31/2003	71,109	0
12/31/2004	390,034	25,416
12/31/2005	405,514	113,101
12/31/2006	248,655	32
12/31/2007	244,493	10,119

*These losses are not developed, and include only allocated loss adjustment expenses. The evaluation date of losses is March 31, 2008.

Bodily Injury
Adjusted Experience

Trucks, Tractors, and Trailers:

Accident Year Ending	\$30,000/\$60,000 Limits Earned Premium at Present Rates	\$30,000/\$60,000 Incurred Losses*
12/31/2003	8,312,974	6,052,951
12/31/2004	9,237,641	8,087,199
12/31/2005	9,718,740	7,402,021
12/31/2006	9,641,662	6,870,354
12/31/2007	9,253,889	6,372,743

Garage Dealers:

Policy Year Ending	Total Limits Earned Premium at Present Rates	Total Limits Incurred Losses*
12/31/2003	2,264,872	2,045,968
12/31/2004	2,354,115	2,002,855
12/31/2005	2,248,090	1,549,942
12/31/2006	2,336,411	1,543,221
12/31/2007	2,258,325	2,364,787

Private Passenger Types:

Accident Year Ending	\$30,000/\$60,000 Limits Earned Premium at Present Rates	\$30,000/\$60,000 Incurred Losses*
12/31/2003	99,766	77,959
12/31/2004	109,769	98,849
12/31/2005	95,616	109,116
12/31/2006	86,608	108,250
12/31/2007	102,725	8,700

Zone Rated:

Policy Year Ending	\$30,000/\$60,000 Limits Earned Premium at Present Rates	\$30,000/\$60,000 Incurred Losses*
12/31/2003	158,621	121,562
12/31/2004	344,523	253,271
12/31/2005	471,940	327,221
12/31/2006	453,509	287,415
12/31/2007	454,220	356,541

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

Property Damage
Adjusted Experience

Trucks, Tractors, and Trailers:

Accident Year <u>Ending</u>	\$25,000 Limits Earned Premium <u>at Present Rates</u>	\$25,000 <u>Incurred Losses*</u>
12/31/2003	9,623,586	8,000,132
12/31/2004	10,694,236	9,443,369
12/31/2005	11,250,826	8,703,035
12/31/2006	11,161,638	7,965,987
12/31/2007	10,713,065	7,258,815

Garage Dealers:

Policy Year <u>Ending</u>	Total Limits Earned Premium <u>at Present Rates</u>	Total Limits <u>Incurred Losses*</u>
12/31/2003	1,840,829	1,535,521
12/31/2004	1,941,262	1,544,815
12/31/2005	1,854,940	1,169,739
12/31/2006	1,811,281	1,334,519
12/31/2007	1,835,624	1,105,654

Private Passenger Types:

Accident Year <u>Ending</u>	\$25,000 Limits Earned Premium <u>at Present Rates</u>	\$25,000 <u>Incurred Losses*</u>
12/31/2003	113,598	113,080
12/31/2004	124,981	56,717
12/31/2005	108,840	118,684
12/31/2006	98,552	80,059
12/31/2007	116,917	23,956

Zone Rated:

Policy Year <u>Ending</u>	\$25,000 Limits Earned Premium <u>at Present Rates</u>	\$25,000 <u>Incurred Losses*</u>
12/31/2003	162,814	82,583
12/31/2004	353,737	448,478
12/31/2005	481,862	461,230
12/31/2006	465,865	282,790
12/31/2007	466,389	275,016

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

SECTION E

Revision of Increased Limits Tables

North Carolina Reinsurance Facility
Commercial Automobile Liability

Revision of Increased Limits Tables

Summary of Changes

The following is a proposed revision of Commercial Automobile Liability Increased Limit Factors. A review of the experience indicates a change of -3.3% in total liability premium for bodily injury and 0.3% for property damage. This document presents revised factors for the following increased limits tables:

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

Notes Pertaining to the Revision

- This revision is based upon North Carolina Reinsurance Facility experience. North Carolina and Countrywide Voluntary data has been considered when necessary to promote stability.
- Data for accident and policy years ending December 31, 2003 to December 31, 2007 have been used to develop the indicated changes for each table.
- The five years of data have been developed to an ultimate settlement basis by using the loss development factors shown in Exhibit 3 of Section F.
- Data has been trended to one year beyond the assumed effective date of 2/1/2010.

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

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

	<u>Policy Limit</u>	<u>Indicated Factors</u>	<u>Current Factors</u> ¹
<u>Light and Medium Trucks</u>	\$ 30,000 / 60,000	1.00	1.00
	50,000 / 100,000	1.12	1.13
	100,000 / 300,000	1.45	1.48
	500,000 / 500,000	2.00	2.06
	1,000,000 / 1,000,000	2.47	2.56
<u>Heavy Trucks and Truck-Tractors</u>	\$ 30,000 / 60,000	1.00	1.00
	50,000 / 100,000	1.17	1.18
	100,000 / 300,000	1.55	1.59
	500,000 / 500,000	2.28	2.36
	1,000,000 / 1,000,000	2.93	3.06
<u>Extra-Heavy Trucks and Truck-Tractors</u>	\$ 30,000 / 60,000	1.00	1.00
	50,000 / 100,000	1.19	1.20
	100,000 / 300,000	1.63	1.67
	500,000 / 500,000	2.48	2.58
	1,000,000 / 1,000,000	3.27	3.42
<u>Zone Rated Risks</u>	\$ 30,000 / 60,000	1.00	1.00
	50,000 / 100,000	1.19	1.20
	100,000 / 300,000	1.61	1.65
	500,000 / 500,000	2.45	2.54
	1,000,000 / 1,000,000	3.23	3.37
<u>All Other Risks</u> ²	\$ 30,000 / 60,000	1.00	1.00
	50,000 / 100,000	1.14	1.15
	100,000 / 300,000	1.46	1.49
	500,000 / 500,000	2.01	2.08
	1,000,000 / 1,000,000	2.52	2.62

¹ For comparison purposes, current factors have been estimated by rescaling to a \$30,000/60,000 (per claim/per occurrence) basic limit.

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

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

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

		<u>Policy Limit</u>	<u>Indicated Factors</u>	<u>Current Factors³</u>
<u>Light and Medium Trucks</u>	\$	25,000	1.00	1.00
		50,000	1.03	1.03
		300,000	1.09	1.08
		750,000	1.13	1.12
		1,000,000	1.14	1.13
<u>Heavy Trucks and Truck-Tractors</u>	\$	25,000	1.00	1.00
		50,000	1.03	1.03
		300,000	1.10	1.09
		750,000	1.14	1.13
		1,000,000	1.16	1.15
<u>Extra-Heavy Trucks and Truck-Tractors</u>	\$	25,000	1.00	1.00
		50,000	1.03	1.03
		300,000	1.10	1.10
		750,000	1.15	1.15
		1,000,000	1.17	1.17
<u>Zone Rated Risks</u>	\$	25,000	1.00	1.00
		50,000	1.03	1.03
		300,000	1.10	1.09
		750,000	1.15	1.14
		1,000,000	1.17	1.16
<u>All Other Risks⁴</u>	\$	25,000	1.00	1.00
		50,000	1.03	1.03
		300,000	1.09	1.08
		750,000	1.13	1.12
		1,000,000	1.14	1.13

³ For comparison purposes, current factors have been estimated by rescaling to a \$25,000 basic limit.

⁴ Including Private Passenger Types, Publics, Garages, Semi-trailers and Trailers.

SECTION F

Increased Limits Experience Review

North Carolina Reinsurance Facility
Increased Limits Experience Review

Introduction

Charges for coverage in excess of the basic limit of liability (\$30,000/\$60,000 for bodily injury, \$25,000 for property damage) are calculated by multiplying the applicable basic limit manual rate for the class by the appropriate increased limit factor for the desired liability limit. For example, a Light Truck risk desiring to purchase coverage of \$100,000/\$300,000 bodily injury per person/per accident might pay a premium calculated as 1.45 times the manual rate for the risk classification.

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

Exhibit 1: Development of Increased Limits Table Change Indications

Set forth on this exhibit is the North Carolina Reinsurance Facility experience for all companies reporting to ISO and PCI for the latest five accident years (policy years for Garages, Buses, and Miscellaneous Experience).

Losses include allocated loss adjustment expenses and are developed to an ultimate settlement basis using the North Carolina statewide loss development factors shown in Exhibit 3. Additionally, the losses have been trended from the average date of loss to one year beyond an anticipated effective date of February 1, 2010 by an exponential projection of the annual loss trend factors for basic and total limits losses developed on Exhibit 2.

The indicated average increased limit factor has been compared to the present average increased limit factor to develop an overall increased limits factor change indication. These indications are -3.3% and 0.3% for bodily injury and property damage, respectively.

Exhibit 2: Bodily Injury and Property Damage Trend Factors

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

North Carolina Reinsurance Facility

Increased Limits Experience Review

Introduction (Cont'd)

Exhibit 3: Loss Development Factors

Set forth on this exhibit are the factors used to develop the losses to an ultimate basis. The derivation of these factors is shown in Exhibit 1 of Section D. These factors are based on North Carolina statewide voluntary and facility data, as reported to ISO, for the purpose of stability.

Exhibit 4: North Carolina Facility Data

Data set forth on this exhibit represent all North Carolina Reinsurance Facility loss data as reported to ISO and PCI. This exhibit also displays the data developed to an ultimate settlement basis and trended to one year beyond the proposed effective date.

Exhibit 5: Policy Limit Distribution

Set forth on this exhibit is the basic limit loss distribution (including ALAE) for each increased limits table by policy limit. These table distributions are based on all detailed statistics reported to ISO for Facility business for calendar accident years ending 6/30/03 through 6/30/07.

NORTH CAROLINA REINSURANCE FACILITY

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

BODILY INJURY

(1)	(2)	(3)	(4)
Year	\$30,000/\$60,000 Basic Limit	Total Limits	Indicated Average Increased Limit Factor
<u>Ending</u>	<u>Incurred Losses*</u>	<u>Incurred Losses*</u>	<u>(3)/(2)</u>
12/31/03	11,794,322	26,017,463	2.206
12/31/04	13,145,165	27,809,371	2.116
12/31/05	12,723,795	29,125,603	2.289
12/31/06	12,384,084	22,434,468	1.812
12/31/07	12,844,303	26,725,056	2.081
Total	62,891,669	132,111,961	2.101

- (5) Present average increased limits factor based upon the present table and the policy limits distribution for bodily injury Reinsurance Facility business: 2.173
- (6) Indicated change in bodily injury increased limits factors $[(4)/(5) - 1] \times 100$: -3.3%

* Including allocated loss adjustment expense and developed to an ultimate basis. In addition, losses have been trended from the average date of accident to one year beyond an anticipated effective date of 2/1/2010 by an exponential projection of the annual paid claim cost trend factors for basic and total limits losses shown in Exhibit 2.

NORTH CAROLINA REINSURANCE FACILITY

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

PROPERTY DAMAGE

(1)	(2)	(3)	(4)
Year	\$25,000 Basic Limit	Total Limits	Indicated Average Increased Limit Factor
<u>Ending</u>	<u>Incurred Losses*</u>	<u>Incurred Losses*</u>	<u>(3)/(2)</u>
12/31/03	11,255,021	13,008,002	1.156
12/31/04	12,423,918	13,482,098	1.085
12/31/05	11,503,719	12,317,002	1.071
12/31/06	10,551,462	11,440,291	1.084
12/31/07	9,647,358	10,105,691	1.048
Total	55,381,478	60,353,084	1.090

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

(6) Indicated change in property damage increased limits factors $(((4)/(5)) - 1) \times 100$: 0.3%

* Including allocated loss adjustment expense and developed to an ultimate basis. In addition, losses have been trended from the average date of accident to one year beyond an anticipated effective date of 2/1/2010 by an exponential projection of the annual paid claim cost trend factors for basic and total limits losses shown in Exhibit 2.

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

Bodily Injury

\$30,000 Limit		Total Limits	
12 Point Fit - Weighted Severity	2.4%	12 Point Fit - Weighted Severity	5.9%
24 Point Fit - Weighted Severity	2.2%	24 Point Fit - Weighted Severity	5.2%
12 Point Fit - (NC only) Severity	1.9%	12 Point Fit - (NC only) Severity	6.7%
24 Point Fit - (NC only) Severity	1.7%	24 Point Fit - (NC only) Severity	2.8%
Selected Severity Trend Factor	2.0%	Selected Severity Trend Factor	5.0%
Selected Frequency Trend Factor	-4.0%	Selected Frequency Trend Factor	-4.0%
Average Annual Change	-2.1%	Average Annual Change	0.8%

Property Damage

\$25,000 Limit		Total Limits	
12 Point Fit - Weighted Severity	2.6%	12 Point Fit - Weighted Severity	3.3%
24 Point Fit - Weighted Severity	3.6%	24 Point Fit - Weighted Severity	4.1%
12 Point Fit - (NC only) Severity	1.6%	12 Point Fit - (NC only) Severity	2.2%
24 Point Fit - (NC only) Severity	3.2%	24 Point Fit - (NC only) Severity	3.8%
Selected Severity Trend Factor	3.0%	Selected Severity Trend Factor	3.5%
Selected Frequency Trend Factor	-2.0%	Selected Frequency Trend Factor	-2.0%
Average Annual Change	0.9%	Average Annual Change	1.4%

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

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

	<u>Bodily Injury</u>		<u>Property Damage</u>	
	30/60 <u>Losses</u>	Total Limits <u>Losses</u>	\$25,000 <u>Losses</u>	Total Limits <u>Losses</u>
<u>Trucks, Tractors & Trailers</u>				
63 months to ult.	0.996	0.996 *	1.000	1.000
51 months to ult.	0.992	0.992 *	0.999	0.999 *
39 months to ult.	1.013	1.014	0.999	1.005
27 months to ult.	1.033	1.096	1.000	1.007
15 months to ult.	1.034	1.372	1.024	1.037
<u>Private Passenger Types</u>				
63 months to ult.	1.002	1.002 *	1.001	1.001 *
51 months to ult.	0.984	1.000	0.999	1.000
39 months to ult.	1.003	1.003 *	1.005	1.005 *
27 months to ult.	1.024	1.024 *	1.006	1.006 *
15 months to ult.	1.114	1.114 *	1.025	1.025 *
<u>Publics (All Except Buses)***</u>				
63 months to ult.	0.996	0.996 *	1.000	1.000
51 months to ult.	0.992	0.992 *	0.999	0.999 *
39 months to ult.	1.013	1.014	0.999	1.005
27 months to ult.	1.033	1.096	1.000	1.007
15 months to ult.	1.034	1.372	1.024	1.037
<u>Garages</u>				
75 months to ult.	1.001	1.001	1.000	1.000
63 months to ult.	0.995	1.031	1.000	1.000
51 months to ult.	1.001	1.035	0.999	0.999
39 months to ult.	1.011	1.035	1.007	1.007
27 months to ult.	1.127	1.127 *	0.997	0.997
<u>Zone Rated Risks</u>				
75 months to ult.	1.000	1.000	1.000	1.000
63 months to ult.	0.980	0.980	1.000	1.000
51 months to ult.	0.980	0.980	1.000	1.000
39 months to ult.	1.073	1.078	1.010	1.010
27 months to ult.	1.234	1.234 *	1.010	1.010
<u>Miscellaneous****</u>				
75 months to ult.	1.001	1.001	1.000	1.000
63 months to ult.	0.995	1.031	1.000	1.000
51 months to ult.	1.001	1.035	0.999	0.999
39 months to ult.	1.011	1.035	1.007	1.007
27 months to ult.	1.127	1.127 *	0.997	0.997
<u>Buses****</u>				
75 months to ult.	1.001	1.001	1.000	1.000
63 months to ult.	0.995	1.031	1.000	1.000
51 months to ult.	1.001	1.035	0.999	0.999
39 months to ult.	1.011	1.035	1.007	1.007
27 months to ult.	1.127	1.127 *	0.997	0.997

* These factors have been judgmentally selected.

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

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

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

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

INCURRED LOSS AND LOSS ADJUSTMENT EXPENSES

	Evaluation*	<u>Bodily Injury</u>		<u>Property Damage</u>	
		30/60 Losses**	Total Limits Losses**	\$25,000 Losses**	Total Limits Losses**
Trucks, Tractors & Trailers	03@63	6,218,094	15,216,635	6,926,113	8,007,980
	04@51	8,212,245	16,712,318	8,265,702	8,834,369
	05@39	7,255,667	18,368,904	7,701,523	7,986,926
	06@27	6,503,601	12,041,845	7,113,377	7,600,765
	07@15	5,930,072	10,828,084	6,394,177	6,550,853
Private Passenger Types	03@63	79,607	113,107	97,801	97,801
	04@51	101,193	121,193	49,645	49,645
	05@39	108,025	288,025	104,399	104,399
	06@27	103,372	103,372	71,065	71,065
	07@15	7,514	7,514	21,082	21,082
Garages	02@75	1,362,349	1,710,010	1,270,121	1,273,911
	03@63	1,477,054	1,642,773	1,295,636	1,301,616
	04@51	1,224,495	1,278,958	987,303	1,001,294
	05@39	1,103,456	1,287,192	1,098,025	1,150,367
	06@27	1,019,499	1,829,499	970,380	977,331
Zone Rated Risks	02@75	125,287	125,287	71,109	71,109
	03@63	262,500	1,172,350	390,034	415,450
	04@51	333,933	430,183	405,514	518,615
	05@39	263,808	418,809	248,655	248,687
	06@27	280,263	565,763	244,493	254,612
Publics (All Except Buses)	03@63	655,480	686,846	501,455	502,785
	04@51	624,198	656,198	415,056	415,056
	05@39	890,388	1,033,388	550,931	550,931
	06@27	626,409	1,165,944	442,235	442,235
	07@15	945,930	1,910,903	553,450	555,646
Misc.	02@75	5,364,199	6,544,171	1,580,846	1,678,630
	03@63	4,513,239	6,001,239	1,302,336	1,302,336
	04@51	4,457,864	5,965,556	1,211,982	1,227,806
	05@39	4,665,479	4,992,479	1,014,509	1,014,509
	06@27	4,671,268	5,073,268	942,876	942,876
Buses	02@75	143,224	143,224	70,189	70,189
	03@63	100,613	180,613	64,320	64,320
	04@51	12,534	12,534	47,156	47,156
	05@39	127,184	127,184	144,904	154,278
	06@27	47,608	47,608	71,092	71,092

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

** Includes allocated loss adjustment expenses.

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

DEVELOPED LOSS AND LOSS ADJUSTMENT EXPENSES

	Year	<u>Bodily Injury</u>		<u>Property Damage</u>	
		30/60 <u>Losses**</u>	Total Limits <u>Losses**</u>	\$25,000 <u>Losses**</u>	Total Limits <u>Losses**</u>
Trucks, Tractors & Trailers	12/31/03	6,193,222	15,155,768	6,926,113	8,007,980
	12/31/04	8,146,547	16,578,619	8,257,436	8,825,535
	12/31/05	7,349,991	18,626,069	7,693,821	8,026,861
	12/31/06	6,718,220	13,197,862	7,113,377	7,653,970
	12/31/07	6,131,694	14,856,131	6,547,637	6,793,235
Private Passenger Types	12/31/03	79,766	113,333	97,899	97,899
	12/31/04	99,574	121,193	49,595	49,645
	12/31/05	108,349	288,889	104,921	104,921
	12/31/06	105,853	105,853	71,491	71,491
	12/31/07	8,371	8,371	21,609	21,609
Garages	12/31/03	1,363,711	1,711,720	1,270,121	1,273,911
	12/31/04	1,469,669	1,693,699	1,295,636	1,301,616
	12/31/05	1,225,719	1,323,722	986,316	1,000,293
	12/31/06	1,115,594	1,332,244	1,105,711	1,158,420
	12/31/07	1,148,975	2,061,845	967,469	974,399
Zone Rated Risks	12/31/03	125,287	125,287	71,109	71,109
	12/31/04	257,250	1,148,903	390,034	415,450
	12/31/05	327,254	421,579	405,514	518,615
	12/31/06	283,066	451,476	251,142	251,174
	12/31/07	345,845	698,152	246,938	257,158
Publics (All Except Buses)	12/31/03	652,858	684,099	501,455	502,785
	12/31/04	619,204	650,948	414,641	414,641
	12/31/05	901,963	1,047,855	550,380	553,686
	12/31/06	647,080	1,277,875	442,235	445,331
	12/31/07	978,092	2,621,759	566,733	576,205
Misc.	12/31/03	5,369,563	6,550,715	1,580,846	1,678,630
	12/31/04	4,490,673	6,187,277	1,302,336	1,302,336
	12/31/05	4,462,322	6,174,350	1,210,770	1,226,578
	12/31/06	4,716,799	5,167,216	1,021,611	1,021,611
	12/31/07	5,264,519	5,717,573	940,047	940,047
Buses	12/31/03	143,367	143,367	70,189	70,189
	12/31/04	100,110	186,212	64,320	64,320
	12/31/05	12,547	12,973	47,109	47,109
	12/31/06	128,583	131,635	145,918	155,358
	12/31/07	53,654	53,654	70,879	70,879

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

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

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

DEVELOPED AND TRENDED LOSS AND LOSS ADJUSTMENT EXPENSES

	Year Ending*	<u>Bodily Injury</u>		<u>Property Damage</u>	
		30/60 Losses**	Total Limits Losses**	\$25,000 Losses**	Total Limits Losses**
Trucks, Tractors & Trailers	12/31/03	5,272,526	16,099,794	7,413,061	8,898,377
	12/31/04	7,084,235	17,471,500	8,759,152	9,671,435
	12/31/05	6,528,652	19,473,433	8,088,496	8,674,764
	12/31/06	6,095,484	13,688,768	7,411,572	8,157,568
	12/31/07	5,682,661	15,286,426	6,761,265	7,140,237
Private Passenger Types	12/31/03	67,908	120,392	104,782	108,784
	12/31/04	86,590	127,720	52,608	54,403
	12/31/05	96,241	302,032	110,303	113,390
	12/31/06	96,041	109,790	74,488	76,195
	12/31/07	7,758	8,613	22,314	22,713
Garages	12/31/03	1,148,724	1,825,599	1,365,522	1,425,430
	12/31/04	1,264,533	1,792,043	1,380,529	1,436,322
	12/31/05	1,077,256	1,389,467	1,041,567	1,088,574
	12/31/06	1,001,501	1,387,314	1,157,235	1,243,251
	12/31/07	1,053,594	2,130,034	1,003,520	1,031,316
Zone Rated Risks	12/31/03	105,536	105,536	59,899	59,899
	12/31/04	221,343	988,540	335,593	357,462
	12/31/05	287,616	370,516	356,397	455,799
	12/31/06	254,117	405,303	225,458	225,486
	12/31/07	317,135	640,196	226,439	235,810
Publics (All Except Buses)	12/31/03	555,803	726,710	536,710	558,689
	12/31/04	538,460	686,006	439,834	454,383
	12/31/05	801,171	1,095,526	578,613	598,378
	12/31/06	587,100	1,325,407	460,774	474,632
	12/31/07	906,465	2,697,696	585,224	605,638
Misc.	12/31/03	4,523,060	6,986,527	1,699,586	1,878,286
	12/31/04	3,863,867	6,546,538	1,387,668	1,437,116
	12/31/05	3,921,832	6,481,012	1,278,595	1,334,830
	12/31/06	4,234,408	5,380,810	1,069,217	1,096,424
	12/31/07	4,827,490	5,906,663	975,076	994,958
Buses	12/31/03	120,765	152,905	75,461	78,537
	12/31/04	86,137	197,024	68,534	70,977
	12/31/05	11,027	13,617	49,748	51,267
	12/31/06	115,433	137,076	152,718	166,735
	12/31/07	49,200	55,428	73,520	75,019

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

** Losses have been developed to ultimate and trended to one year beyond an anticipated effective date of February 1, 2010.

NORTH CAROLINA REINSURANCE FACILITY

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

BODILY INJURY

POLICY LIMIT	LIGHT & MEDIUM	HEAVY	EXTRA HEAVY	ZONE	ALL OTHER	ALL TABLES COMBINED **
30/60	1.83%	0.37%	0.04%	0.00%	5.74%	7.97%
50/100	3.40%	0.69%	0.07%	0.00%	10.66%	14.80%
85/85	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
100/100	0.27%	0.00%	0.01%	0.00%	0.14%	0.41%
100/300	11.38%	1.22%	0.80%	0.01%	9.16%	22.58%
100/500	0.16%	0.00%	0.00%	0.00%	0.00%	0.16%
150/150	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
250/250	0.01%	0.00%	0.00%	0.00%	0.00%	0.01%
250/500	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
300/300	0.04%	0.16%	0.00%	0.00%	0.06%	0.26%
400/400	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
500/500	0.22%	0.04%	0.00%	0.00%	0.10%	0.36%
500/1,000	0.02%	0.00%	0.00%	0.00%	0.16%	0.17%
750/750	2.94%	6.73%	12.14%	2.07%	0.28%	24.15%
1,000/1,000	6.66%	4.17%	9.13%	0.73%	5.51%	26.19%
1,500/1,500	0.00%	0.00%	0.18%	0.00%	2.38%	2.56%
2,000/2,000	0.06%	0.02%	0.00%	0.00%	0.22%	0.30%
2,500/2,500	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>5,000/5,000</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.04%</u>	<u>0.03%</u>	<u>0.08%</u>
TOTAL**	26.98%	13.38%	22.35%	2.85%	34.43%	100.00%

* Data includes allocated loss adjustment expenses and uses losses incurred in the period from fiscal accident year ending 6/30/2003 through fiscal accident year ending 6/30/2007, as reported to ISO, for those risks assigned to the Facility.

** The individual weights at each limit and increased limits table combination are rounded to 5 decimal places and displayed to 4 decimal places. Due to rounding, the total values may differ slightly from the sum of the displayed individual values.

NORTH CAROLINA REINSURANCE FACILITY

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

PROPERTY DAMAGE

<u>POLICY</u> <u>LIMIT</u>	<u>LIGHT &</u> <u>MEDIUM</u>	<u>HEAVY</u>	<u>EXTRA</u> <u>HEAVY</u>	<u>ZONE</u>	<u>ALL</u> <u>OTHER</u>	<u>ALL</u> <u>TABLES</u> <u>COMBINED</u> **
25	4.55%	0.67%	0.22%	0.00%	11.26%	16.69%
30	0.00%	0.00%	0.00%	0.00%	0.09%	0.09%
50	15.22%	2.47%	1.06%	0.09%	10.03%	28.86%
85	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
100	0.05%	0.00%	0.14%	0.00%	0.25%	0.45%
150	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
250	0.00%	0.00%	0.00%	0.00%	0.01%	0.01%
300	0.09%	0.05%	0.15%	0.02%	0.06%	0.36%
400	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
500	0.34%	0.18%	0.00%	0.00%	0.08%	0.59%
750	2.77%	6.84%	13.39%	1.75%	0.51%	25.25%
1,000	7.27%	3.68%	9.78%	1.10%	3.68%	25.49%
1,500	0.00%	0.00%	0.04%	0.00%	1.41%	1.45%
2,000	0.19%	0.04%	0.02%	0.00%	0.12%	0.36%
2,500	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>5,000</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.10%</u>	<u>0.29%</u>	<u>0.39%</u>
TOTAL**	30.49%	13.91%	24.79%	3.05%	27.77%	100.00%

* Data includes allocated loss adjustment expenses and uses losses incurred in the period from fiscal accident year ending 6/30/2003 through fiscal accident year ending 6/30/2007, as reported to ISO, for those risks assigned to the Facility.

** The individual weights at each limit and increased limits table combination are rounded to 5 decimal places and displayed to 4 decimal places. Due to rounding, the total values may differ slightly from the sum of the displayed individual values.

SECTION G

Revised Increased Limits Tables

North Carolina Reinsurance Facility

Commercial Automobile Liability
Revised Increased Limits Tables

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

NORTH CAROLINA REINSURANCE FACILITY
 COMMERCIAL AUTOMOBILE MANUAL

INCREASED LIABILITY LIMITS

BODILY INJURY FACTORS

Classification	Limits Identifier Code (3)				
	Limit of Liability (in 1000's)				
	30/60	85/85	50/100	100/100	100/300
	Limit Codes				
	49	52	49	52	52
1. Light and Medium Trucks	1.00	1.19	1.12	1.24	1.45
2. Heavy Trucks and Truck Tractors	1.00	1.23	1.17	1.32	1.55
3. Extra-Heavy Trucks and Truck Tractors	1.00	1.26	1.19	1.36	1.63
4. Trucks, Tractors and Trailers Zone Rated	1.00	1.25	1.19	1.34	1.61
5. All Other Risks	1.00	1.19	1.14	1.24	1.46

NORTH CAROLINA REINSURANCE FACILITY
 COMMERCIAL AUTOMOBILE MANUAL

INCREASED LIABILITY LIMITS

PROPERTY DAMAGE FACTORS

Classification	Limits Identifier Code (3)		
	Limit of Liability (in 1000's)		
	25	30	50
	Limit Codes		
	05	06	08
1. Light and Medium Trucks	1.00	1.01	1.03
2. Heavy Trucks and Truck Tractors	1.00	1.01	1.03
3. Extra-Heavy Trucks and Truck Tractors	1.00	1.01	1.03
4. Trucks, Tractors and Trailers Zone Rated	1.00	1.01	1.03
5. All Other Risks	1.00	1.01	1.03

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

SUPPLEMENTARY RATING PROCEDURES SECTION

Rule 2. INCREASED LIMITS

A. Bodily Injury

BODILY INJURY FACTORS

Limits Identifier Code (3)

Limit of Liability (1000's)	Limit Code	1. Light and Medium Trucks	2. Heavy Trucks and Truck-Tractors	3. Extra-Heavy Trucks and Truck-Tractors	4. Trucks, Tractors and Trailers Zone Rated	5. All Other Risks
100/500	55	1.54	1.70	1.78	1.76	1.57
300/300	64	1.71	1.90	2.03	2.01	1.73
250/500	61	1.78	2.01	2.16	2.12	1.81
400/400	68	1.86	2.12	2.27	2.25	1.89
500/500	68	2.00	2.28	2.48	2.45	2.01
750/750	73	2.26	2.64	2.91	2.87	2.31
1000/1000	73	2.47	2.93	3.27	3.23	2.52
1500/1500	74	2.80	3.42	3.86	3.79	2.85
2000/2000	75	3.09	3.82	4.35	4.28	3.13
2500/2500	76	3.28	4.16	4.79	4.69	3.39
5000/5000	79	4.12	5.42	6.39	6.27	4.23
7500/7500	82	4.67	6.30	7.51	7.38	4.78
10000/10000	85	5.00	6.87	8.24	8.10	5.11
12500/12500	86	5.18	7.21	8.68	8.53	5.29
15000/15000	86	5.27	7.40	8.92	8.77	5.38

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

SUPPLEMENTARY RATING PROCEDURES SECTION

Rule 2. INCREASED LIMITS

B. Property Damage

PROPERTY DAMAGE FACTORS

Limits Identifier Code (3)

Limit of Liability (1000's)	Limit Code	1. Light and Medium Trucks	2. Heavy Trucks and Truck-Tractors	3. Extra-Heavy Trucks and Truck-Tractors	4. Trucks, Tractors and Trailers Zone Rated	5. All Other Risks
85	9	1.06	1.06	1.06	1.06	1.06
100	10	1.07	1.07	1.07	1.07	1.07
300	14	1.09	1.10	1.10	1.10	1.09
400	15	1.10	1.11	1.12	1.12	1.10
500	16	1.11	1.12	1.13	1.13	1.11
750	17	1.13	1.14	1.15	1.15	1.13
1000	18	1.14	1.16	1.17	1.17	1.14
1500	19	1.15	1.18	1.20	1.19	1.16
2000	20	1.16	1.19	1.21	1.20	1.17
2500	21	1.17	1.20	1.22	1.21	1.18
5000	23	1.19	1.22	1.24	1.23	1.20
7500	24	1.21	1.24	1.26	1.25	1.22
10000	25	1.23	1.26	1.28	1.27	1.24
12500	26	1.24	1.27	1.29	1.28	1.25
15000	26	1.25	1.28	1.30	1.29	1.26

SECTION H

Revised Trucks, Tractors, and Trailers Classification Plan

TRUCKS, TRACTORS & TRAILERS LIABILITY CLASSIFICATION PLAN

OVERVIEW	This section contains the revised primary, secondary and fleet factors for Trucks, Tractors & Trailers liability which were filed and approved earlier this year. The explanation and presentation of those revised factors is reprinted here, along with the off-balance factor that is applied so that these changes are revenue-neutral.
BACKGROUND	The combined rating factor = (primary factor + secondary factor) x fleet factor. The structure of the classification plan enables the primary factors to be evaluated as the product of three components. Thus, the primary factor = (size x radius x use).
HISTORICAL SOURCE DATA	The review is based on multistate voluntary data for fiscal/accident years 1998 through 2002 combined (fiscal/accident years are the 12 months ending June 30). Losses have been appropriately trended and developed.
METHODOLOGY	<p>The indicated primary, secondary, and fleet factors are the result of a Bailey simultaneous analysis of all relativities. The Bailey procedure is designed to give the most accurate distribution of rating factors among the various classes by accounting for overlap between primary, secondary, and fleet classification factors. A general description of the Bailey procedure is in Exhibit 1. The indicated relativity for a particular cell is the base loss ratio indexed to the base class (Class 0119, Non-Fleet). Base loss ratios are appropriately trended and developed losses divided by base loss costs. Base loss costs are loss costs at current level for a particular state and territory that have not been adjusted by any class plan factors that apply to the cell, including primary and secondary factors. For this particular analysis, first a five variable Bailey procedure was run for size, radius, use (the three components of the primary factor), secondary and fleet factors. A fleet factor of 1.10 was then selected and incorporated into the data.</p> <p>Next a four variable Bailey procedure was run for size, radius, use and secondary factors. A description of the Bailey procedure with the modifications used for this analysis is in Exhibit 2. Based on the results of the review, size relativities were calculated separately for light trucks, medium trucks, heavy trucks, extra heavy trucks, heavy truck tractors, extra heavy truck tractors, semi-trailers and trailers. Local and intermediate radius relativities were calculated separately. Due to the limited amount of data, the factors for long distance light trucks were judgmentally selected to be 0.05 higher than the current factors for long distance light trucks. This was done to maintain consistency between the relativities for intermediate light trucks and long distance light trucks. Use (service, retail or commercial) relativities were calculated for light, medium, heavy trucks and heavy truck tractors combined, and (where coding by use is not available) 'all use' relativities were calculated separately for extra heavy trucks, extra heavy truck tractors, trailers and semi-trailers. The three components were then used to generate a primary factor, which was normalized as described in Exhibit 3. By utilizing the three components in this manner instead of relying on independent primary factors for each class, we were able to develop indications that more closely reflect the structure of the class plan.</p>

METHODOLOGY
(CONT'D)

In addition, this approach resulted in appropriate indications for those classes with relatively small percentages of data. These primary factors appear under the 'Indicated' column in Exhibit 5. The secondary and fleet factors are displayed in Exhibit 6.

The selected factors are listed to the right of the indicated factors in Exhibit 4 under 'Selected'. Other columns list the 5-year loss costs as a percentage of the total loss cost volume, and the current factors. Exhibit 5 displays the individual primary factors for size, use and radius and shows the calculations indexing the results of the Bailey to the base class (light local service trucks not otherwise specified - class 0119). Exhibit 7 shows similar calculations for the secondary factors.

INTRODUCTION OF
CLASS PLAN

In conjunction with the introduction of the revised classification plan factors, the application of an off-balance factor results in no overall rate level change, on average, due to the classification plan revisions. The off-balance factor is calculated by dividing the premium using the current classification plan factors by the premium using the revised classification plan factors:

$$0.975 = \frac{\$19,966,954}{\$20,472,229}$$

BAILEY METHODOLOGY
Trucks, Tractors & Trailers Liability

$$\sum_{ijk} Wt(i,j,k) \times R(i,j,k)$$

Where: $Wt(i,j,k)$ = ISO Aggregate Base Loss Cost for cell i,j,k . (This is the exposure for the cell multiplied by the state/territory loss cost.)
 $R(i,j,k)$ = Indicated relativity for all i,j,k based on individual base loss ratios indexed to the base class.

For Liability, the basic classification model is:

$$R(i,j,k) = (P_i + S_j) \times F_k$$

Where: P_i = Primary Rating Factor for primary class i .
 S_j = Secondary Rating Factor for secondary class j .
 F_k = Differential between Non-fleet and Fleet ($k=1,2$).

Substituting yields: $\sum_{ijk} Wt(i,j,k) \times R(i,j,k) = \sum_{ijk} Wt(i,j,k) \times [(P_i + S_j) \times F_k]$

From this relationship, the following equations were initially derived for each P_i , S_j , and F_k which are solved iteratively.

$$P_i = \frac{\sum_j \sum_k Wt(i,j,k) \times (R(i,j,k) - (S_j \times F_k))}{\sum_j \sum_k Wt(i,j,k) \times F_k}$$

$$S_j = \frac{\sum_i \sum_k Wt(i,j,k) \times (R(i,j,k) - (P_i \times F_k))}{\sum_i \sum_k Wt(i,j,k) \times F_k}$$

$$F_k = \frac{\sum_i \sum_j Wt(i,j,k) \times R(i,j,k)}{\sum_i \sum_j Wt(i,j,k) \times (P_i + S_j)}$$

Due to the structure of the class plan, when running the Bailey procedure, the primary factor (P_i) was separated into three components: size, radius, and use. The resulting equations are as follows:

$$R(i,j,k,l,m) = (Size_i \times Radius_j \times Use_k + S_l) \times F_m$$

$$Size_i = \frac{\sum_j \sum_k \sum_l \sum_m Wt(i,j,k,l,m) \times (R(i,j,k,l,m) - (S_l \times F_m))}{\sum_j \sum_k \sum_l \sum_m Wt(i,j,k,l,m) \times Radius_j \times Use_k \times F_m}$$

$$Radius_j = \frac{\sum_i \sum_k \sum_l \sum_m Wt(i,j,k,l,m) \times (R(i,j,k,l,m) - (S_l \times F_m))}{\sum_i \sum_k \sum_l \sum_m Wt(i,j,k,l,m) \times Size_i \times Use_k \times F_m}$$

$$Use_k = \frac{\sum_i \sum_j \sum_l \sum_m Wt(i,j,k,l,m) \times (R(i,j,k,l,m) - (S_l \times F_m))}{\sum_i \sum_j \sum_l \sum_m Wt(i,j,k,l,m) \times Size_i \times Radius_j \times F_m}$$

BAILEY METHODOLOGY
Trucks, Tractors & Trailers Liability

After an initial analysis, a fleet factor of 1.10 was selected and used in a recalculation of base loss costs. Then, in order to develop primary factors that reflect the size, radius and use structure of the class plan, the following equations were used:

$$\text{Primary} = \text{Size} \times \text{Radius} \times \text{Use} \Rightarrow$$

$$\text{Size}_i = \frac{\sum_{j k l} \text{Wt} (i,j,k,l) \times (R (i,j,k,l) - S_l)}{\sum_{j k l} \text{Wt} (i,j,k,l) \times \text{Radius}_j \times \text{Use}_k}$$

$$\text{Radius}_j = \frac{\sum_{i k l} \text{Wt} (i,j,k,l) \times (R (i,j,k,l) - S_l)}{\sum_{i k l} \text{Wt} (i,j,k,l) \times \text{Size}_i \times \text{Use}_k}$$

$$\text{Use}_k = \frac{\sum_{i j l} \text{Wt} (i,j,k,l) \times (R (i,j,k,l) - S_l)}{\sum_{i j l} \text{Wt} (i,j,k,l) \times \text{Size}_i \times \text{Radius}_j}$$

$$S_l = \frac{\sum_{i j k} \text{Wt} (i,j,k,l) \times (R (i,j,k,l) - \text{Size}_i \times \text{Radius}_j \times \text{Use}_k)}{\sum_{i j k} \text{Wt} (i,j,k,l)}$$

BASE CLASS ADJUSTMENTS
Trucks, Tractors & Trailers Liability

The Bailey method simultaneously determines the relationship of each of the classes to one another according to the model $(P_i + S_j) F_k$. The factors must then be readjusted so that the base primary class (first three digits 011) factor is 1.00, the base secondary class (fourth digit 9) factor is +0.0 and the non-fleet class (third digit 1, 2 or 3) factor is 1.00, while at the same time preserving the relationship among these and the other factors as determined by the outcome of the Bailey method.

The following equations will both adjust the base classes to the levels indicated above and preserve the same relationship among the factors as before the base class adjustments:

$$\text{Adjusted Primary Factor (I)} = 1.0 + \frac{[\text{Unadj. Non-Fleet Factor} \times (\text{Primary(I)} - \text{Primary @ base})]}{[\text{Base Class Cell Relativity (0119)}]}$$

$$\text{Adjusted Secondary Factor (J)} = \frac{[\text{Unadj. Non-Fleet Factor} \times (\text{Secondary(J)} - \text{Secondary @ base})]}{[\text{Base Class Cell Relativity (0119)}]}$$

$$\text{Adjusted Fleet Factor (K)} = \frac{[\text{Unadj. Fleet Factor(K)}]}{[\text{Unadj. Non-Fleet Factor}]}$$

In the current model we have reduced the primary class to its three components, (Size x Radius x Use) so that the base primary class cell relativity (011) is the unadjusted factor:

$$(\text{Light} \times \text{Local} \times \text{Service})$$

PRIMARY RATING FACTORS
Trucks, Tractors & Trailers Liability

<u>Class Code*</u>	<u>Size</u>	<u>Radius</u>	<u>Business Use</u>	<u>5 Yr. %L.C.</u>	<u>Current</u>	<u>Indicated</u>	<u>Selected</u>		
011,014	Light	Local	Service	50.4	1.00	1.000	1.00		
021,024			Retail	1.3	1.45	1.518	1.50		
031,034			Comm.	13.2	1.35	1.355	1.35		
012,015		Long Dst.	Interm.	Service	0.9	1.15	1.293	1.20	
022,025				Retail	0.0	1.65	1.961	1.80	
032,035				Comm.	0.7	1.60	1.750	1.65	
013,016			Service	0.1	1.25		1.30		
023,026			Retail	0.0	1.75		1.80		
033,036			Comm.	0.1	1.70		1.75		
211,214			Medium	Local	Service	4.6	1.00	1.049	1.05
221,224	Retail	0.3			1.45	1.592	1.55		
231,234	Comm.	4.6			1.35	1.420	1.40		
212,215	Interm.	Service		0.1	1.15	1.356	1.25		
222,225		Retail		0.0	1.70	2.057	1.85		
232,235		Comm.		0.4	1.65	1.835	1.70		
311,314		Heavy		Local	Service	3.2	1.10	1.140	1.10
321,324					Retail	0.5	1.55	1.729	1.65
331,334	Comm.		5.3		1.45	1.543	1.50		
312,315	Interm.		Service	0.1	1.30	1.473	1.40		
322,325			Retail	0.0	1.85	2.234	2.05		
332,335			Comm.	0.6	1.75	1.993	1.90		
401,404			X-Hvy	Local		3.5	2.00	2.226	2.10
402,405	Interm.			0.3	2.60	2.874	2.70		
341,344	Heavy Tr.-Tr.	Local	Service	0.4	1.30	1.448	1.35		
351,354			Retail	0.0	1.90	2.195	2.00		
361,364			Comm.	1.2	1.80	1.959	1.85		
342,345		Interm.	Service	0.1	1.55	1.871	1.65		
352,355			Retail	0.0	2.30	2.834	2.45		
362,365			Comm.	0.4	2.20	2.530	2.30		
501,504			X-Hvy	Local		4.6	2.25	2.478	2.35
502,505	Interm.			1.7	2.80	3.198	3.00		
671,674	Semi- Trailer	Local		0.4	0.10	0.105	0.10		
672,675		Interm.		0.1	0.15	0.139	0.15		
681,684		Local		0.8	0.10	0.124	0.10		
682,685		Interm.		1.1	0.15	0.164	0.15		

* Third digit 1,2,3 indicates non-fleet classes; third digit 4,5,6 indicates fleet classes.

PRIMARY FACTORS
Trucks, Tractors & Trailers Liability

Size		Radius		Use		Primary	Normalized*
Light	1.004	Local	0.987	Service	0.981	0.972	1.000
				Retail	1.483	1.470	1.518
				Comm.	1.325	1.313	1.355
		Interm.	1.273	Service	0.981	1.254	1.293
				Retail	1.483	1.895	1.961
				Comm.	1.325	1.692	1.750
Medium	1.052	Local	0.987	Service	0.981	1.019	1.049
				Retail	1.483	1.541	1.592
				Comm.	1.325	1.376	1.420
		Interm.	1.273	Service	0.981	1.314	1.356
				Retail	1.483	1.986	2.057
				Comm.	1.325	1.774	1.835
Heavy	1.142	Local	0.987	Service	0.981	1.107	1.140
				Retail	1.483	1.672	1.729
				Comm.	1.325	1.494	1.543
		Interm.	1.273	Service	0.981	1.427	1.473
				Retail	1.483	2.156	2.234
				Comm.	1.325	1.926	1.993
X-Hvy	1.017	Local	0.987	All use	2.141	2.149	2.226
		Interm.	1.273			2.771	2.874
Heavy Tr.-Tr.	1.448	Local	0.987	Service	0.981	1.402	1.448
				Retail	1.483	2.119	2.195
				Comm.	1.325	1.893	1.959
		Interm.	1.273	Service	0.981	1.808	1.871
				Retail	1.483	2.733	2.834
				Comm.	1.325	2.440	2.530
X-Hvy Tr.-Tr.	0.924	Local	0.987	All use	2.620	2.390	2.478
		Interm.	1.273			3.082	3.198
Semi-Trailer	0.665	Local	0.987	All use	0.173	0.114	0.105
		Interm.	1.273			0.146	0.139
Trailer	1.264	Local	0.987	All use	0.106	0.132	0.124
		Interm.	1.273			0.170	0.164

Base Class Cell Relativity: 0.960 Unadj. Non-Fleet Factor: 1.000

Base Class Relativity = ((Light x Local x Service) + Secondary) x Unadj. Non-Fleet

* Adjusted Primary Factor = 1+[Unadj. Non-Fleet x (Primary(I) – Primary@base)] / Base Class Rel.

Please note there may be differences due to rounding.

SECONDARY RATING FACTORS
Trucks, Tractors & Trailers Liability

<u>Secondary Cl. Codes</u>	<u>Description</u>	<u>5 Yr. % L.C.</u>	<u>Current</u>	<u>Indicated</u>	<u>Selected</u>
2	Truckers	3.6	0.70	0.602	0.65
3	Food Delivery	3.3	0.40	0.339	0.40
4	Specialized Delivery	0.9	0.60	0.767	0.65
5	Waste Disposal	1.1	0.30	0.198	0.25
6	Farmers	3.1	-0.50	-0.520	-0.50
7	Dump and Transit Mix Trucks	5.1	-0.20	-0.133	-0.20
8	Contractors	27.1	-0.05	-0.003	-0.05
9	Not Otherwise Specified	55.8	0.00	0.000	0.00

FLEET DIFFERENTIAL
Trucks, Tractors & Trailers Liability

<u>Current</u>	<u>Indicated</u>	<u>Selected</u>
1.100	1.099	1.100

SECONDARY FACTORS
Trucks, Tractors & Trailers Liability

	<u>Unadjusted</u>	<u>Normalized*</u>
2 Local Truckers	0.565	0.602
2 Intermediate Truckers	0.565	0.602
3 Food Delivery	0.313	0.339
4 Specialized Delivery	0.723	0.767
5 Waste Disposal	0.177	0.198
6 Farmers	-0.512	-0.520
7 Dump and Transit Mix Trucks	-0.140	-0.133
8 Contractors	-0.015	-0.003
9 Not Otherwise Specified	-0.013	0.000

FLEET DIFFERENTIAL
Trucks, Tractors & Trailers Liability

<u>Indicated</u>	<u>Selected</u>
1.099	1.100

Base Class Cell Relativity: 0.960 Unadj. Non-Fleet Factor: 1.000

Base Class Relativity = ((Light x Local x Service) + Secondary) x Unadj. Non-Fleet

* Adjusted Secondary Factor = (Unadj. Non-Fleet x (Secondary(J) – Secondary@base) / Base Class Rel.)

Please note there may be differences due to rounding.

SECTION I

Revised Zone Rated Risks Coverage

ZONE RATED RISKS COVERAGE

The Extra Heavy Truck primary factor and the zone combination factors for the Facility zone rated risks are being revised.

This review is based on multistate voluntary data reported to ISO for five calendar/accident years through year ended 09/30/2004, combined. The indicated primary rating factors, fleet discount factors, metro factors, and zone combination factors are the result of a Bailey simultaneous analysis of all liability relativities. The Bailey procedure is designed to give the most accurate distribution of rates among the various classes. For this particular analysis, indications were initially developed for the fleet, metro, primary, and zone combination factors. Then selections were made for the fleet, metro, and primary factors after the application of credibility to the initial indicated factor. The Bailey was then reapplied using these selected factors in order that the overall balance of the relativities be retained. The Bailey procedure is explained in Section I, Exhibit 1.

In conjunction with the revised factors, the application of an off-balance factor results in no overall rate level change, on average, due to the classification plan revisions. The off-balance factor is calculated by dividing the premium using the current classification plan factors by the premium using the revised classification plan factors:

$$1.086 = \frac{\$920,609}{\$847,335}$$

BAILEY METHODOLOGY
ZONE-RATED LIABILITY

The Bailey procedure is designed to generate the most accurate rating factors and relationships among the various factors. The Bailey method simultaneously determines the indicated factors according to the rating model $P_i \times F_j \times M_k \times ZC_l$ (see below). The Bailey procedure balances this model on the aggregate to the relativities for each class based on the latest available Zone-Rated Risks experience. The relativity for a particular cell is the relationship of its loss ratios to the loss ratio of the base class. For this analysis, loss ratios are trended and developed losses divided by loss costs that include the current multistate Zone-Rated Risks rating factors. The Bailey procedure generates indicated changes to the Primary, Fleet, Metro and Zone Combination factors.

The factors must then be readjusted so that the base primary class factor is 1.00, the Non-fleet factor is 1.00, and the Non-metro factor is 1.00, while at the same time preserving the relationships among these and the others factors as determined by the outcome of the Bailey method. Once factors were selected for the Primary, Fleet and Metro factors, these numbers were input into the Bailey as constants, and then the Bailey was run a second time to determine the appropriate Zone Combination factors to be used in conjunction with the selected factors to maintain the overall balance of the factors. Specifically, the Bailey procedure uses the following model:

$$\sum_{ijkl} Wt(i,j,k,l) \times R(i,j,k,l) = \sum_{ijkl} Wt(i,j,k,l) \times P_i \times F_j \times M_k \times ZC_l$$

Where: $Wt(i,j,k,l)$ = ISO Aggregate Loss Cost for cell i,j,k,l .
(Exposures for the cell multiplied by the state/territory loss cost.)
 $R(i,j,k,l)$ = Relativity for i,j,k,l based on individual loss ratios indexed to the base class.
 P_i = Primary Rating Factor for primary class i .
 F_j = Differential between Non-fleet and Fleet ($j=1,2$).
 M_k = Differential between Non-metro and Metro ($k=1,2$).
 ZC_l = Zone Combination factor for zone combination l .

From this relationship, the following equations are derived for each P_i , F_j , M_k and ZC_l which are solved iteratively.

$$P_i = \frac{\sum_j \sum_k \sum_l Wt(i,j,k,l) \times (R(i,j,k,l))}{\sum_j \sum_k \sum_l Wt(i,j,k,l) \times F_j \times M_k \times ZC_l}$$

$$F_j = \frac{\sum_i \sum_k \sum_l Wt(i,j,k,l) \times (R(i,j,k,l))}{\sum_i \sum_k \sum_l Wt(i,j,k,l) \times P_i \times M_k \times ZC_l}$$

$$M_k = \frac{\sum_i \sum_j \sum_l Wt(i,j,k,l) \times (R(i,j,k,l))}{\sum_i \sum_j \sum_l Wt(i,j,k,l) \times P_i \times F_j \times ZC_l}$$

$$ZC_l = \frac{\sum_i \sum_j \sum_k Wt(i,j,k,l) \times (R(i,j,k,l))}{\sum_i \sum_j \sum_k Wt(i,j,k,l) \times P_i \times F_j \times M_k}$$

DETERMINATION OF INDICATED
LIABILITY FACTORS

The following explanation describes the columns in Section I, Exhibit 2, Sheet 3.

COLUMN (1) BAILEY RELATIVITY	The relativity from the Bailey methodology. As noted, indicated Primary, Metro, Fleet and Zone Combination factors are developed simultaneously. Then appropriate selections are made for the Primary, Metro and Fleet factors. These selected factors are included in the data and indicated Zone Combination factors are developed by a second Bailey procedure. This preserves the overall aggregate balance of using all factors together.
COLUMN (2) CLAIMS	The number of claims for each coverage used for credibility.
COLUMN (3) CREDIBILITY	The credibility formula is $Z = ((\# \text{ of claims})/(\# \text{ of claims for full credibility}))^{0.5}$; the full credibility standard is 10,000 claims.
COLUMN (4) Z - WEIGHTED RELATIVITY	The Z-weighted relativity is derived by credibility weighting the Bailey formula relativity (column (1)) with the overall Bailey result (overall column(1)); ie: (column (4)) = $[\{(column (1))*(column (3))\} + \{(overall column (1)) * (1.00 - (column (3)))\}]$
COLUMN (5) NORMALIZED RELATIVITY	The normalized balanced relativity is calculated by dividing the Z-Weighted Relativity of each coverage by the overall average relativity from column (4). The overall average relativity is a weighted average of each individual coverage using the Aggregate Loss Cost at Current Level (column (10)) as weights.
COLUMN (6) INDICATED CHANGE	The indicated change for each coverage is derived by dividing the Normalized Balanced Relativity (column (5)) of each coverage by the Normalized Balanced Relativity of the base class.
COLUMN (7) CURRENT RELATIVITY	Present ISO Multistate Relativities (or Factors).

COLUMN (8)
INDICATED
RELATIVITY

The Current Relativity multiplied by the Indicated Change.

COLUMN (9)
REVISED
RELATIVITY

Relativities selected by ISO, based on the Current and Indicated Relativities.

COLUMN (10)
ALCCL

Multistate 5-year Aggregate Loss Costs at Current Level for each respective class.

REVIEW OF PRIMARY FACTORS
LIABILITY

Class	(1) Bailey	(2) Claims	(3) Cred.	(4) Weighted Rel.	(5) Normal. Rel.	(6) Ind. Change	(7) Current Rel.**	(8) Ind. Rel.	(9) Revised Rel.	(10) ALCCL
Medium	0.780	328	0.181	0.960	0.930	0.982	0.90	0.884	0.900	3,752,167
Heavy*	0.939	1,416	0.376	0.977	0.947	1.000	1.00	1.000	1.000	14,703,360
Extra-Heavy	1.058	10,949	1.000	1.058	1.025	1.082	1.40	1.515	1.450	148,109,455
Trailers	0.655	957	0.309	0.893	0.865	0.913	0.15	0.137	0.150	19,754,074
Overall	1.000	13,650		1.032	1.000					186,319,056

* Base Class

REVIEW OF FLEET/NON-FLEET FACTORS
LIABILITY

Class	(1) Bailey	(2) Claims	(3) Cred.	(4) Weighted Rel.	(5) Normal. Rel.	(6) Ind. Change	(7) Current Rel.**	(8) Ind. Rel.	(9) Revised Rel.	(10) ALCCL
Fleet	1.008	9,281	0.963	1.008	1.007	1.016	0.70	0.711	0.700	110,373,497
Non-Fleet*	0.988	4,369	0.661	0.992	0.991	1.000	1.00	1.000	1.000	75,945,559
Overall	1.000	13,650		1.001	1.000					186,319,056

* Base Class

REVIEW OF METRO/NON-METRO FACTORS
LIABILITY

Class	(1) Bailey	(2) Claims	(3) Cred.	(4) Weighted Rel.	(5) Normal. Rel.	(6) Ind. Change	(7) Current Rel.**	(8) Ind. Rel.	(9) Revised Rel.	(10) ALCCL
Metro	1.073	5,753	0.758	1.056	1.059	1.107	1.00	1.107	1.050	78,354,609
Non-Metro*	0.948	7,897	0.889	0.954	0.957	1.000	1.00	1.000	1.000	107,964,447
Overall	1.001	13,650		0.997	1.000					186,319,056

* Base Class

**The relativities listed as current are the current multistate relativities. The current Facility relativities are the same except for the Extra-Heavy primary factor which is currently 1.35 and the metro factor which is currently 1.05 (and therefore is not changing).

DETERMINATION OF INDICATED
ZONE COMBINATION
LIABILITY FACTORS

The following explanation describes the columns in Section I, Exhibit 3, Sheet 2.

COLUMN (1)
CURRENT
RELATIVITY

These are the present multistate factors.

COLUMN (2)
CHANGE TO
RELATIVITY

This number is calculated as column (5) on the calculation sheet following the summary sheet.

COLUMN (3)
INDICATED
RELATIVITY

This is calculated by multiplying the current relativity (column (1)) by the change to relativity (column (2)).

COLUMN (4)
ALCCL

The 5-year Aggregate Loss Cost at Current Level in each zone combination. These Aggregate Loss Costs have been recalculated to include the selected Primary, Fleet and Metro factors.

COLUMN (5)
% OF TOTAL

The percentage of all ALCCL in each zone combination.

Section I
Exhibit 3
Sheet 2

SUMMARY SHEET

Route	Region #	Zone	(1) Current Relativity*	(2) Change to Relativity**	(3) Indicated Relativity	(4) ALCCL***	(5) % of Total
01	40 to/from 40	Pacific Coast to/from Pacific Coast	1.813	0.988	1.791	29,701,429	15.2%
02	40 to/from 41	Pacific Coast to/from Mountain	1.986	0.946	1.879	7,963,686	4.1%
03	40 to/from 42	Pacific Coast to/from Midwest	1.124	0.998	1.122	1,335,245	0.7%
04	40 to/from 43	Pacific Coast to/from Southwest	1.674	0.973	1.629	4,957,164	2.5%
05	40 to/from 44	Pacific Coast to/from North Central	1.469	0.985	1.447	1,379,126	0.7%
06	40 to/from 45	Pacific Coast to/from Mideast	1.380	1.035	1.428	1,303,511	0.7%
07	40 to/from 46	Pacific Coast to/from Gulf	1.456	1.065	1.551	664,007	0.3%
08	40 to/from 47	Pacific Coast to/from Southeast	1.865	0.939	1.751	3,722,440	1.9%
09	40 to/from 48	Pacific Coast to/from Eastern	2.088	1.029	2.149	3,324,909	1.7%
10	40 to/from 49	Pacific Coast to/from New England	1.309	1.010	1.322	315,631	0.2%
11	41 to/from 41	Mountain to/from Mountain	0.970	1.051	1.019	4,372,224	2.2%
12	41 to/from 42	Mountain to/from Midwest	1.420	0.977	1.387	2,595,465	1.3%
13	41 to/from 43	Mountain to/from Southwest	1.477	0.985	1.455	1,412,097	0.7%
14	41 to/from 44	Mountain to/from North Central	1.496	1.078	1.613	1,591,084	0.8%
15	41 to/from 45	Mountain to/from Mideast	1.614	0.984	1.588	228,050	0.1%
16	41 to/from 46	Mountain to/from Gulf	1.536	1.117	1.716	373,732	0.2%
17	41 to/from 47	Mountain to/from Southeast	2.023	0.978	1.978	2,128,603	1.1%
18	41 to/from 48	Mountain to/from Eastern	1.779	1.011	1.799	933,067	0.5%
19	41 to/from 49	Mountain to/from New England	1.398	0.984	1.376	632,999	0.3%
20	42 to/from 42	Midwest to/from Midwest	1.056	0.946	0.999	8,037,470	4.1%
21	42 to/from 43	Midwest to/from Southwest	1.120	1.010	1.131	2,033,182	1.0%
22	42 to/from 44	Midwest to/from North Central	1.287	0.974	1.254	4,742,708	2.4%
23	42 to/from 45	Midwest to/from Mideast	1.361	0.998	1.358	865,505	0.4%
24	42 to/from 46	Midwest to/from Gulf	1.635	0.960	1.570	1,018,030	0.5%
25	42 to/from 47	Midwest to/from Southeast	1.574	0.989	1.557	5,189,649	2.7%
26	42 to/from 48	Midwest to/from Eastern	1.533	0.962	1.475	1,572,108	0.8%
27	42 to/from 49	Midwest to/from New England	1.714	1.000	1.714	306,953	0.2%
28	43 to/from 43	Southwest to/from Southwest	1.229	0.945	1.161	9,379,623	4.8%
29	43 to/from 44	Southwest to/from North Central	1.551	1.018	1.579	1,932,837	1.0%
30	43 to/from 45	Southwest to/from Mideast	1.210	1.023	1.238	877,914	0.4%
31	43 to/from 46	Southwest to/from Gulf	1.576	1.046	1.648	2,364,397	1.2%
32	43 to/from 47	Southwest to/from Southeast	1.610	1.027	1.653	2,350,767	1.2%
33	43 to/from 48	Southwest to/from Eastern	2.117	0.965	2.043	1,883,462	1.0%
34	43 to/from 49	Southwest to/from New England	1.128	0.985	1.111	176,789	0.1%
35	44 to/from 44	North Central to/from North Central	1.030	1.120	1.154	5,816,122	3.0%
36	44 to/from 45	North Central to/from Mideast	1.459	0.976	1.424	1,302,167	0.7%
37	44 to/from 46	North Central to/from Gulf	1.354	1.046	1.416	724,793	0.4%
38	44 to/from 47	North Central to/from Southeast	1.338	1.022	1.367	4,544,104	2.3%
39	44 to/from 48	North Central to/from Eastern	1.558	0.919	1.432	4,750,871	2.4%
40	44 to/from 49	North Central to/from New England	1.385	1.028	1.424	653,149	0.3%
41	45 to/from 45	Mideast to/from Mideast	1.601	0.960	1.537	1,392,596	0.7%
42	45 to/from 46	Mideast to/from Gulf	1.445	0.992	1.433	560,608	0.3%
43	45 to/from 47	Mideast to/from Southeast	1.416	1.033	1.463	2,577,842	1.3%
44	45 to/from 48	Mideast to/from Eastern	1.524	0.991	1.510	765,142	0.4%
45	45 to/from 49	Mideast to/from New England	1.369	0.981	1.343	158,625	0.1%
46	46 to/from 46	Gulf to/from Gulf	1.693	1.016	1.720	3,666,760	1.9%
47	46 to/from 47	Gulf to/from Southeast	1.582	1.027	1.625	3,295,780	1.7%
48	46 to/from 48	Gulf to/from Eastern	1.907	0.960	1.831	877,145	0.4%
49	46 to/from 49	Gulf to/from New England	1.665	0.978	1.628	145,109	0.1%
50	47 to/from 47	Southeast to/from Southeast	1.456	1.055	1.536	20,973,518	10.7%
51	47 to/from 48	Southeast to/from Eastern	1.531	1.021	1.563	9,884,161	5.1%
52	47 to/from 49	Southeast to/from New England	1.681	0.976	1.641	1,824,763	0.9%
53	48 to/from 48	Eastern to/from Eastern	1.658	0.970	1.608	13,290,542	6.8%
54	48 to/from 49	Eastern to/from New England	1.383	1.062	1.469	4,319,005	2.2%
55	49 to/from 49	New England to/from New England	1.435	0.994	1.426	2,076,655	1.1%
56	50 to/from 50	Alaska to/from Alaska	1.248	1.084	1.353	374,092	0.2%
						195,639,412	100.0%

* Please see Section I, Exhibit 3, Sheet 3 for further explanation.

**Explained further in Section I, Exhibit 4.

*** The ALCCL have been updated to include the selections for Primary, Fleet and Metro factors.

The relativities listed as current in Section I, Exhibit 3, Sheet 2 are the current multistate relativities. The current Facility relativities are listed below. In addition, the current and revised relativities have been indexed to make zone 47 (Southeast) the base since that is the location of North Carolina. The exhibit below shows the current and revised relativity between the rate for zone 47 and the rates for the other regional zones.

<u>Zone</u>	<u>current Facility relativity</u>	<u>revised relativity</u>
40 Pacific	1.572	1.140
41 Mountain	1.795	1.288
42 Midwest	1.373	1.014
43 Southwest	1.353	1.076
44 North Central	1.110	0.890
45 Mideast	1.222	0.952
46 Gulf	1.351	1.058
47 Southeast	1.000	1.000
48 Eastern	1.270	1.018
49 New England	1.399	1.068

DETERMINATION OF INDICATED
ZONE COMBINATION
LIABILITY FACTORS

The following explanation describes the columns in Section I, Exhibit 4, Sheet 2.

COLUMN (1) BAILEY RELATIVITY	The relativity from the Bailey methodology.
COLUMN (2) CLAIMS	Claims used to determine credibility.
COLUMN (3) CREDIBILITY	The credibility formula is $Z = ((\# \text{ of claims}) / (\# \text{ of claims for full credibility}))^{0.5}$; the full credibility standard is 10,000.
COLUMN (4) WEIGHTED RELATIVITY	The Z-weighted relativity is derived by credibility weighting the Bailey formula relativity (column (1)) with the overall Bailey result (overall column(1)); ie: (column (4)) = $[\{(column (1)) * (column (3))\} + \{(overall column (1)) * (1.00 - (column (3)))\}]$
COLUMN (5) NORMALIZED RELATIVITY	The weighted relativity for each zone combination is divided by the overall weighted relativity. The overall factor is a weighted average of all zone combinations using the Aggregate Loss Cost at Current Level (column (6)) as weights.
COLUMN (6) ALCCL	The 5-year Aggregate Loss Cost at Current Level in each zone combination. These Aggregate Loss Costs have been recalculated to include the selected Primary, Fleet and Metro factors.
COLUMN (7) % OF TOTAL	The percentage of all ALCCL in each zone combination.

CALCULATION SHEET

Route*	(1) Bailey Relativity	(2) Claims	(3) Cred.	(4) Weighted Rel. Change	(5) Normalized Rel. Change	(6) ALCCL**	(7) % of Total
01	0.977	1,772	0.421	0.990	0.988	29,701,429	15.2%
02	0.760	477	0.218	0.948	0.946	7,963,686	4.1%
03	1.000	113	0.106	1.000	0.998	1,335,245	0.7%
04	0.863	327	0.181	0.975	0.973	4,957,164	2.5%
05	0.855	81	0.090	0.987	0.985	1,379,126	0.7%
06	1.386	92	0.096	1.037	1.035	1,303,511	0.7%
07	1.963	49	0.070	1.067	1.065	664,007	0.3%
08	0.504	142	0.119	0.941	0.939	3,722,440	1.9%
09	1.192	262	0.162	1.031	1.029	3,324,909	1.7%
10	1.222	30	0.055	1.012	1.010	315,631	0.2%
11	1.247	470	0.217	1.054	1.051	4,372,224	2.2%
12	0.841	180	0.134	0.979	0.977	2,595,465	1.3%
13	0.874	104	0.102	0.987	0.985	1,412,097	0.7%
14	1.639	156	0.125	1.080	1.078	1,591,084	0.8%
15	0.570	11	0.033	0.986	0.984	228,050	0.1%
16	2.997	36	0.060	1.120	1.117	373,732	0.2%
17	0.792	88	0.094	0.981	0.978	2,128,603	1.1%
18	1.153	73	0.085	1.013	1.011	933,067	0.5%
19	0.752	31	0.056	0.986	0.984	632,999	0.3%
20	0.795	641	0.253	0.948	0.946	8,037,470	4.1%
21	1.103	138	0.117	1.012	1.010	2,033,182	1.0%
22	0.877	369	0.192	0.976	0.974	4,742,708	2.4%
23	1.000	42	0.065	1.000	0.998	865,505	0.4%
24	0.497	56	0.075	0.962	0.960	1,018,030	0.5%
25	0.946	258	0.161	0.991	0.989	5,189,649	2.7%
26	0.585	74	0.086	0.964	0.962	1,572,108	0.8%
27	1.055	19	0.044	1.002	1.000	306,953	0.2%
28	0.797	686	0.262	0.947	0.945	9,379,623	4.8%
29	1.161	158	0.126	1.020	1.018	1,932,837	1.0%
30	1.294	73	0.085	1.025	1.023	877,914	0.4%
31	1.437	124	0.111	1.049	1.046	2,364,397	1.2%
32	1.263	122	0.110	1.029	1.027	2,350,767	1.2%
33	0.594	66	0.081	0.967	0.965	1,883,462	1.0%
34	0.706	20	0.045	0.987	0.985	176,789	0.1%
35	1.518	560	0.237	1.123	1.120	5,816,122	3.0%
36	0.712	60	0.077	0.978	0.976	1,302,167	0.7%
37	1.573	71	0.084	1.048	1.046	724,793	0.4%
38	1.103	535	0.231	1.024	1.022	4,544,104	2.3%
39	0.449	208	0.144	0.921	0.919	4,750,871	2.4%
40	1.372	68	0.082	1.031	1.028	653,149	0.3%
41	0.556	73	0.085	0.962	0.960	1,392,596	0.7%
42	0.891	33	0.057	0.994	0.992	560,608	0.3%
43	1.237	226	0.150	1.036	1.033	2,577,842	1.3%
44	0.905	46	0.068	0.994	0.991	765,142	0.4%
45	0.555	14	0.037	0.983	0.981	158,625	0.1%
46	1.144	156	0.125	1.018	1.016	3,666,760	1.9%
47	1.224	166	0.129	1.029	1.027	3,295,780	1.7%
48	0.377	38	0.062	0.962	0.960	877,145	0.4%
49	0.231	7	0.026	0.980	0.978	145,109	0.1%
50	1.147	1,536	0.392	1.058	1.055	20,973,518	10.7%
51	1.084	787	0.281	1.024	1.021	9,884,161	5.1%
52	0.782	97	0.098	0.979	0.976	1,824,763	0.9%
53	0.909	953	0.309	0.972	0.970	13,290,542	6.8%
54	1.297	473	0.217	1.065	1.062	4,319,005	2.2%
55	0.970	179	0.134	0.996	0.994	2,076,655	1.1%
56	2.757	24	0.049	1.086	1.084	374,092	0.2%
Overall	1.000	13,650		1.002		195,639,412	100%

* Previous Summary page contains the definition of the various routes.

** The ALCCL have been updated to include the selections for Primary, Fleet and Metro factors.

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

RATING ORGANIZATION'S NAME North Carolina Reinsurance Facility

CONTACT PERSON FOR FILING _____

TITLE _____ TELEPHONE NUMBER _____ EXT. _____

1. RATING ORGANIZATION'S FEDERAL EMPLOYER NUMBER 561051050

2. RATING ORGANIZATION'S FILE NUMBER RF-1

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

4. SUBLINE/PROGRAM TITLE (IF APPLICABLE) _____

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

6. PROPOSED EFFECTIVE DATE(S): NEW March 1, 2010 RENEWAL March 1, 2010

7. APPROXIMATE MARKET SHARE OF NORTH CAROLINA WRITTEN PREMIUM FOR LINE(S)
Commercial Auto
INVOLVED: LINE Liability 10.6 % LINE _____ %
-3.8% Basic Limits; -2.0% Increased Limits

8. AVERAGE RATE CHANGE PROPOSED: -5.7% Total Limits

The following are attached as part of the filing:

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

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

Signature of Company Officer/Filings Department Head

EXHIBIT 1

EFFECT OF THE PROPOSED FILING ON ACTIVE FILINGS

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

EXHIBIT 2

EXPECTED LOSS RATIO

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

2. Development of Expected Loss Ratio:

	Trucks & Types	Selected Provision Garages	Zone Rated
A. Total Production Expense	16.6%	16.6%	11.6%
B. General Expense	7.5%	10.5%	7.5%
C. Taxes, Licenses & Fees	3.0%	3.0%	3.0%
D. Underwriting Profit & Contingencies	0.0%	0.0%	0.0%
E. Other (explain)			
F. TOTAL	27.1%	30.1%	22.1%

3. Expected Loss Ratio (ELR=100-2F) .729 .699 .779

4. Rate level change for which this exhibit applies _____

	Basic Limits		Total Limits	
	<u>BI</u>	<u>PD</u>	<u>BI</u>	<u>PD</u>
Trucks, Tractors, & Trailers	-4.8%	-3.7%	-8.2%	-3.3%
Garages Dealers	+11.1%	-6.2%	+8.9%	-6.2%
Private Passenger Types	-5.7%	-8.4%	-9.1%	-7.8%
Zone Rated Risks	-7.6%	-6.9%	-11.4%	-6.1%

EXHIBIT 2A
Five Year Rate Filing History

<u>Effective Date</u>	<u>NCDOI File #</u>	<u>% Change</u>	<u>Reason for Filing</u>
07/01/2005		-0.1	Review of basic limits experience and increased limits factors
07/01/2009		-12.6%	Review of basic limits experience and increased limits factors

EXHIBIT 3

NORTH CAROLINA EXPERIENCE X Direct ___ Net

	<u>2004</u>	<u>2005</u>	<u>2006</u>
(1) Written Premiums	<u>581,556,138</u>	<u>579,143,233</u>	<u>570,375,705</u>
(2) Earned Premiums	<u>583,103,296</u> 100.0%	<u>577,172,313</u> 100.0%	<u>569,250,736</u> 100.0%
(3) Inc. Loss and LAE	<u>346,332,719</u> 59.4%	<u>371,675,364</u> 64.4%	<u>385,169,388</u> 67.7%
(4) Total Prod. Expense	<u>105,215,300</u> 18.0%	<u>105,893,328</u> 18.3%	<u>108,452,566</u> 19.1%
(5) General Expense	<u>30,994,791</u> 5.3%	<u>31,380,359</u> 5.4%	<u>34,132,099</u> 6.0%
(6) Taxes, Lic. & Fees	<u>14,121,674</u> 2.4%	<u>12,544,312</u> 2.2%	<u>13,337,431</u> 2.3%
(7) Other			

	<u>2007</u>	<u>2008</u>	<u>5 Years Combined</u>
(1) Written Premiums	<u>574,032,393</u>	<u>522,020,018</u>	<u>2,827,127,487</u>
(2) Earned Premiums	<u>566,637,325</u> 100.0%	<u>535,222,853</u> 100.0%	<u>2,831,386,523</u> 100.0%
(3) Inc. Loss and LAE	<u>348,595,743</u> 61.5%	<u>302,683,966</u> 56.6%	<u>1,754,457,180</u> 62.0%
(4) Total Prod. Expense	<u>112,678,777</u> 19.9%	<u>105,750,293</u> 19.8%	<u>537,990,264</u> 19.0%
(5) General Expense	<u>38,554,905</u> 6.8%	<u>37,441,983</u> 7.0%	<u>172,504,137</u> 6.1%
(6) Taxes, Lic. & Fees	<u>13,915,330</u> 2.5%	<u>13,413,323</u> 2.5%	<u>67,332,070</u> 2.4%
(7) Other			

COUNTRYWIDE EXPERIENCE X Direct ___ Net

(in thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>
(1) Written Premiums	<u>21,864,276</u>	<u>22,656,384</u>	<u>22,605,559</u>
(2) Earned Premiums	<u>20,808,997</u> 100.0%	<u>22,236,588</u> 100.0%	<u>22,475,602</u> 100.0%
(3) Inc. Loss and LAE	<u>15,231,277</u> 73.2%	<u>14,980,762</u> 67.4%	<u>14,698,447</u> 65.4%
(4) Total Prod. Expense	<u>3,971,278</u> 19.1%	<u>4,219,053</u> 19.0%	<u>4,198,304</u> 18.7%
(5) General Expense	<u>1,106,787</u> 5.3%	<u>1,186,942</u> 5.3%	<u>1,196,894</u> 5.3%
(6) Taxes, Lic. & Fees			
(7) Other			

	<u>2006</u>	<u>2007</u>	<u>5 Years Combined</u>
(1) Written Premiums	<u>22,636,745</u>	<u>21,581,836</u>	<u>111,344,800</u>
(2) Earned Premiums	<u>22,613,639</u> 100.0%	<u>21,893,676</u> 100.0%	<u>110,028,502</u> 100.0%
(3) Inc. Loss and LAE	<u>14,434,444</u> 63.8%	<u>14,430,286</u> 65.9%	<u>73,775,216</u> 67.1%
(4) Total Prod. Expense	<u>4,301,476</u> 19.0%	<u>4,215,449</u> 19.3%	<u>20,905,560</u> 19.0%
(5) General Expense	<u>1,268,882</u> 5.6%	<u>1,278,184</u> 5.8%	<u>6,037,689</u> 5.5%
(6) Taxes, Lic. & Fees			
(7) Other			

EXHIBIT 4

UNDERWRITING PROFIT AND CONTINGENCY PROVISION

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

EXHIBIT 5

ACTUARIAL SUPPORT FOR RATE MODIFICATION

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

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

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE LIABILITY INSURANCE
SUPPLEMENTARY MATERIAL

<u>Item</u>	<u>Page</u>
1. North Carolina earned premiums at actual and current levels.	1 - 2
Losses and loss adjustment expenses, each on paid and incurred bases.	3
The loss ratio anticipated at the time rates were promulgated for the experience period.	4
2. Credibility factor development and application.	5
3. Loss development factor derivation and application on both paid and incurred bases, in both dollars and numbers of claims.	6 - 56
4. Trending factor development and application.	57
5. Changes in premium base resulting from rating exposure trends.	58
6. Limiting factor development and application.	59
7. Overhead expense development and application of commission and brokerage, other acquisition fees, general expenses, taxes, licenses and fees.	60
8. Percentage rate change.	61
9. Final proposed rates.	62
10. Investment earnings, consisting of investment income and realized plus unrealized capital gains, from loss, loss expense and unearned premium reserves.	63
11. Identification of applicable statistical plans and programs and a certification of compliance with them.	64
12. Investment earnings on capital and surplus.	65
13. Level of capital and surplus needed to support premium writings without endangering the solvency of member companies.	66

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

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

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

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

North Carolina

CEDED EARNED PREMIUM EXHIBIT (a)

Earned Premium at Collected Level

	<u>12/31/2003</u>	<u>12/31/2004</u>	<u>12/31/2005</u>
Trucks, Tractors, & Trailers Bodily Injury	8,938,682	9,932,947	10,609,978
Trucks, Tractors, & Trailers Property Damage	9,911,005	11,013,631	11,707,415
Garage Bodily Injury	3,365,337	3,497,942	3,340,401
Garages Property Damage	2,056,792	2,169,008	2,072,559
Private Passenger Types Bodily Injury	98,876	108,790	95,616
Private Passenger Types Property Damage	112,362	123,621	108,191
Zone Rated Bodily Injury	158,621	344,523	471,940
Zone Rated Property Damage	162,814	353,737	481,862
	<u>12/31/2006</u>	<u>12/31/2007</u>	
Trucks, Tractors, & Trailers Bodily Injury	11,464,521	11,149,264	
Trucks, Tractors, & Trailers Property Damage	12,333,302	11,943,216	
Garage Bodily Injury	3,328,221	3,080,935	
Garages Property Damage	2,048,960	2,100,256	
Private Passenger Types Bodily Injury	90,975	108,704	
Private Passenger Types Property Damage	100,563	119,792	
Zone Rated Bodily Injury	453,509	454,220	
Zone Rated Property Damage	465,865	466,389	

Earned Premium at Current Level

	<u>12/31/2003</u>	<u>12/31/2004</u>	<u>12/31/2005</u>
Trucks, Tractors, & Trailers Bodily Injury	8,312,974	9,237,641	9,718,740
Trucks, Tractors, & Trailers Property Damage	9,623,586	10,694,236	11,250,826
Garage Bodily Injury	2,264,872	2,354,115	2,248,090
Garages Property Damage	1,840,829	1,941,262	1,854,940
Private Passenger Types Bodily Injury	99,766	109,769	95,616
Private Passenger Types Property Damage	113,598	124,981	108,840
Zone Rated Bodily Injury	158,621	344,523	471,940
Zone Rated Property Damage	162,814	353,737	481,862
	<u>12/31/2006</u>	<u>12/31/2007</u>	
Trucks, Tractors, & Trailers Bodily Injury	9,641,662	9,253,889	
Trucks, Tractors, & Trailers Property Damage	11,161,638	10,713,065	
Garage Bodily Injury	2,336,411	2,258,325	
Garages Property Damage	1,811,281	1,835,624	
Private Passenger Types Bodily Injury	86,608	102,725	
Private Passenger Types Property Damage	98,552	116,917	
Zone Rated Bodily Injury	453,509	454,220	
Zone Rated Property Damage	465,865	466,389	

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

North Carolina

PAID/INCURRED LOSS AND LOSS ADJUSTMENT EXPENSE (a)

Paid Losses

	<u>12/31/2003</u>	<u>12/31/2004</u>	<u>12/31/2005</u>
Trucks, Tractors, & Trailers Bodily Injury	6,956,743	6,609,202	5,048,844
Trucks, Tractors, & Trailers Property Damage	2,264,800	2,503,116	2,514,173
Garage Bodily Injury	525,253	405,020	264,349
Garages Property Damage	375,266	328,827	275,327
Private Passenger Types Bodily Injury	18,429	38,151	48,185
Private Passenger Types Property Damage	29,755	28,949	34,035
Zone Rated Bodily Injury	90,104	28,600	151,725
Zone Rated Property Damage	35,556	117,953	113,334
	<u>12/31/2006</u>	<u>12/31/2007</u>	
Trucks, Tractors, & Trailers Bodily Injury	2,711,302	1,605,538	
Trucks, Tractors, & Trailers Property Damage	2,189,223	1,972,249	
Garage Bodily Injury	595,230	887,867	
Garages Property Damage	276,539	198,808	
Private Passenger Types Bodily Injury	20,633	10,361	
Private Passenger Types Property Damage	15,060	28,074	
Zone Rated Bodily Injury	68,335	12,474	
Zone Rated Property Damage	114,122	69,744	

Incurred Losses

	<u>12/31/2003</u>	<u>12/31/2004</u>	<u>12/31/2005</u>
Trucks, Tractors, & Trailers Bodily Injury	7,036,279	7,295,736	6,121,840
Trucks, Tractors, & Trailers Property Damage	2,264,800	2,503,116	2,523,173
Garage Bodily Injury	525,253	405,020	284,349
Garages Property Damage	375,266	328,827	275,327
Private Passenger Types Bodily Injury	18,429	38,151	48,185
Private Passenger Types Property Damage	29,755	28,949	34,035
Zone Rated Bodily Injury	90,104	28,600	151,725
Zone Rated Property Damage	35,556	117,953	113,334
	<u>12/31/2006</u>	<u>12/31/2007</u>	
Trucks, Tractors, & Trailers Bodily Injury	4,368,402	5,377,675	
Trucks, Tractors, & Trailers Property Damage	2,211,223	2,158,999	
Garage Bodily Injury	669,988	916,157	
Garages Property Damage	276,539	226,096	
Private Passenger Types Bodily Injury	20,633	10,361	
Private Passenger Types Property Damage	15,060	28,074	
Zone Rated Bodily Injury	382,177	320,674	
Zone Rated Property Damage	114,122	95,696	

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

North Carolina

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

<u>Coverages</u>	<u>7/1/2009</u>
Trucks, Tractors, & Trailers Bodily Injury	0.758
Trucks, Tractors, & Trailers Property Damage	0.758
Garages Bodily Injury	0.728
Garages Property Damage	0.728
Private Passenger Types Bodily Injury	0.758
Private Passenger Types Property Damage	0.758

(a) Ceded Business

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

2. Credibility factor development and application

Credibility factor determination

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

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

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

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

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

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

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

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

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

Credibility factor application

Credibility is applied in the statewide rate level calculations in Section B, Exhibits 1 - 4 of Exhibit RF-1.

Credibility is used in the loss development calculations in Section D, Exhibit 1, Sheets 1 and 8 of Exhibit RF-1.

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

See also the pre-filed testimony of Mark Whitman.

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

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

Development

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

Basic Limits

Trucks, Tractors, & Trailers - Section D, Exhibit 1, Sheets 1-5
Garages - Section D, Exhibit 1, Sheets 15 and 17
Private Passenger Types - Section D, Exhibit 1, Sheets 8-12
Zone Rated Risks - Section D, Exhibit 1, Sheets 19 and 21

Total Limits

Trucks, Tractors, & Trailers - Section D, Exhibit 1, Sheets 6 and 7
Garages - Section D, Exhibit 1, Sheets 16 and 18
Private Passenger Types - Section D, Exhibit 1, Sheets 13 and 14
Zone Rated Risks - Section D, Exhibit 1, Sheets 20 and 22

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

Application

Loss development is applied on Sheet 2 of Exhibits 1 - 4 in Section B of Exhibit RF-1.

See also the pre-filed testimony of Mark Whitman.

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

Bodily Injury

Accident Year <u>Ending</u>	\$30,000/60,000 Basic Limit		
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1996	1,101,647	2,164,820	2,639,225
12/31/1997	1,067,752	1,839,200	2,538,213
12/31/1998	805,243	1,458,856	1,921,663
12/31/1999	690,482	1,341,882	1,605,032
12/31/2000	737,631	1,442,339	1,847,372
12/31/2001	540,084	1,243,464	1,391,754
12/31/2002	589,170	1,339,706	1,636,906
12/31/2003	675,444	1,423,695	1,668,874
12/31/2004	979,044	1,706,300	2,307,871
12/31/2005	829,959	1,495,467	1,883,179
12/31/2006	814,392	1,429,285	
12/31/2007	744,124		

Property Damage

Accident Year <u>Ending</u>	\$25,000 Basic Limit		
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1996	2,786,075	2,964,321	3,009,553
12/31/1997	2,796,895	2,946,621	2,959,927
12/31/1998	2,136,748	2,206,896	2,225,524
12/31/1999	2,116,276	2,299,310	2,343,898
12/31/2000	2,174,466	2,307,078	2,323,160
12/31/2001	1,852,334	1,952,456	1,954,523
12/31/2002	1,516,545	1,584,667	1,612,087
12/31/2003	1,904,255	2,035,836	2,042,781
12/31/2004	2,373,898	2,464,424	2,485,482
12/31/2005	2,254,856	2,371,430	2,380,126
12/31/2006	1,940,910	2,082,366	
12/31/2007	1,963,666		

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

Bodily Injury

Accident Year <u>Ending</u>	\$30,000/60,000 Basic Limit <u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1996	5,778,890	11,433,432	14,685,686	16,900,103	17,706,417
12/31/1997	7,000,238	12,458,886	15,030,234	16,905,860	17,928,163
12/31/1998	5,971,681	11,957,889	14,921,073	16,937,956	18,322,456
12/31/1999	6,191,724	12,169,484	14,967,646	17,055,562	18,308,623
12/31/2000	6,309,587	12,067,317	15,499,936	18,287,988	19,827,859
12/31/2001	5,384,387	10,628,019	13,568,442	16,197,557	17,604,229
12/31/2002	5,341,315	10,339,196	12,946,727	14,715,879	15,966,464
12/31/2003	5,101,130	10,536,256	12,866,171	14,761,120	15,516,050
12/31/2004	5,534,850	10,219,472	12,754,420	14,305,290	
12/31/2005	5,606,380	10,947,732	13,294,380		
12/31/2006	6,145,131	11,891,446			
12/31/2007	5,044,499				

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

Bodily Injury

Accident Year <u>Ending</u>	\$30,000/60,000 <u>75 Months</u>	Basic Limit <u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1996	18,063,634	18,135,087	18,146,634	18,165,541	18,165,541
12/31/1997	18,308,912	18,480,947	18,469,015	18,469,015	18,469,015
12/31/1998	18,650,827	18,774,738	18,793,567	18,796,326	18,802,931
12/31/1999	18,639,710	18,773,551	18,796,708	18,796,708	
12/31/2000	20,183,099	20,291,738	20,323,134		
12/31/2001	18,089,222	18,138,988			
12/31/2002	16,140,738				

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

Property Damage

Accident Year <u>Ending</u>	\$25,000 Basic Limit				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1996	16,495,082	17,538,716	17,695,679	17,755,554	17,783,132
12/31/1997	17,483,414	18,428,418	18,517,079	18,737,022	18,754,417
12/31/1998	17,960,969	18,680,800	19,012,089	19,076,019	19,164,690
12/31/1999	18,880,683	20,289,532	20,524,214	20,619,275	20,643,368
12/31/2000	19,990,624	21,057,561	21,158,674	21,255,519	21,270,461
12/31/2001	17,155,846	17,971,082	18,111,320	18,151,035	18,222,147
12/31/2002	16,445,865	17,327,417	17,490,208	17,539,980	17,602,065
12/31/2003	14,674,978	15,614,391	15,770,455	15,893,818	15,903,713
12/31/2004	14,804,524	15,727,965	15,941,973	15,971,299	
12/31/2005	16,030,542	16,893,996	17,027,184		
12/31/2006	16,497,646	17,382,729			
12/31/2007	16,246,581				

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

Property Damage

Accident Year Ending	\$25,000 Basic Limit				
	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1996	17,785,386	17,772,092	17,772,092	17,772,092	17,774,567
12/31/1997	18,747,337	18,755,735	18,760,035	18,762,279	18,774,082
12/31/1998	19,178,290	19,177,985	19,184,731	19,185,241	19,185,373
12/31/1999	20,643,226	20,657,139	20,656,426	20,657,146	
12/31/2000	21,280,907	21,320,597	21,320,599		
12/31/2001	18,292,603	18,290,117			
12/31/2002	17,660,397				

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

Bodily Injury

Accident Year Ending	\$30,000/60,000 Basic Limit 15 Months	27 Months	39 Months
12/31/1996	34,988	71,855	71,855
12/31/1997	31,589	32,339	32,339
12/31/1998	22,881	24,686	24,686
12/31/1999	36,747	72,057	72,057
12/31/2000	20,705	28,824	29,794
12/31/2001	29,701	120,392	143,091
12/31/2002	48,514	48,514	48,514
12/31/2003	1,390	18,429	18,429
12/31/2004	5,034	17,701	37,871
12/31/2005	45,368	46,060	48,185
12/31/2006	10,633	20,633	
12/31/2007	10,361		

Property Damage

Accident Year Ending	\$25,000 Basic Limit 15 Months	27 Months	39 Months
12/31/1996	90,837	91,110	91,110
12/31/1997	59,171	60,756	60,756
12/31/1998	85,684	87,318	87,318
12/31/1999	64,729	85,932	85,932
12/31/2000	110,019	114,386	119,191
12/31/2001	50,618	52,709	52,709
12/31/2002	59,164	59,139	59,139
12/31/2003	28,376	29,755	29,755
12/31/2004	28,959	28,949	28,949
12/31/2005	29,825	33,220	34,035
12/31/2006	12,640	15,060	
12/31/2007	28,074		

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

Bodily Injury

Accident					
Year	\$30,000/60,000	Basic Limit			
<u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1996	898,178	1,875,598	2,476,036	2,695,461	2,855,963
12/31/1997	1,125,541	1,955,263	2,484,880	2,809,426	2,954,188
12/31/1998	854,888	1,507,143	2,012,764	2,467,418	2,719,108
12/31/1999	970,448	1,883,796	2,290,280	2,480,671	2,685,185
12/31/2000	1,026,954	1,651,184	2,111,161	2,436,542	2,562,845
12/31/2001	781,264	1,328,460	1,748,504	2,157,292	2,506,748
12/31/2002	605,198	1,363,884	1,828,238	2,020,222	2,097,899
12/31/2003	825,630	1,315,313	1,495,171	1,811,621	1,966,498
12/31/2004	678,045	1,231,117	1,595,255	1,942,002	
12/31/2005	690,680	1,354,932	1,822,459		
12/31/2006	765,341	1,411,891			
12/31/2007	499,262				

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

Bodily Injury

Accident Year	\$30,000/60,000 Basic Limit				
<u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1996	2,855,963	2,857,663	2,859,613	2,862,700	2,864,000
12/31/1997	2,962,797	2,962,797	2,962,797	2,962,797	2,962,797
12/31/1998	2,755,444	2,823,382	2,851,231	2,853,758	2,861,069
12/31/1999	2,709,649	2,728,588	2,728,588	2,728,588	
12/31/2000	2,591,174	2,627,861	2,656,737		
12/31/2001	2,611,776	2,611,776			
12/31/2002	2,099,467				

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

Property Damage

Accident Year	\$25,000 Basic Limit				
<u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1996	2,434,514	2,553,913	2,562,078	2,557,067	2,558,407
12/31/1997	2,014,978	2,095,403	2,095,985	2,110,579	2,108,593
12/31/1998	2,308,044	2,414,508	2,419,515	2,434,170	2,476,315
12/31/1999	2,532,555	2,755,379	2,771,087	2,782,762	2,784,542
12/31/2000	2,342,968	2,421,279	2,445,180	2,454,389	2,443,095
12/31/2001	2,247,810	2,404,203	2,406,825	2,498,121	2,536,397
12/31/2002	1,965,705	2,070,504	2,092,630	2,101,313	2,103,222
12/31/2003	1,681,893	1,785,287	1,795,120	1,822,305	1,823,368
12/31/2004	1,789,886	1,988,629	1,993,716	1,997,103	
12/31/2005	1,935,524	2,055,063	2,060,693		
12/31/2006	1,809,968	1,982,939			
12/31/2007	1,663,554				

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

Property Damage

Accident

Year	\$25,000 Basic Limit				
<u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1996	2,559,289	2,559,289	2,559,289	2,559,852	2,559,852
12/31/1997	2,108,593	2,108,593	2,108,593	2,108,593	2,108,593
12/31/1998	2,477,987	2,478,635	2,473,218	2,478,729	2,478,729
12/31/1999	2,784,574	2,759,574	2,761,354	2,761,354	
12/31/2000	2,448,405	2,456,982	2,456,982		
12/31/2001	2,525,539	2,525,540			
12/31/2002	2,103,222				

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

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1996	445	427	426
12/31/1997	447	446	445
12/31/1998	353	332	335
12/31/1999	284	279	286
12/31/2000	311	296	302
12/31/2001	206	224	222
12/31/2002	238	232	240
12/31/2003	278	275	272
12/31/2004	343	343	340
12/31/2005	302	287	288
12/31/2006	245	234	
12/31/2007	202		

Property Damage

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1996	1,332	1,340	1,347
12/31/1997	1,251	1,275	1,276
12/31/1998	932	948	953
12/31/1999	940	942	940
12/31/2000	910	919	921
12/31/2001	749	752	753
12/31/2002	627	634	635
12/31/2003	672	692	691
12/31/2004	796	808	810
12/31/2005	740	747	748
12/31/2006	648	656	
12/31/2007	643		

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

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1996	2,676	2,628	2,632	2,618	2,612
12/31/1997	2,544	2,554	2,570	2,597	2,588
12/31/1998	2,658	2,671	2,688	2,699	2,699
12/31/1999	2,694	2,713	2,737	2,747	2,733
12/31/2000	2,703	2,644	2,656	2,676	2,679
12/31/2001	2,314	2,246	2,242	2,232	2,221
12/31/2002	2,156	2,129	2,093	2,108	2,116
12/31/2003	2,083	2,043	2,050	2,044	2,044
12/31/2004	2,086	2,014	2,002	2,009	
12/31/2005	2,043	1,991	1,987		
12/31/2006	2,054	1,985			
12/31/2007	1,844				

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

Accident Year <u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1996	2,618	2,615	2,614	2,614	2,614
12/31/1997	2,602	2,600	2,600	2,600	2,600
12/31/1998	2,694	2,694	2,695	2,695	2,695
12/31/1999	2,737	2,739	2,734	2,738	
12/31/2000	2,683	2,679	2,678		
12/31/2001	2,225	2,228			
12/31/2002	2,115				

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

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1996	8,187	8,230	8,266	8,259	8,267
12/31/1997	7,904	8,019	8,017	8,035	8,001
12/31/1998	8,108	8,140	8,216	8,189	8,192
12/31/1999	8,267	8,427	8,446	8,459	8,460
12/31/2000	8,190	8,313	8,323	8,318	8,312
12/31/2001	6,921	7,024	7,018	7,018	7,026
12/31/2002	6,339	6,382	6,379	6,385	6,390
12/31/2003	5,577	5,621	5,632	5,633	5,636
12/31/2004	5,565	5,585	5,598	5,601	
12/31/2005	5,612	5,663	5,666		
12/31/2006	5,703	5,726			
12/31/2007	5,549				

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

Accident Year Ending	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1996	8,249	8,247	8,246	8,246	8,246
12/31/1997	7,998	8,000	8,003	8,003	8,005
12/31/1998	8,187	8,188	8,190	8,190	8,190
12/31/1999	8,459	8,468	8,468	8,468	
12/31/2000	8,318	8,321	8,321		
12/31/2001	7,026	7,027			
12/31/2002	6,386				

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

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1996	11	10	10
12/31/1997	15	11	11
12/31/1998	8	7	7
12/31/1999	16	18	18
12/31/2000	14	11	12
12/31/2001	8	11	11
12/31/2002	8	8	9
12/31/2003	3	3	3
12/31/2004	6	9	7
12/31/2005	13	11	10
12/31/2006	3	3	
12/31/2007	4		

Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1996	37	39	39
12/31/1997	39	38	38
12/31/1998	36	36	37
12/31/1999	47	43	43
12/31/2000	48	46	47
12/31/2001	30	27	27
12/31/2002	23	23	23
12/31/2003	10	10	10
12/31/2004	14	14	14
12/31/2005	16	15	16
12/31/2006	6	7	
12/31/2007	21		

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

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1996	464	455	461	453	450
12/31/1997	429	430	431	437	438
12/31/1998	406	381	393	395	394
12/31/1999	450	436	443	444	435
12/31/2000	388	371	366	367	366
12/31/2001	346	323	328	327	328
12/31/2002	300	286	280	278	280
12/31/2003	297	290	285	286	288
12/31/2004	262	268	268	265	
12/31/2005	244	237	237		
12/31/2006	266	255			
12/31/2007	236				

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

Accident Year Ending	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1996	452	451	452	452	452
12/31/1997	439	439	438	438	438
12/31/1998	396	397	395	396	396
12/31/1999	441	438	438	438	
12/31/2000	365	365	365		
12/31/2001	328	329			
12/31/2002	279				

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

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1996	1,203	1,223	1,234	1,227	1,225
12/31/1997	1,004	1,018	1,013	1,014	1,007
12/31/1998	1,075	1,087	1,089	1,077	1,077
12/31/1999	1,136	1,143	1,143	1,144	1,144
12/31/2000	1,020	1,032	1,031	1,030	1,030
12/31/2001	980	996	995	998	998
12/31/2002	805	823	821	827	826
12/31/2003	697	714	714	714	715
12/31/2004	694	691	696	697	
12/31/2005	710	721	720		
12/31/2006	715	714			
12/31/2007	656				

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

Accident Year <u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1996	1,218	1,217	1,217	1,218	1,218
12/31/1997	1,007	1,007	1,007	1,007	1,007
12/31/1998	1,077	1,078	1,078	1,078	1,078
12/31/1999	1,145	1,144	1,144	1,144	
12/31/2000	1,032	1,033	1,033		
12/31/2001	998	998			
12/31/2002	826				

North Carolina

ISO Facility Data

Total Limits Claim Development

Trucks, Tractors, and Trailers Paid Claims

Bodily Injury

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1996	255	358	398
12/31/1997	279	385	429
12/31/1998	228	286	312
12/31/1999	171	245	267
12/31/2000	173	243	266
12/31/2001	122	194	203
12/31/2002	126	195	215
12/31/2003	158	236	254
12/31/2004	193	275	308
12/31/2005	179	242	263
12/31/2006	140	203	
12/31/2007	132		

Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1996	1,295	1,337	1,348
12/31/1997	1,233	1,270	1,275
12/31/1998	913	946	953
12/31/1999	901	937	939
12/31/2000	891	916	919
12/31/2001	724	751	752
12/31/2002	611	632	636
12/31/2003	659	688	690
12/31/2004	783	805	808
12/31/2005	725	745	746
12/31/2006	630	654	
12/31/2007	623		

North Carolina

ISO Voluntary Data

Total Limits Claim Development

Trucks, Tractors, and Trailers Paid Claims

Bodily Injury

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1996	1,648	2,294	2,475	2,574	2,602
12/31/1997	1,639	2,258	2,438	2,548	2,584
12/31/1998	1,698	2,355	2,545	2,633	2,679
12/31/1999	1,677	2,365	2,565	2,668	2,720
12/31/2000	1,639	2,276	2,475	2,606	2,660
12/31/2001	1,407	1,917	2,061	2,153	2,197
12/31/2002	1,346	1,855	1,997	2,071	2,108
12/31/2003	1,302	1,805	1,927	2,018	2,045
12/31/2004	1,318	1,779	1,899	1,970	
12/31/2005	1,248	1,755	1,877		
12/31/2006	1,213	1,721			
12/31/2007	1,133				

North Carolina

ISO Voluntary Data

Total Limits Claim Development

Trucks, Tractors, and Trailers Paid Claims

Bodily Injury

Accident Year <u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1996	2,610	2,614	2,614	2,614	2,614
12/31/1997	2,593	2,602	2,600	2,600	2,600
12/31/1998	2,687	2,693	2,694	2,694	2,694
12/31/1999	2,730	2,736	2,735	2,735	
12/31/2000	2,672	2,676	2,677		
12/31/2001	2,213	2,215			
12/31/2002	2,110				

North Carolina

ISO Voluntary Data

Total Limits Claim Development

Trucks, Tractors, and Trailers Paid Claims

Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1996	7,936	8,200	8,240	8,238	8,243
12/31/1997	7,717	7,962	7,967	7,998	7,999
12/31/1998	7,852	8,087	8,169	8,178	8,188
12/31/1999	8,013	8,392	8,437	8,455	8,459
12/31/2000	8,018	8,287	8,302	8,313	8,313
12/31/2001	6,771	6,980	7,005	7,016	7,025
12/31/2002	6,178	6,355	6,371	6,381	6,386
12/31/2003	5,404	5,599	5,625	5,634	5,636
12/31/2004	5,415	5,561	5,591	5,599	
12/31/2005	5,474	5,646	5,663		
12/31/2006	5,568	5,720			
12/31/2007	5,393				

North Carolina

ISO Voluntary Data

Total Limits Claim Development

Trucks, Tractors, and Trailers Paid Claims

Property Damage

Accident Year Ending	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1996	8,247	8,246	8,246	8,246	8,246
12/31/1997	7,997	7,999	7,998	8,001	8,001
12/31/1998	8,188	8,188	8,190	8,190	8,190
12/31/1999	8,459	8,468	8,468	8,468	
12/31/2000	8,315	8,320	8,320		
12/31/2001	7,026	7,027			
12/31/2002	6,389				

North Carolina

ISO Facility Data

Total Limits Claim Development

Private Passenger Types Paid Claims

Bodily Injury

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1996	6	10	10
12/31/1997	8	9	9
12/31/1998	5	7	7
12/31/1999	11	18	18
12/31/2000	8	10	12
12/31/2001	4	9	10
12/31/2002	8	8	8
12/31/2003	1	3	3
12/31/2004	4	5	7
12/31/2005	8	9	10
12/31/2006	2	3	
12/31/2007	4		

Property Damage

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1996	37	39	39
12/31/1997	38	38	38
12/31/1998	35	36	36
12/31/1999	42	43	43
12/31/2000	46	46	47
12/31/2001	26	27	27
12/31/2002	23	23	23
12/31/2003	9	10	10
12/31/2004	14	14	14
12/31/2005	12	15	16
12/31/2006	6	7	
12/31/2007	21		

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

Bodily Injury

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1996	269	390	431	444	451
12/31/1997	277	383	422	431	437
12/31/1998	254	336	365	383	391
12/31/1999	276	392	417	430	439
12/31/2000	249	314	341	359	363
12/31/2001	220	282	308	321	327
12/31/2002	176	251	268	275	279
12/31/2003	196	255	272	283	287
12/31/2004	155	231	250	263	
12/31/2005	142	204	224		
12/31/2006	176	233			
12/31/2007	139				

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

Bodily Injury

Accident Year <u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1996	451	451	451	452	452
12/31/1997	438	438	438	438	438
12/31/1998	393	395	396	396	396
12/31/1999	439	438	438	438	
12/31/2000	364	364	365		
12/31/2001	329	329			
12/31/2002	279				

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

Property Damage

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1996	1,167	1,217	1,220	1,217	1,217
12/31/1997	978	1,009	1,005	1,007	1,007
12/31/1998	1,039	1,071	1,073	1,075	1,077
12/31/1999	1,096	1,137	1,142	1,143	1,144
12/31/2000	995	1,025	1,030	1,030	1,030
12/31/2001	960	996	995	998	997
12/31/2002	792	820	822	826	826
12/31/2003	686	711	713	715	715
12/31/2004	685	692	696	697	
12/31/2005	697	718	720		
12/31/2006	691	714			
12/31/2007	634				

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

Property Damage

Accident Year Ending	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1996	1,217	1,217	1,217	1,218	1,218
12/31/1997	1,007	1,007	1,007	1,007	1,007
12/31/1998	1,077	1,078	1,078	1,078	1,078
12/31/1999	1,145	1,144	1,144	1,144	
12/31/2000	1,032	1,033	1,033		
12/31/2001	998	998			
12/31/2002	826				

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

4. Trending factor development and application.

Development

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

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

The calculation of the trend for expenses is shown on Exhibit 3, Sheets 1 - 8 of Section D of Exhibit RF-1.

Application

The claim cost trend is applied on Sheet 2 of Exhibits 1 - 4 of Section B of Exhibit RF-1.

The expense trend is applied on Sheet 2 of Exhibits 1 - 4 of Section B of Exhibit RF-1.

See also the pre-filed testimony of Mark Whitman.

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

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

NOT APPLICABLE.

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

6. Limiting factor development and application.

NOT APPLICABLE.

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

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

Development

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

Application

See Exhibit 1 of Section A and Exhibit 1 (Sheet 1), Exhibit 2 (Sheet 1), Exhibit 3 (Sheet 1), and Exhibit 4 (Sheet 1) of Section B for the application of the expense components.

See also the pre-filed testimony of Mark Whitman.

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

8. Percentage rate change.

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

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

9. Final proposed rates.

See Exhibit 2 (Sheets 3-9), Exhibit 3 (Sheet 3), Exhibit 4 (Sheet 3), and Exhibit 5 (Sheets 5-6) of Section C of Exhibit RF-1.

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

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

See Exhibit 6 of Section D of Exhibit RF-1 and the pre-filed testimony of Mark Whitman and Doug Williams.

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

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

a) The statistical plans utilized are:

ISO Commercial Statistical Plan - Commercial Automobile Module

ISO Commercial Minimum Statistical Plan - Commercial Automobile Module

ISO Annual Call for Commercial Automobile Statistics

PCI Automobile Statistical Plan

PCI Quarterly Automobile Liability Call

PCI Voluntary Automobile Excess Loss Call

Annual Statement for 2007

Insurance Expense Exhibits for 2008

Rate Bureau Call for 2008 Automobile and Motorcycle Expense Experience

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

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

12. Investment earnings on capital and surplus.

NOT APPLICABLE.

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

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

NOT APPLICABLE.

CHECKING SLIP—IMPORTANT

NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTOMOBILE MANUAL

NC 2009 Revision 002

NEW PAGES ENCLOSED	S-3–S-4, R-1–R-13, (a)–(b)
SUPERSEDED—REMOVE	All previous Manual Checking Slips Pages S-3–S-4, R-1–R-13, (a)–(b)
NEW CHANGES	<p>The commercial automobile bodily injury and property damage liability and medical payments rates, including increased limits are revised.</p> <ul style="list-style-type: none">• Supplementary Rating Bodily Injury and Property Damage Liability Increased Limits Pages S-3 and S-4• Bodily Injury and Property Damage Liability Increased Limits Pages R-3 and R-4• Commercial Automobile Bodily Injury and Property Damage Liability, and Medical Payments rates Pages R-5–R-13 <p>The revised rates and other changes become effective July 1, 2009 in accordance with the following Rule of Application:</p> <p>These changes are applicable to all policies effective on or after July 1, 2009. No policy effective prior to July 1, 2009 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 July 1, 2009.</p> <p><u>Exception for Experience Rated Policies:</u> These changes are applicable as of the experience rating date to all policies to which an experience rating modification which becomes effective on or after July 1, 2009 is to apply and may not be applied to such policies prior to the experience rating date. As respect any policy to which an experience rating modification applies which becomes effective prior to July 1, 2009, these changes may not be applied until the first experience rating date on or after July 1, 2009.</p>
ELECTRONIC MANUAL	The North Carolina Reinsurance Facility Commercial Manual is available in electronic format at www.aipso.com/ncmanuals . A listing of the other residual market manuals available in electronic format can be found at www.aipso.com/manuals . You may view and search the current and archived electronic, interactive versions of the NC RFC Manual or you may download the paper version of the Manual in Adobe Acrobat PDF file format.
ELECTRONIC SUBSCRIPTION	<p>Register at www.aipso.com to subscribe to free electronic updates. Electronic subscribers are encouraged to cancel their paper subscriptions.</p> <p>To cancel paper subscriptions, send email to mailorder@aipso.com with the following information: producer or company name, recipient name, and address. Please include the mail list(s) and state(s) subscriptions that you wish to cancel.</p>
ABOUT THIS MANUAL	<p>Stars (★) indicate the beginning of an amendment and end symbols (❖) indicate the ending of an amendment. The latest effective dates of rules, rates, and worksheets are listed on pages (a) and (b) located at the back of this Plan Manual.</p> <p>If you have a question about whether your Manual is up-to-date, you can call 401-942-9799 for assistance.</p>

**Distributed by
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**On behalf of the
North Carolina Reinsurance Facility
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Raleigh, N.C. 27609-3865**

NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTOMOBILE MANUAL

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

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NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

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**NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTOMOBILE MANUAL
REINSURANCE FACILITY RULES OF OPERATION SECTION**

Note: The provisions included in this Section are intended for information purposes only. For official rules and requirements refer to North Carolina Reinsurance Facility Rules of Operation Manual.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

MEMBERSHIP OBLIGATIONS

There is created pursuant to Article 25A of Chapter 58 of the General Statutes of North Carolina a non-profit unincorporated legal entity to be known as the North Carolina Reinsurance Facility consisting of all insurers licensed to write and engaged in writing within this State motor vehicle insurance or any component thereof. Every such insurer, as a prerequisite to further engaging in writing such insurance in this State, shall be a member of the Facility and shall be bound by the provisions of said Article 25A, and the Plan of Operation and the Rules of Operation promulgated by the Board of Governors pursuant thereto. No company may withdraw from membership in the Facility unless it ceases to write motor insurance in this State or ceases to be licensed to write such insurance.

ELIGIBILITY

Insurance shall be available to any applicant who completes an application and who satisfies the requirements established in Article II of the Plan of Operation. All motor vehicles as defined under Article 1 of Chapter 20 of the General Statutes of North Carolina shall be eligible for insurance. Any policy that must be written by an insurer under the aforementioned conditions is eligible for cession.

Insurance shall be available to non-residents of the State who own a motor vehicle registered or principally garaged in this State. Non-residents who are members of the United States military forces and who own motor vehicles registered in other states, shall be eligible for cession provided they are stationed in this State at the time application is made.

A risk is ineligible for cession to the Facility:

- a. If timely payment of premiums is not tendered, or,
- b. If a valid unsatisfied judgement of record exists against such risk for recovery of premium amounts due.

Note: A risk shall be considered eligible in the absence of information in the company's file indicating an outstanding unsatisfied judgement. Additionally, subsequent knowledge of the existence of such judgements shall not invalidate the cession, but if the judgement remains outstanding, the company shall not be permitted to cede the risk at the time of renewal.

EXTENT OF COVERAGE

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

The ceding privileges are as follows:

- A. ★For all eligible risks (except as provided in Subparagraph B. below) motor vehicle insurance coverage up to the following limits shall be eligible for cession to the Facility:❖
 - 1. BODILY INJURY LIABILITY:
\$100,000 Each Person; \$300,000 Each Accident
 - 2. PROPERTY DAMAGE LIABILITY:
\$50,000 Each Accident

- 3. SINGLE LIMIT BODILY INJURY AND PROPERTY DAMAGE LIABILITY:

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

- 4. MEDICAL PAYMENTS:

\$2,000 Each Person, except that this coverage shall not be available for motorcycles.

- 5. UNINSURED MOTORISTS:

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

- 6. COMBINED UNINSURED AND UNDERINSURED MOTORISTS:

★Combined Uninsured and Underinsured Motorists Coverage limits subject to maximum coverage limits of \$1,000,000 Each Person and \$1,000,000 Each Accident for Bodily Injury and \$50,000 Each Accident for Property Damage (\$100 Deductible) shall be eligible for cession to the Facility.❖

- B. For eligible risks subject to motor vehicle insurance or financial responsibility limits required by:

- a. Any federal law or federal agency regulation;
- b. Any law of the State of North Carolina;
- c. Any rule duly adopted under Chapter 150B, General Statutes of North Carolina; or
- d. ★Any rule duly adopted by the North Carolina Utilities Commission

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

❖ ❖

RULES AND RATES; POLICY FORMS

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

TERMINATION OF INSURANCE

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

- A. Non-payment of premium when due to the Insurer or Producing Agent.
- B. The named insured has become a non-resident of this State and would not otherwise be entitled to insurance on submission of new application under this Article.
- C. A member company has terminated an agency contract for reasons other than the quality of the agent's insured or the agent has terminated the contract and such agent

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

represented the company in taking the original application for insurance.

- D. When the insurance contract has been cancelled pursuant to a Power of Attorney given a company licensed pursuant to the provisions of G.S. 58-56.
- E. The named insured, at the time of renewal, fails to meet the requirements contained in the corporate charter, articles of incorporation, and/or bylaws of the insurer, when the insurer is a company organized for the sole purpose of providing members of an organization with insurance policies in North Carolina.

COMMISSIONS

Commissions paid to Producers on business ceded to the North Carolina Reinsurance Facility are established under Article XIII of the Plan of Operation. Commissions paid on business submitted to designated carriers are contained in Rule 11 of Chapter 03 of the Rules of Operation.

SERVICE STANDARDS

- A. Each insurer shall provide the same type and quality of service to ceded business that it provides for its voluntary market.
- B. Records provided to agents and brokers shall include an indication that the business is ceded.
- C. When an insurer cedes a policy or renewal thereof to the Facility and the Facility premium for such policy is higher than the premium that the insurer would normally charge for such policy if retained by the insurer, the policyholder shall be informed:
 - 1. that his policy is ceded,
 - 2. that the coverages are written at the Facility rate, which rate differential must be specified,
 - 3. of the reason or reasons for the cession to the Facility,
 - 4. that the specific reason or reasons for the cession to the Facility will be provided upon the written request of the policyholder to the insurer, and
 - 5. that he may seek insurance through other insurers who may elect not to cede his policy.

If such policyholder obtains motor vehicle liability insurance through another insurer which elects not to cede his policy to the Facility and the policyholder cancels his ceded policy within 45 days of the effective date of such ceded policy, the earned premium for such ceded policy shall be calculated on the pro rata basis, except that the pro rata calculation shall not apply to a cancellation by an insurance premium finance company as provided in Section 58-60, General Statutes of North Carolina.

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

MINIMUM UNDERWRITING REQUIREMENTS

- A. **Standards**—Each member company is responsible to meet the following minimum underwriting standards for all business ceded to the Facility. Each member ceding risks is responsible to determine that all business ceded to the Facility is correctly classified and rated to develop the correct and proper premium. Classification and rating practices and procedures of each member company shall correspond with those followed for non-Facility business, subject to the following:

As to private passenger cars ceded to the Facility, member companies shall:

1. Obtain the identification, date of birth, driver's license number and state of issue (including date of original licensing for persons licensed less than two years) of the applicant, of all operators resident in the applicant's household and of any non-residents who are regular operators.
2. Determine the use and place of principal garaging of each vehicle to be insured.
3. Obtain within 60 days of the cession effective date, for each initial cession, and at least annually thereafter, a current MVR for the applicant and each operator whose driving record would affect the sub-class for every vehicle subject to rating under the North Carolina Safe Driver Insurance Plan.
4. Correctly classify and rate each vehicle in accordance with the approved North Carolina Personal Auto Manual.
5. Correctly determine and charge any applicable recoupment surcharges.

As to other than private passenger cars ceded to the Facility, member companies shall develop sufficient identification, territory, use and other information correctly to classify and price, in accordance with the approved North Carolina Reinsurance Facility Commercial Automobile Manual, the insurance afforded. As to every ceded risk appearing to be eligible for experience rating under the mandatory Automobile Liability Experience Rating Plan in the NCRF Commercial Automobile Manual, member companies shall:

1. If complete experience rating data are available at the time of policy issuance, calculate the correct experience modification and apply it in establishing the policy premium.
2. If complete experience rating data are not available at the time of policy issuance:
 - (a) Endorse the policy to provide for subsequent application of any experience modification determined in accordance with the NCRF Automobile Liability Experience Rating Plan;
 - (b) Determine the names of companies which insured the risk during the immediately preceding four years and the numbers and effective dates of their policies;
 - (c) Request the Facility office to call for and supply the required experience rating data and/or the experience modification; and
 - (d) Apply the experience modification and adjust the policy premium accordingly.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

Member companies shall make all underwriting records of business ceded to the Facility available for audit by the Audit Committee or its designee.

Member companies shall not:

1. Cede any risk to the Facility except as provided by the rules outlined in Articles IX and X in the Plan of Operation.
 2. Refuse to insure any eligible risk for cedable coverages unless an exception has been approved for that company by the Board of Governors.
- B. Application Requirements**—Each member company shall provide agents with motor vehicle insurance application forms to obtain from applicants sufficient information properly to classify and rate each exposure. This shall include at least the following:
1. The name, address, date of birth, operator's license number, and state of issue for the applicant, each operator residing in the applicant's household, and any non-residents who are regular operators, as well as the original date of licensing for any operator licensed for less than two years.
 2. Identification of each of the specified vehicles to be insured to include the year, the make and model, the body type and the vehicle identification number.
 3. The use of each vehicle to be insured, as required by the approved classification plan, and the place of principal garaging.
 4. A record of all accidents and convictions by the applicant and all operators as needed to establish the correct sub-class according to the North Carolina Safe Driver Insurance Plan.
 5. The correct gross weight and information regarding the use, including the radius of operation, of any commercial automobile.
 6. Any other information necessary to develop the correct rating and premium for any type of risk eligible to be ceded.
 7. A statement of Eligibility for cession of Higher Limits Form NCRF-30 when coverage limits above 100/300/50 are to be ceded to the Facility. The insured and agent must complete and sign a copy of Form NCRF-30, and a signed copy of the form must be retained in the ceding company's file. The form must be completed for each initial cession, and at least annually thereafter in connection with renewal cessions.

- C. **Ceding at Renewal**—The Plan of Operation requires each risk to have underwriting review and the Facility to be notified of cession prior to the effective date of each renewal if cession is to be effective on renewal effective date. This requirement applies to every renewal to be ceded whether or not the expiring policy was ceded. THIS WILL INCLUDE, AS A MINIMUM, OBTAINING CURRENT MVR'S EVERY YEAR FOR ALL OPERATORS OF THE VEHICLES INSURED UNDER EACH CEDED POLICY SUBJECT TO RATING UNDER THE SAFE DRIVER INSURANCE PLAN.
- D. **Agents' Responsibility**—It shall be the responsibility of each agent to obtain from the applicant answers to all relevant questions on the application for insurance and to obtain from the applicant any other information needed for correct premium determination.

MEMBER RESPONSIBILITIES

Each member is responsible to ensure that its own internal control and spot-check procedure is sufficient to detect any irregularity in handling Facility business. These controls include, but are not restricted to, the following items:

- A. That all cessions, premiums and claims are accurately and promptly reported to the Facility;
- B. That all reports, whether on a regular basis or by special call, are filed accurately and promptly;
- C. That all agents are fully complying with the Plan of Operation and the Rules of Operation;
- D. That ceded policies are properly rated and ceded claims properly handled.

If any internal irregularities are noted, they should be immediately corrected. Similarly, if, in the course of doing business, irregularities on the part of the Facility or other members are detected, these irregularities should be immediately reported to the Audit Committee. Each member and agent is subject to audit by the Audit Committee or its designate to ensure compliance with Facility procedures.

**NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTOMOBILE MANUAL
GENERAL RULES SECTION**

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

GENERAL RULES

The phrase "Refer to Company" wherever it appears in the Manual means that risks shall be referred by the company to the Reinsurance Facility for rating.

Rule 1. HOW TO CLASSIFY AUTOMOBILES

- A. If an automobile has more than one use, use the highest rated classification, unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.
- B. Classify and rate automobiles of the private passenger type according to the Private Passenger Types Rule.
- C. Classify and rate automobiles of the truck type that transport property or are used in business according to the Trucks, Tractors and Trailers Section.
- D. Classify and rate buses, taxicabs and other automobiles that are used in the business of transporting people according to the Public Transportation Section.
- E. Classify and rate new and used automobile dealers according to the Garage Section.
- F. Classify and rate automobiles that do not fit into these categories according to the Special Types and Operations Section (Rule 71).

Rule 2. INCREASED LIMITS

- A. The rates and premiums printed in this Manual are for basic limits of \$25,000/50,000 bodily injury and \$15,000 property damage. For limits in excess of \$25,000/50,000 bodily injury and \$15,000 property damage, refer to the rate schedules.
- B. For limits not contained in this Manual, refer to company.

Rule 3. POLICY PERIOD

- A. No policy may be written for a period longer than 36 months.
Note: Annual notices of cession are required for three-year policies if coverage for the entire policy period is to be ceded to the Facility.
- B. The premium to be charged by policy terms not exceeding 12 months shall be as follows:
 - 1. 12 Month Policies—Charge the annual rates or minimum premiums, whichever apply.
 - 2. 6 Month Policies—If a policy is written for a specified period of six months, the premium for the policy shall be 50%, respectively, of the one year premium.
 - a. This provision shall not apply to the following classes of risks:
 - (1) Risks subject to the Experience Rating Plan.
 - (2) Risks subject to audit.
 - (3) Risks classified as public automobile.
 - b. When policies are issued for a six month period with an effective date on the 29th, 30th or 31st of any month, the first such policy for a risk may be extended to run from the date of issuance to the first day of the calendar month following ex-

piration of the policy. Premium for this extended coverage of one to three days may be waived.

- 3. Short Term Policies—If a policy is issued for a period of less than 12 months, other than a policy issued for a period of six months, the premium for the policy shall be computed by multiplying the pro rata premium by a factor of 1.1, except that in the following circumstances the premium shall be computed pro rata:
 - a. When coverage is afforded to secure a common policy date with other coverages or lines of insurance.
 - b. 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.
 - c. 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 Policies—For policies issued for more than one year, compute the premium at the rates in effect on each anniversary date of the policy's inception for each annual period.

Rule 4. CANCELLATION

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

- 1. If a policy or form of coverage is cancelled at the request of the insured, the return premium shall be calculated at .90 of the pro rata unearned premium for the policy term, except that in the following cases the return premium shall be computed pro rata:
 - a. If the insured has disposed of the automobile, provided the insured takes out a new policy in the same company on another automobile to become effective within 30 days of the date of cancellation.
 - b. If the insured auto is repossessed under terms of a financing agreement.
 - c. If an automobile is cancelled from a policy, and the policy remains in force on other automobiles.
 - d. If the insured enters the armed forces of the United States of America.
 - e. If the insured automobile is stolen or destroyed (total or constructive total loss) and cancellation is requested by the insured within 30 days following the date the automobile is stolen or destroyed. The return premium for all coverages (including the premium for the coverage under which loss was paid) shall be calculated from the day following the date of such loss.
 - f. If an insured who has been ceded to the Facility at rates higher than the insurer's voluntary rates obtains insurance through another insurer who elects not to cede the policy to the Facility and the insured cancels the ceded policy within 45 days of the effective date of the ceded policy.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

GENERAL RULES

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

2. If a policy or form of coverage is cancelled by the company, the return premium shall be computed pro rata.
3. The following provisions apply to policies exceeding 12 months.
 - a. If cancelled during the first year, calculate the return premium at .90 of the pro rata unearned premium for the first year or pro rata of the premium for the first year in accordance with the provisions of this Rule, plus the full annual premium for the second and/or third years.
 - b. If cancelled after the first year, the full pro rata unearned premium shall be returned.
4. If cancellation of the policy results in a return premium of less than \$5, no refund need be made except at the request of the insured, in which case the actual return premium shall be allowed.
5. Instructions for Use of Pro Rata Table:
 - a. 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, 1981 is designated as 1981.181.

- b. In like manner, express the effective date of the policy by year and decimal part of a year and subtract from the cancellation date.
- c. The difference, in the case of one year policies, represents the percentage of the annual premium which is to be retained by the carrier.
- d. For six 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.

Examples:

Cancellation date September 22, 1981 ..	1981.726
Effective date July 6, 1981.....	1981.512
	.214

Earned premium for one year policy term will therefore be .214 times the annual premium.

Cancellation date March 7, 1982	1982.181
Effective date December 15, 1981	1981.956
	.225

Earned premium for one year policy term will therefore be .225 times the annual premium.

Note: As it is not customary to charge for the extra day (February 29) 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 of Month	Day of Year	Ratio	Day of Month	Day of Year	Ratio	Day of Month	Day of Year	Ratio	Day of Month	Day of Year	Ratio	Day of Month	Day of Year	Ratio	Day of Month	Day of Year	Ratio
1	1	0.003	1	32	0.088	1	60	0.164	1	91	0.249	1	121	0.332	1	152	0.416
2	2	0.005	2	33	0.090	2	61	0.167	2	92	0.252	2	122	0.334	2	153	0.419
3	3	0.008	3	34	0.093	3	62	0.170	3	93	0.255	3	123	0.337	3	154	0.422
4	4	0.011	4	35	0.096	4	63	0.173	4	94	0.258	4	124	0.340	4	155	0.425
5	5	0.014	5	36	0.099	5	64	0.175	5	95	0.260	5	125	0.342	5	156	0.427
6	6	0.016	6	37	0.101	6	65	0.178	6	96	0.263	6	126	0.345	6	157	0.430
7	7	0.019	7	38	0.104	7	66	0.181	7	97	0.266	7	127	0.348	7	158	0.433
8	8	0.022	8	39	0.107	8	67	0.184	8	98	0.268	8	128	0.351	8	159	0.436
9	9	0.025	9	40	0.110	9	68	0.186	9	99	0.271	9	129	0.353	9	160	0.438
10	10	0.027	10	41	0.112	10	69	0.189	10	100	0.274	10	130	0.356	10	161	0.441
11	11	0.030	11	42	0.115	11	70	0.192	11	101	0.277	11	131	0.359	11	162	0.444
12	12	0.033	12	43	0.118	12	71	0.195	12	102	0.279	12	132	0.362	12	163	0.447
13	13	0.036	13	44	0.121	13	72	0.197	13	103	0.282	13	133	0.364	13	164	0.449
14	14	0.038	14	45	0.123	14	73	0.200	14	104	0.285	14	134	0.367	14	165	0.452
15	15	0.041	15	46	0.126	15	74	0.203	15	105	0.288	15	135	0.370	15	166	0.455
16	16	0.044	16	47	0.129	16	75	0.205	16	106	0.290	16	136	0.373	16	167	0.458
17	17	0.047	17	48	0.132	17	76	0.208	17	107	0.293	17	137	0.375	17	168	0.460
18	18	0.049	18	49	0.134	18	77	0.211	18	108	0.296	18	138	0.378	18	169	0.463
19	19	0.052	19	50	0.137	19	78	0.214	19	109	0.299	19	139	0.381	19	170	0.466
20	20	0.055	20	51	0.140	20	79	0.216	20	110	0.301	20	140	0.384	20	171	0.468
21	21	0.058	21	52	0.142	21	80	0.219	21	111	0.304	21	141	0.386	21	172	0.471
22	22	0.060	22	53	0.145	22	81	0.222	22	112	0.307	22	142	0.389	22	173	0.474
23	23	0.063	23	54	0.148	23	82	0.225	23	113	0.310	23	143	0.392	23	174	0.477
24	24	0.066	24	55	0.151	24	83	0.227	24	114	0.312	24	144	0.395	24	175	0.479
25	25	0.068	25	56	0.153	25	84	0.230	25	115	0.315	25	145	0.397	25	176	0.482
26	26	0.071	26	57	0.156	26	85	0.233	26	116	0.318	26	146	0.400	26	177	0.485
27	27	0.074	27	58	0.159	27	86	0.236	27	117	0.321	27	147	0.403	27	178	0.488
28	28	0.077	28	59	0.162	28	87	0.238	28	118	0.323	28	148	0.405	28	179	0.490
29	29	0.079				29	88	0.241	29	119	0.326	29	149	0.408	29	180	0.493
30	30	0.082				30	89	0.244	30	120	0.329	30	150	0.411	30	181	0.496
31	31	0.085				31	90	0.247				31	151	0.414			
July			August			September			October			November			December		
Day of Month	Day of Year	Ratio	Day of Month	Day of Year	Ratio	Day of Month	Day of Year	Ratio	Day of Month	Day of Year	Ratio	Day of Month	Day of Year	Ratio	Day of Month	Day of Year	Ratio
1	182	0.499	1	213	0.584	1	244	0.668	1	274	0.751	1	305	0.836	1	335	0.918
2	183	0.501	2	214	0.586	2	245	0.671	2	275	0.753	2	306	0.838	2	336	0.921
3	184	0.504	3	215	0.589	3	246	0.674	3	276	0.756	3	307	0.841	3	337	0.923
4	185	0.507	4	216	0.592	4	247	0.677	4	277	0.759	4	308	0.844	4	338	0.926
5	186	0.510	5	217	0.595	5	248	0.679	5	278	0.762	5	309	0.847	5	339	0.929
6	187	0.512	6	218	0.597	6	249	0.682	6	279	0.764	6	310	0.849	6	340	0.932
7	188	0.515	7	219	0.600	7	250	0.685	7	280	0.767	7	311	0.852	7	341	0.934
8	189	0.518	8	220	0.603	8	251	0.688	8	281	0.770	8	312	0.855	8	342	0.937
9	190	0.521	9	221	0.605	9	252	0.690	9	282	0.773	9	313	0.858	9	343	0.940
10	191	0.523	10	222	0.608	10	253	0.693	10	283	0.775	10	314	0.860	10	344	0.942
11	192	0.526	11	223	0.611	11	254	0.696	11	284	0.778	11	315	0.863	11	345	0.945
12	193	0.529	12	224	0.614	12	255	0.699	12	285	0.781	12	316	0.866	12	346	0.948
13	194	0.532	13	225	0.616	13	256	0.701	13	286	0.784	13	317	0.868	13	347	0.951
14	195	0.534	14	226	0.619	14	257	0.704	14	287	0.786	14	318	0.871	14	348	0.953
15	196	0.537	15	227	0.622	15	258	0.707	15	288	0.789	15	319	0.874	15	349	0.956
16	197	0.540	16	228	0.625	16	259	0.710	16	289	0.792	16	320	0.877	16	350	0.959
17	198	0.542	17	229	0.627	17	260	0.712	17	290	0.795	17	321	0.879	17	351	0.962
18	199	0.545	18	230	0.630	18	261	0.715	18	291	0.797	18	322	0.882	18	352	0.964
19	200	0.548	19	231	0.633	19	262	0.718	19	292	0.800	19	323	0.885	19	353	0.967
20	201	0.551	20	232	0.636	20	263	0.721	20	293	0.803	20	324	0.888	20	354	0.970
21	202	0.553	21	233	0.638	21	264	0.723	21	294	0.805	21	325	0.890	21	355	0.973
22	203	0.556	22	234	0.641	22	265	0.726	22	295	0.808	22	326	0.893	22	356	0.975
23	204	0.559	23	235	0.644	23	266	0.729	23	296	0.811	23	327	0.896	23	357	0.978
24	205	0.562	24	236	0.647	24	267	0.732	24	297	0.814	24	328	0.899	24	358	0.981
25	206	0.564	25	237	0.649	25	268	0.734	25	298	0.816	25	329	0.901	25	359	0.984
26	207	0.567	26	238	0.652	26	269	0.737	26	299	0.819	26	330	0.904	26	360	0.986
27	208	0.570	27	239	0.655	27	270	0.740	27	300	0.822	27	331	0.907	27	361	0.989
28	209	0.573	28	240	0.658	28	271	0.742	28	301	0.825	28	332	0.910	28	362	0.992
29	210	0.575	29	241	0.660	29	272	0.745	29	302	0.827	29	333	0.912	29	363	0.995
30	211	0.578	30	242	0.663	30	273	0.748	30	303	0.830	30	334	0.915	30	364	0.997
31	212	0.581	31	243	0.666				31	304	0.833				31	365	1.000

Note: The indicated Pro Rata Table is also used for leap years as it is not customary to charge for the extra day (Feb. 29) which occurs once every four years.

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Rule 5. INSTALLMENT PAYMENTS

The total premium for an automobile 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. Premium may be paid on a monthly, quarterly or semi-annual basis in accordance with the following plans, provided that the deposit premium is at least \$200 and if on a monthly basis, not less than 19% of the estimated advance premium; if on a quarterly basis, not less than 35% of the estimated advance premium; if on a semi-annual basis, not less than 60% of the estimated advance premium:
1. If the earned premium is to be determined by monthly, quarterly or semi-annual audit, the insured shall pay to the company monthly, quarterly or at the end of the first six months of the policy period the premium earned during the preceding month, quarter or six months period. The deposit premium shall be held by the company to be credited against the final payment.
 2. If the earned premium is to be determined by audit at the end of the policy period, the balance of the estimated advance premium which remains after deducting the deposit premium shall be payable in monthly or quarterly installments of 1/12 or 1/4 of the total estimated advance premium, with the final installment equal to the balance of the premium due the company, or if the payments are on a semi-annual basis, the balance of the estimated advance premium shall be payable at the end of the first six months of the policy period.
 3. If the policy is written on the specified car basis without subsequent adjustment, the balance of the premium which remains after deducting the deposit premium shall be payable in monthly or quarterly installments of 1/12 or 1/4 of the total premium, the final installment equal to the balance of the premium due the company, or if the payments are on a semi-annual basis, the balance of the premium shall be payable at the end of the first six months of the policy period.
- B. Premium of any amount may be paid in installments on the basis of the following provisions:
1. The first installment shall be due on the effective date of the policy and
 - a. the due date of the last installment shall not be more than nine months after the effective date of a policy issued for a term of one year or less, or
 - b. the due date of the last installment shall be within the first three quarters of a policy issued for a term in excess of one year.
 2. An additional charge of \$3.00 shall be made for each installment.
 3. The premium paid to the company exclusive of the total installment payment charge shall never be less than 1.1 times the earned premium from the effective date of the policy to the due date of the next installment where additional installments are to be paid.
 4. 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 30 days. In all other cases a pro rata earned premium shall be due the company.

5. This Rule does not preclude the use of an installment payment plan which provides for deferring the due date of installments if the insurance is under suspension on the original due date.

Rule 6. SUSPENSION

- A. This Rule does not apply to the following types of risks:
1. Risks for which a certificate has been filed in accordance with a financial responsibility law.
 2. Risks subject to the requirements of any state or federal authority regulating motor carriers of passengers or property.
- B. Insurance may be suspended only for liability, medical payments, uninsured motorists, and underinsured motorists coverages and only for periods of at least 30 days.
- C. Suspension becomes effective on the date requested by the insured or the date the company or any of its authorized representatives receives the request.
- D. Prorate the return premium for the period of suspension.
- E. If the insured request, reinstate the policy. Reinstatement must become effective on the day the company or any of its authorized agents receives the insured's request.
- F. If the insurance for all owned automobiles has been suspended, other coverages may continue where there is a separate premium such as employers' non-ownership liability, hired automobiles on a cost of hire basis and drive other car coverage.

Rule 7. CERTIFIED RISKS—FINANCIAL RESPONSIBILITY LAWS

If a certificate of insurance is filed on a risk to comply with the requirements of an automobile financial responsibility law, the bodily injury and property damage premium, including all applicable surcharges, shall be increased in accordance with the provisions of this Rule. The additional premium for the risk shall be computed as follows:

- A. **Owners**
1. If an owner is required to file evidence of financial responsibility for owned automobiles and for the operation of automobiles which he does not own, the additional premium shall be computed by applying the applicable surcharge in section C, to the sum of the premium for the highest rated automobile owned by the insured and the total non-ownership liability premium, modified in accordance with any applicable rating plan.
 2. In the case of automobile sales agencies, repair shops, storage garages and service stations, the additional premium shall be computed by applying the applicable surcharge to 200% of the premium shown on the rate schedules for private passenger types for the highest rated location involved in the risk.

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3. In all other cases, the additional premium shall be computed by applying the applicable surcharge in section C, to the premium for the highest rated automobile owned by the insured, modified in accordance with any applicable rating plan.

B. Non-Owners

1. If the policy is written to insure a named operator or named non-owner, the additional premium shall be computed by applying the applicable surcharge in section C, 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 the Drive Other Car Coverage Rule (Rule 20) additional premium shall be computed by applying the applicable surcharge to the rates for private passenger types for the territory in which the named individual is located.

C. Surcharges

1. A 50% surcharge is applicable if the certificate is required for a conviction listed below. This surcharge is to be applied for the period of time a certificate is required but in no event for a period in excess of three years following conviction. Thereafter a 5% surcharge applies.
 - a. Driving a motor vehicle while intoxicated.
 - b. Failing to stop and report when involved in an accident.
 - c. Homicide or assault arising out of the operation of a motor vehicle.
2. A 25% surcharge is applicable if the certificate is required for a conviction listed below. This surcharge is to be applied for the period of time a certificate is required but in no event for a period in excess of three years following conviction. Thereafter a 5% surcharge applies.
 - a. Driving a motor vehicle at an excessive rate of speed where an injury to person or damage to property actually results therefrom.
 - b. Driving a motor vehicle in a reckless manner where an injury to person or damage to property actually results therefrom.
3. A 5% surcharge is applicable if the certificate is required for any other cause whatsoever.

Rule 8. ADDITIONAL PREMIUM CHANGES

- A. Prorate all changes requiring additional premium.
- B. In computing the additional premium, charge the amount applicable on the effective date of the change even if the policy inception premium was less than the policy minimum premium.
- C. Waive additional premium of \$5 or less. This waiver only applies to cash exchange due on an endorsement effective date.

Rule 9. RETURN PREMIUM CHANGES

- A. Refer to the Suspension Rule (Rule 6) for suspension of coverage required by statute.

- B. Compute return premium at the rates used to calculate the policy premium.
- C. Compute return premium pro rata and round to the next higher whole dollar when any coverage or exposure is deleted or an amount of insurance is reduced.
- D. Waive return premium of \$5.00 or less. Grant any return premium due if requested by the insured. This waiver only applies to cash exchange due on the endorsement effective date.
- E. Retain the policy minimum premium.

Rule 10. PREMIUM ROUNDING

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

Rule 11. MINIMUM PREMIUM

- A. The minimum annual premium charge is \$10 subject to no reduction for each policy covering one or more of the following perils:
 - Bodily Injury Liability
 - Property Damage Liability
 - Medical Payments(but not including Uninsured and Underinsured Motorists Coverage) even though coverage against other perils be included in the policy.
- B. The minimum premium shall be inclusive of additional charges imposed for additional hazards in connection with the perils named above.
- C. In the event of cancellation or the issuance of a short term policy, pro rata or .90 of the pro rata amount of such annual minimum premium shall be charged as the conditions require.
- D. This minimum premium shall apply to each policy, certificate or declaration under a bordereau.

Rule 12. DEDUCTIBLE INSURANCE

- A. **Eligibility**
 1. Bodily injury liability insurance may be written on a deductible basis provided the company insures five or more automobiles owned by or under the control of the insured.
 2. Property damage liability insurance may be written on a deductible basis provided the company insures one or more automobiles owned by or under the control of the insured.
 3. If an addition to such automobiles the company insures both hired automobiles and the non-ownership liability of the insured, the deductible form is also available for these coverages.
- B. **Deductible Amounts**
 1. The deductible amount applies to the loss portion of the claim and not to the expense incurred by the company.
 2. The minimum deductible for bodily injury is \$250.

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3. The minimum deductible for property damage is \$25.

C. Rates

1. Bodily Injury

Reductions from the full coverage bodily injury rates for deductible amounts for the limits of \$25,000/50,000 are given in the table below:

Amount of Deductible	Percent Reduction From Full Coverage Rate	
	Per Claim	Per Accident
\$ 250	10%	7%
500	17	13
1,000	24	21
2,500	30	28
5,000	39	36
10,000	42	39
20,000	55	52
25,000	98	58

2. Property Damage

Reductions from the full coverage property damage rates for deductible amounts per accident for the limit of \$15,000 are given in the table below:

Amount of Deductible	Percent Reduction From Full Coverage Rate
\$ 25	11%
50	19
75	24
100	30
200	39
250	43
300	45
400	48
500	49
1,000	50
2,000	51
3,000	52
4,000	53
5,000	54

3. For deductibles not shown, refer to company.

Rule 14. PRIVATE PASSENGER TYPES

Fleet-Class Code 7398

A. A private passenger automobile is:

1. a motor vehicle of the private passenger or station wagon type; or
2. A pickup truck or van that:
 - a. has a Gross Vehicle Weight as specified by the manufacturer of less than 10,000 pounds; and
 - b. is not used for the delivery or transportation of goods and materials unless such use is:
 - (1) incidental to your business of installing, maintaining or repairing furnishings or equipment; or
 - (2) for farming or ranching.

B. The rates displayed on the rate schedules for Private Passenger Types apply to all private passenger automobiles which are rated as part of a fleet or which are eligible to be experience rated for liability coverages.

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

Exception:

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

Rules 15–18. RESERVED FOR FUTURE USE

Rule 13. FARMERS AUTOMOBILES

Class Code 7399

For private passenger types, pickups, delivery sedans and panel trucks, charge 70% of the rates shown on the rate schedules for private passenger types provided the automobile is:

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

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COMMON COVERAGES SECTION

NOTES

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Rule 19. COMBINATION OF INTERESTS

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

Rule 20. DRIVE OTHER CAR COVERAGE

(Class Code 9020)

A. Drive other car coverage is provided for no additional charge in the following cases:

1. An individual named insured who is an automobile dealer garage risk.
2. An individual named insured who owns a private passenger automobile. Refer to the Individual As Named Insured Rule in this Section.

B. In all other cases, charge the following rates:

Coverage	Limits	Premium Per Named Individual
Bodily Injury	\$25/50	\$16
Property Damage	15	9
Medical Payments	500	4
	1,000	5
	2,000	6

Uninsured Motorists—Charge the additional persons rate in Rule 26.

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

Rule 21. NONOWNERSHIP LIABILITY

A. **Garage Risks**

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

B. **Eligibility**

If more than 50% of the insured's employees regularly operate their automobiles in the insured's business, refer to company for rating. Otherwise, rate in accordance with this Rule.

C. **Premium Development**

1. Application

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

a. Apply one of the following procedures, as appropriate:

(1) All Risks Other than Garage Service Operations

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

Class Code	Total Number of Employees	Bodily Injury and Property Damage	
		25/50 BI	\$15,000 PD
6601	0–25	\$ 7	\$ 8
6602	26–100	17	22
6603	101–500	55	71
6604	501–1,000	104	135
6605	Over 1,000	159	209

(2) Garage Service Operations (Class Code 6680)

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

(a) Determine the total number of employees whose principal duty involves the operation of autos.

(b) Multiply this amount by .35.

(c) Multiply the result by the private passenger type rates in the rate schedules of the North Carolina Reinsurance Facility Manual.

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

c. For Partnership as the Named Insured

(1) When nonownership liability coverage is afforded, the coverage form provides coverage to a partnership for the use of autos owned by individual partners which are used in the business of the partnership.

(2) Multiply the private passenger type rates in the rate schedules by .10 for each active or inactive partner for the territory in which the partnership is located. Apply this rating base regardless of the type of autos being used (Class Code 7000).

2. Social Service Agency Risks

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

b. Charge an additional premium determined as follows:

Determine the total number of volunteers at all locations who regularly use their own automobiles to transport social service clients in connection with the agency's programs and multiply this number by \$1.50 bodily injury, \$25,000/50,000 limits, and \$.74 property damage, \$15,000 limit per volunteer. The minimum pre-

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- mium shall be \$10 bodily injury, \$25,000/50,000 limits, and \$6 property damage, \$15,000 limit.
- c. To extend nonownership coverage to cover the individual liability of agency employees, charge an additional premium determined in accordance with paragraph 1.b (Class Code 6671). Use Employees As Insureds Endorsement CA 99 33.
 - d. To extend coverage to cover the blanket individual liability of volunteers who use their own automobiles in the agency's social service programs, charge an additional premium of \$.35 bodily injury, \$25,000/50,000 limits, and \$.19 property damage, \$15,000 limit, per volunteer donor subject to a minimum premium of \$5 per policy (Class Code 6672). Use Social Service Agencies—Volunteers As Insureds Endorsement CA 99 34.
3. Unless there is substantial change in exposures during the policy period, the advance premium is the earned premium.

Rule 22. HIRED AUTOMOBILES

- A. **Automobiles Hired, Loaned, Leased, or Furnished**
 1. If the insured is providing the primary insurance covering the automobile (Class Code 6614) and the term of the lease is:
 - a. 6 months or more
 - (1) Rate as though owned by the insured; and
 - (2) If the policy is extended to cover the owner of the automobile as an additional insured, multiply the otherwise applicable liability rate by 1.04.
 - b. Less than 6 months—refer to company.
 2. If the owner of the automobile is providing the primary insurance, rate according to this Rule.
- B. **Cost of Hire Basis—Liability Coverages (Class Code 6611. Minimum Premium Class Code 6619)**
 1. For truckers, refer to the Truckers Rule.
 2. For public transportation automobiles (other than social service agencies), moving van associations and freight forwarding operations, refer to company for rating.
 3. Premium Computation
 - a. Estimate the total cost for the hire of automobiles where the insured does business. Do not include charges for services performed by common or contract motor carriers subject to the insurance requirement of any public authority regulating motor carriers.
 - b. To compute the advance premium, multiply the cost of hire rate on the state rate schedules times each \$100 cost of hire. Add the total cost of hire premium.
 - c. Unless there is substantial change in exposures during the policy period, the advance premium is the earned premium.

Rule 23. INDIVIDUAL AS THE NAMED INSURED

- Endorse a policy covering an individually owned automobile with the appropriate individual named insured endorsement.
- A. Family drive other car coverage is provided at no additional charge if the policy covers
 1. a private passenger automobile not used for public transportation or rented to others without a driver;
 2. a pickup, panel truck, or van that is not customarily used in the business of the insured other than for farming or ranching.
 - B. Drive other car coverage is provided at no additional charge if the policy covers an automobile dealer garage risk.

Rule 24. MEDICAL PAYMENTS

- A. The premiums for trucks, tractors, trailers, public automobiles, and private passenger types are on the rate schedules.
- B. For zone rated risks, refer to the zone rating tables.
- C. For all other classes, refer to the section Rules.
- D. For premiums for limits not shown, refer to Rule 24 in the Supplementary Rating Procedures Section.
- E. This coverage is not subject to an experience rating modification.

Rule 25. PARTNERSHIP AS THE NAMED INSURED—NONOWNERSHIP LIABILITY (CLASS CODE 7000)

- Endorse a policy covering a partnership to exclude coverage for an individual partner's liability.
- A. Coverage may be provided to a partnership for the use of an automobile a partner owns and which is used in the business of the partnership.
 - B. Multiply the Private Passenger Type rates on the rate schedules by .10 for each active or inactive partner for the territory in which the partnership is located. Apply this rating base regardless of the type of automobile being used.

Rule 26. UNINSURED AND UNDERINSURED MOTORISTS INSURANCE

- ★For purposes of this Rule, the following definitions apply:
- A commercial motor vehicle is defined as: (1) any single motor vehicle with a GVWR of at least 26,001 pounds; (2) a combination of motor vehicles that has a combined GVWR of at least 26,001 pounds and includes as part of the combination a towed unit that has a GVWR of at least 10,001 pounds; (3) a combination of motor vehicles that includes a towing unit that has a GVWR of at least 26,001 pounds and a

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towed unit that has a GVWR of less than 10,001 pounds; (4) a motor vehicle that is designed to transport 16 or more passengers, including the driver; or (5) a motor vehicle transporting hazardous materials and required to be placarded in accordance with 49 C.F.R. Part 172, Subpart F.

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

A. Uninsured Motorists Coverage Only

1. Owners—(Class Code—Refer to Statistical Plan)

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

EXCEPTIONS:

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

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

a. Basic Limits

The limits of uninsured motorists bodily injury coverage shall be \$30,000/\$60,000 unless the insured purchases a higher limit of uninsured motorists bodily injury coverage. The limit of uninsured motorists property damage coverage shall equal the highest limit of liability for property damage liability coverage for any one noncommercial motor vehicle insured under the policy.

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

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

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

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

Private Passenger Types	\$15
Other than Private Passenger Types	8

(2) Garage Risks

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

(3) All Others—Per Auto

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

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

b. Increased Limits

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

(1) Bodily Injury Liability

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

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

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

(2) Property Damage Liability

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

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

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

c. Additional Persons

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

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

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

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

RATES

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

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

B. Combined Uninsured/Underinsured Motorists Coverage

Owners—(Class Code—Refer to Statistical Plan)

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

EXCEPTIONS:

- This coverage shall not apply when the insured has purchased bodily injury liability limits not greater than \$30,000/\$60,000.

- For policies insuring only commercial motor vehicles or a fleet of only noncommercial motor vehicles, combined uninsured/underinsured motorists coverage is not mandatory and will apply only if purchased by the insured.

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

1. Limits

The limits of combined uninsured/underinsured motorists bodily injury coverage shall equal the highest limits of liability for bodily injury liability coverage for any one noncommercial motor vehicle insured under the policy unless the insured purchases a higher limit of combined uninsured/underinsured motorists bodily injury coverage. The limit of combined uninsured/underinsured motorists property damage coverage, which is available only on an uninsured motorists basis, shall equal the highest limit of liability for property damage liability coverage for any one noncommercial motor vehicle insured under 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.

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

2. Rates

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

a. Bodily Injury Liability

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

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

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

b. Property Damage Liability

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

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

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

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

Attach the applicable endorsement.

C. Notice Requirements

The insurer shall notify the named insured of his right to purchase uninsured motorists bodily injury coverage and, if applicable, combined uninsured/underinsured motorists bodily injury coverage with limits up to \$1,000,000 per person and \$1,000,000 per accident when a policy is issued and when it is renewed. The insurer shall be deemed to have given reasonable notice if it includes Form NC 03 40 01 09-Notice Of Right To Purchase Higher Limits of UM/UIM or substantially similar language as a notice accompanying the original and renewal Declarations page or if it includes the same language as the language in said form, or substantially similar language, on the policy's original and renewal Declarations page in at least 10 point type. ❖

Rule 27. POLLUTION LIABILITY

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

B. Pollution Liability—Broadened Coverage for Covered Autos

Business Auto and Truckers Policies shall be endorsed to delete that part of the pollution exclusion and the

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

Attach applicable endorsement.

C. Classes of Pollutants

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

1. Property (Nonhazardous)
2. Hazardous substances as defined in 49 CFR 171.8, transported in cargo tanks, portable tanks, or hopper-type vehicles with capacities in excess of 3,500 water gallons; or in bulk Class A or B explosives, poison gas (Poison A), liquefied compressed gas, or compressed gas; or highway route controlled quantity radioactive materials as defined in 49 CFR 173.403.
3. Oil listed in 49 CFR 172.101; hazardous waste, hazardous materials, and hazardous substances defined in 49 CFR 171.8 and listed in 49 CFR 172.101, but not mentioned in 2 above or 4 below.
4. Any quantity of Class A or B explosives; any quantity of poison gas (Poison A); or highway route controlled quantity radioactive materials as defined in 49 CFR 173.403.

D. Premium Development

Business Auto and Truckers Policies

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

Charge an additional percentage of the otherwise applicable bodily injury and property damage premium for hired auto coverage. Such percentage is the highest one determined in accordance with 1

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above for any covered auto. Where hired autos will transport more than one class of pollutants, apply the charge which develops the highest premium.

**Rules 28–29. RESERVED FOR FUTURE
USE**

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TRUCKS, TRACTORS, AND TRAILERS SECTION**

NOTES

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Rule 30. ELIGIBILITY

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

- A. Automobiles used for public transportation. Refer to the Public Transportation Section.
- B. Automobiles leased or rented to others by leasing or rental concerns. Refer to the Leasing or Rental Concerns Rule (Rule 84).
- C. Pick-ups, panel trucks or vans owned by an individual, husband and wife or a family farm partnership or corporation and used for farming or ranching and not customarily used for other business. Refer to the Farmers Automobiles Rule (Rule 13).
- D. Individually owned non-fleet pick-ups, panel trucks or vans not used for business. Refer to Personal Auto Manual.
- E. Self-propelled vehicles with the following types of permanently attached equipment. Refer to the Special or Mobile Equipment Rule in the Special Types subsection (Rule 90).
 - 1. Equipment designed primarily for:
 - a. Snow removal;
 - b. Road maintenance, but not construction or resurfacing;
 - c. Street cleaning;
 - 2. Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - 3. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

Rule 31. PREMIUM DEVELOPMENT—OTHER THAN ZONE RATED AUTOMOBILES

- A. **This Rule applies to:**
 - 1. All light trucks and trailers used with light trucks.
 - 2. All other trucks, tractors, and trailers which regularly operate within a 200 mile radius from the street address of principal garaging. For those automobiles regularly operating beyond a 200 mile radius, refer to the Premium Development—Zone Rated Automobiles Rule (Rule 34).
- B. **Determine the classification, rating factor and class code as follows:**
 - 1. Determine whether the risk is classified as fleet or non-fleet according to the Trucks, Tractors, and Trailers Classifications Rule (Rule 32).
 - 2. Determine the primary rating factor from the Trucks, Tractors, and Trailers Classifications Rule (Rule 32) based on size class, business use class and radius class.
 - 3. Determine the secondary rating factor, if any, from the Trucks, Tractors, and Trailers Classifications Rule (Rule 32) based on the special industry classifications.

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

C. Premium Computation

- 1. Determine the rating territory from the territory definitions based on the street address of principal garaging.
- 2. Liability Coverages
 - a. Determine the fleet or non-fleet base premiums from the liability base premium schedule on the rate schedules.
 - b. Multiply the base premium by the combined rating factor.
- 3. Medical Payments Coverages
 - a. Trucks and tractors
 - (1) Primary and secondary rating factors do not apply.
 - (2) Determine the premiums from the liability base premium schedule. For premiums not shown, refer to company.
 - b. Trailers
 - (1) Determine the base premium from the liability base premium schedule. For premiums not shown, refer to company.
 - (2) Multiply the base premium by the primary rating factor.
 - (3) Secondary rating factors do not apply.
- 4. Uninsured and Underinsured Motorists Insurance
 - a. Primary and secondary rating factors do not apply.
 - b. Refer to Rule 26 in the Common Coverages Section of this Manual.

Rule 32. TRUCKS, TRACTORS, AND TRAILERS CLASSIFICATIONS

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

A. Fleet—Non-Fleet Classifications

- 1. Classify as fleet the automobiles of any risk that has five or more self-propelled automobiles of any type that are under one ownership. Do not include automobiles owned by allied or subsidiary interests unless the insured holds a majority financial interest.
- 2. Do not include mobile equipment insured on a general liability policy in determining if the risk is a fleet.
- 3. Do not include trailers in determining if the risk is a fleet, but apply the fleet classification to the trailers if the risk otherwise is classified as a fleet.
- 4. Classify the automobiles of any other risk as non-fleet.

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5. Do not change the fleet or non-fleet classification because of mid-term changes in the number of owned automobiles, except at the request of the insured. The policy must be cancelled and rewritten in accordance with the Cancellation Rule.

B. Primary Classifications

1. Gross vehicle weight (GVW) and gross combination weight (GCW) mean:
 - a. GVW—The maximum loaded weight for which a single automobile is designed, as specified by the manufacturer.
 - b. GCW—The maximum loaded weight for a combination truck-tractor and semitrailer or trailer for which the truck-tractor is designed, as specified by the manufacturer.
2. Size Class
 - a. Light trucks—trucks that have a gross vehicle weight (GVW) of 10,000 pounds or less.
 - b. Medium trucks.
 - (1) Trucks that have a gross vehicle weight (GVW) of 10,001-20,000 pounds.
 - (2) Include crawler type trucks in this class.
 - c. Heavy trucks—trucks that have a gross vehicle weight (GVW) of 20,001-45,000 pounds.
 - d. Extra-heavy trucks—trucks that have a gross vehicle weight (GVW) over 45,000 pounds.
 - e. Truck-tractors—a truck-tractor is a motorized automobile with or without body for carrying commodities or materials, equipped with fifth wheel coupling device for semitrailers.
 - (1) Heavy truck-tractors—truck-tractors that have a gross combination weight (GCW) of 45,000 pounds or less.
 - (2) Extra-heavy truck-tractors—truck-tractors that have a gross combination weight (GCW) over 45,000 pounds.
 - f. Semitrailers—a semitrailer is a trailer equipped with fifth wheel coupling device for use with a truck-tractor with load capacity over 2,000 pounds. This includes bogies used to convert containers into semitrailers.
 - g. Trailers—any trailer with load capacity over 2,000 pounds, other than a semitrailer.
 - h. Service or utility trailer—any trailer or semitrailer with load capacity of 2,000 pounds or less.
3. Business Use Class. If a truck, tractor, or trailer has more than one use, use the highest rated classification unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.
 - a. Service use—for transporting the insured's personnel, tools, equipment and incidental supplies to or from a job location. This classification is confined to automobiles principally parked at job locations for the majority of the working day or used to transport supervisory personnel between job locations.

- b. Retail use—automobiles used to pick up property from, or deliver property to individual households.
 - c. Commercial use—automobiles used for transporting property other than those automobiles defined as service or retail.
4. Radius Class—determine radius on a straight line from the street address of principal garaging.
 - a. Local—up to 50 miles—The automobile is not regularly operated beyond a radius of 50 miles from the street address where such automobile is principally garaged.
 - b. Intermediate—51 to 200 miles—The automobile is operated beyond a radius of 50 miles but not regularly beyond a radius of 200 miles from the street address where such automobile is principally garaged.
 - c. Long Distance—over 200 miles—The automobile is operated regularly beyond a 200 mile radius from the street address where such automobile is principally garaged. Apply zone rates for other than light trucks.
 5. See following Primary Classifications—Rating Factors Tables.

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FLEET

PRIMARY CLASSIFICATIONS—RATING FACTORS AND CLASSIFICATION DESIGNATORS

Size Class	Business Use Class	Factor CD	Radius Class		
			Local Up to 50 Miles BI and PD	Intermediate 51 to 200 Miles BI and PD	Long Distance Over 200 Miles BI and PD
Light Trucks (0–10,000 lbs. GVW)	Service	Factor CD	014-- 1.00	015-- 1.15	016-- 1.25
	Retail	Factor CD	024-- 1.45	025-- 1.65	026-- 1.75
	Commercial	Factor CD	034-- 1.35	035-- 1.60	036-- 1.70
ZONE RATED					
Medium Trucks (10,001–20,000 lbs. GVW)	Service	Factor CD	214-- 1.00	215-- 1.15	216-- .90
	Retail	Factor CD	224-- 1.45	225-- 1.70	226-- .90
	Commercial	Factor CD	234-- 1.35	235-- 1.65	236-- .90
Heavy Trucks (20,001–45,000 lbs. GVW)	Service	Factor CD	314-- 1.10	315-- 1.30	316-- 1.00
	Retail	Factor CD	324-- 1.55	325-- 1.85	326-- 1.00
	Commercial	Factor CD	334-- 1.45	335-- 1.75	336-- 1.00
Extra-Heavy Trucks (Over 45,000 lbs. GVW)		Factor CD	404-- 2.00	405-- 2.60	406-- 1.35
Heavy Truck-Tractors (0–45,000 lbs. GCW)	Service	Factor CD	344-- 1.30	345-- 1.55	346-- 1.00
	Retail	Factor CD	354-- 1.90	355-- 2.30	356-- 1.00
	Commercial	Factor CD	364-- 1.80	365-- 2.20	366-- 1.00
Extra Heavy Truck-Tractors (Over 45,000 lbs. GCW)		Factor CD	504-- 2.25	505-- 2.80	506-- 1.35
Trailer Types					
Semitrailers		Factor CD	674-- .10	675-- .15	676-- .15
Trailers		Factor CD	684-- .10	685-- .15	686-- .15
Service or Utility Trailer (0–2,000 lbs. Load Capacity)		Factor CD	694-- .00	695-- .00	696-- .00

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NONFLEET

PRIMARY CLASSIFICATIONS—RATING FACTORS AND CLASSIFICATION DESIGNATORS

Size Class	Business Use Class	Factor CD	Radius Class		
			Loca Up to 50 Miles BI and PD	Intermediate 51 to 200 Miles BI and PD	Long Distance Over 200 Miles BI and PD
Light Trucks (0–10,000 lbs. GVW)	Service	Factor CD	011-- 1.00	012-- 1.15	013-- 1.25
	Retail	Factor CD	021-- 1.45	022-- 1.65	023-- 1.75
	Commercial	Factor CD	031-- 1.35	032-- 1.60	033-- 1.70
ZONE RATED					
Medium Trucks (10,001–20,000 lbs. GVW)	Service	Factor CD	211-- 1.00	212-- 1.15	213-- .90
	Retail	Factor CD	221-- 1.45	222-- 1.70	223-- .90
	Commercial	Factor CD	231-- 1.35	232-- 1.65	233-- .90
Heavy Trucks (20,001–45,000 lbs. GVW)	Service	Factor CD	311-- 1.10	312-- 1.30	313-- 1.00
	Retail	Factor CD	321-- 1.55	322-- 1.85	323-- 1.00
	Commercial	Factor CD	331-- 1.45	332-- 1.75	333-- 1.00
Extra Heavy Trucks (Over 45,000 lbs. GVW)		Factor CD	401-- 2.00	402-- 2.60	403-- 1.35
Heavy Truck-Tractors (0–45,000 lbs. GCW)	Service	Factor CD	341-- 1.30	342-- 1.55	343-- 1.00
	Retail	Factor CD	351-- 1.90	352-- 2.30	353-- 1.00
	Commercial	Factor CD	361-- 1.80	362-- 2.20	363-- 1.00
Extra Heavy Truck-Tractors (Over 45,000 lbs. GCW)		Factor CD	501-- 2.25	502-- 2.80	503-- 1.35
Trailer Types					
Semitrailers		Factor CD	671-- .10	672-- .15	673-- .15
Trailers		Factor CD	681-- .10	682-- .15	683-- .15
Service or Utility Trailer (0–2,000 lbs. Load Capacity)		Factor CD	691-- .00	692-- .00	693-- .00

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C. Secondary Classification—Special Industry Class

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

Classification	Secondary Factor to Be Combined with Primary Factor		Code to Be Inserted in 4th and 5th Digit of Classification Code	
	Trailer Types and Zone Rated Automobiles		All Other Automobiles	
Truckers —Automobiles used to haul or transport goods, materials or commodities for another, other than automobiles used in moving operations.				
a. Common carriers	local	0.00	+0.70	21
	intermediate	0.00	+0.70	21
	long distance	0.00	+0.70	21
b. Contract carriers (other than chemical or iron and steel haulers)	local	0.00	+0.70	22
	intermediate	0.00	+0.70	22
	long distance	0.00	+0.70	22
c. Contract carriers hauling chemicals	local	0.00	+0.70	23
	intermediate	0.00	+0.70	23
	long distance	0.00	+0.70	23
d. Contract carriers hauling iron and steel	local	0.00	+0.70	24
	intermediate	0.00	+0.70	24
	long distance	0.00	+0.70	24
e. Exempt carriers (other than livestock haulers)	local	0.00	+0.70	25
	intermediate	0.00	+0.70	25
	long distance	0.00	+0.70	25
f. Exempt carriers hauling livestock	local	0.00	+0.70	26
	intermediate	0.00	+0.70	26
	long distance	0.00	+0.70	26
g. Carriers engaged in both private carriage and transporting goods, materials, or commodities for others if at least 20% of their total operation is transporting goods, materials, or commodities for others	local	0.00	+0.70	02
	intermediate	0.00	+0.70	02
	long distance	0.00	+0.70	02
h. Tow trucks for-hire	local	0.00	+0.70	03
	intermediate	0.00	+0.70	03
	long distance	0.00	+0.70	03
i. All other	local	0.00	+0.70	29
	intermediate	0.00	+0.70	29
	long distance	0.00	+0.70	29

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

a. Canneries and packing plants		0.00	+0.40	31
b. Fish and sea food		0.00	+0.40	32
c. Frozen food		0.00	+0.40	33
d. Fruit and vegetable		0.00	+0.40	34
e. Meat or poultry		0.00	+0.40	35
f. All other		0.00	+0.40	39

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Classification	Secondary Factor to Be Combined with Primary Factor		Code to Be Inserted in 4th and 5th Digit of Classification Code
	Trailer Types and Zone Rated Automobiles	All Other Automobiles	
Specialized delivery —Automobiles used in deliveries subject to time and similar constraints			
a. Armored cars	0.00	+0.60	41
b. Film delivery	0.00	+0.60	42
c. Magazines or newspapers	0.00	+0.60	43
d. Mail and parcel post	0.00	+0.60	44
e. All other	0.00	+0.60	49
	Trailer Types and Zone Rated Automobiles	All Other Automobiles	
Waste disposal —Automobiles transporting salvage and waste material for disposal or resale			
a. Automobile dismantlers	0.00	+0.30	51
b. Building wrecking operators	0.00	+0.30	52
c. Garbage	0.00	+0.30	53
d. Junk dealers	0.00	+0.30	54
e. All other	0.00	+0.30	59
	Trailer Types and Zone Rated Automobiles	All Other Automobiles	
Farmers —Automobiles owned by a farmer, used in connection with the operation of his own farm, and occasionally used to haul commodities for other farmers			
a. Individually owned or family corp. (other than livestock hauling)	0.00	-0.50	61
b. Livestock hauling	0.00	-0.50	62
c. All other	0.00	-0.50	69
	Service or Utility Trailers and Zone Rated Automobiles	All Other Automobiles	
Dump and transit mix trucks and trailers (Use these factors and codes only when no other secondary classification applies. Refer to Truckers Rule.)			
a. Excavating	0.00	-0.20	71
b. Sand and gravel (other than quarrying)	0.00	-0.20	72
c. Mining	0.00	-0.20	73
d. Quarrying	0.00	-0.20	74
e. All other	0.00	-0.20	79

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

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D. Special Provisions for Certain Risks

1. Truckers. If the business of the insured involves transporting materials or commodities for another, the Truckers Rule also applies.
2. Transporters of liquid products. A policy that covers an automobile used for the bulk transportation of liquid products must exclude accidents resulting from the erroneous delivery of one liquid product for another, or the delivery of any liquid product into the wrong receptacle if the accident occurs after the operations have been completed.
3. Amusement devices (Class Code 7905). A policy that covers an automobile with an amusement device mounted on it must cover the operation of the amusement device at the additional premium of \$145 for \$25,000/50,000 bodily injury and \$29 for \$15,000 property damage liability. The premium is for the period of coverage and not subject to any return.
4. Transporters of explosives. A policy that covers an automobile used for transporting explosives must exclude coverage for the explosion hazard. For coverages including the explosion hazard, refer to company.
5. Rolling stores. A policy that covers automobiles equipped as a rolling store must exclude product liability.
6. Trailers or semitrailers used as showrooms:
 - a. To provide liability coverage for trailers or semitrailers used as showrooms or salesrooms, multiply the trailer or semitrailer rating factor by 2.00. The minimum premium per trailer or semitrailer is \$22 for bodily injury, \$25,000/50,000 limits and \$3 property damage, \$15,000 limit. The policy must exclude product liability.
 - b. For medical payments coverage, multiply the private passenger medical payments premiums for the territory in which the risk is located by 3.00.

Rule 33. TRUCKERS

A. Eligibility

1. A trucker is a person, firm or corporation in the business of transporting goods, materials or commodities for another.
2. Such a risk is still in the truckers classification even if it calls itself or advertises as a contractor, building contractor, building material dealer, sand and gravel hauler, or some other similar name.
3. Automobiles used in moving operations are also truckers even though they are not subject to the truckers secondary rating factors.

B. Special Provisions—Bobtail Operations (Class Code 7489)

1. Coverage may be limited to non-trucking use when the automobiles are not rented, nor used for business purposes to carry property or to haul someone else's trailers.

2. Premium Computation:

Liability coverages. Multiply the truck, tractor, and trailer non-fleet base premium by a rating factor of 1.75 per unit or combined unit. No secondary rating factor applies.

C. Premium Determination. Rate automobiles transporting exclusively for one concern on the same basis as though owned by such concern for both territory and classification.

1. Specified Car Basis. Truckers may be written on a specified car basis according to the Trucks, Tractors, and Trailers Classifications Rule (Rule 32).
2. Cost of Hire Basis. (Class Code 6613, Minimum Premium Class Code 6619) Truckers may be written on the cost of hire basis to cover their liability because of a contract involving the hire of trucks, tractors, and trailers.
 - a. Determine the total cost of hiring the automobiles. If automobiles are hired without operators, include the actual wages of the operators of such automobiles.
 - b. Determine the average specified car rate by:
 - (1) computing the premium for all automobiles owned and leased by the insured that are used in trucking operations.
 - (2) dividing this by the number of trucks and truck-tractors owned and leased by the insured.
 - c. The cost of hire rate is determined by multiplying the average specified car rate by .0033.
 - d. Compute the advance premium by multiplying each \$100 of the total amount estimated for the cost of hire during the policy period by the cost of hire rate.
 - e. Unless there is a substantial change in exposure during the policy period, the advance premium computed at the beginning of the policy term is the earned premium.
 - f. Compute the earned premium at the rates in force at the inception of the policy, in the same manner as the advance premium.
 - g. If the company which insures the owned automobiles of the risk also insures the hired automobiles, the minimum premium is \$11 for \$25,000/50,000 bodily injury and \$6 for \$15,000 property damage liability. Otherwise, the minimum premium is the average applicable specified car rate.

Rule 34. PREMIUM DEVELOPMENT—ZONE RATED AUTOMOBILES

- A. Except for light trucks and trailers used with light trucks, this Rule applies to trucks, tractors, and trailers regularly operated beyond a 200 mile radius from the street address of principal garaging.
- B. Determine the zone or zone combination and code for each automobile as follows:

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1. When an automobile is principally garaged in a regional zone and operates from terminals in that zone and in one or more metropolitan zones, the zone combination is the regional zone and the metropolitan zone farthest away.
2. In all other situations, the zone combination is the zone of principal garaging and the zone of the terminal (included in the automobile's operations) farthest from that point.
3. A terminal is any point at which an automobile regularly loads or unloads. It is not limited to a terminal facility which the insured owns and operates.
- a. Medical payments premiums are on zone rating tables. For limits not shown, refer to Supplementary Rating Section.
- c. Primary and secondary rating factors do not apply.
4. Uninsured and Underinsured Motorists Insurance
 - a. Primary and secondary rating factors do not apply.
 - b. Refer to Rule 26 in the Common Coverages Section of this Manual.

D. Long Distance Zone Definitions

Metropolitan Zones

EXAMPLES:

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

C. Premium Development

1. Determine the classification rating factor and class code as follows:
 - a. Determine whether the automobile is classified as fleet or nonfleet according to the Trucks, Tractors, and Trailers Classifications Rule (Rule 32).
 - b. Determine the primary rating factor from the Trucks, Tractors, and Trailers Classifications Rule. (Rule 32)
 - c. Determine the secondary classifications code from the Trucks, Tractors, and Trailers Classifications Rule (Rule 32).
2. Liability Coverages
 - a. Determine the liability fleet or nonfleet base premiums for the zone combination from the zone rating table.
 - b. For fleets, multiply the base premiums by .70.
 - c. Multiply the base premium by the long distance rating factor from the primary classification table in the Trucks, Tractors, and Trailers Classifications Rule. (Rule 32)
3. Medical Payments
 - a. Determine the fleet or nonfleet \$500 medical payments premiums of the zone combination from the zone rating table.
01. ATLANTA Zone includes Clayton and Cobb Counties and Atlanta, Georgia territories.
02. BALTIMORE—WASHINGTON Zone includes Baltimore, Baltimore Suburban and Outer Suburban, Montgomery County Suburban and Outer Suburban, and Prince Georges County Suburban and Outer Suburban, Maryland territories; the entire District of Columbia; and Alexandria City, Arlington, Falls Church City and Arlington—Alexandria Suburban, Virginia Territories.
03. BOSTON Zone includes all of Essex, Middlesex, Norfolk, and Suffolk, Massachusetts Counties.
04. BUFFALO Zone includes Erie County (Balance), Buffalo, Buffalo Semi-Suburban, Buffalo Suburban, Niagara Falls, and Niagara Falls Suburban, New York territories.
05. CHARLOTTE Zone includes Charlotte and all of Mecklenburg County, North Carolina territories.
06. CHICAGO Zone includes all of Cook and Du Page County territories, Lake County (Balance), Waukegan—North Chicago and all Chicago, Illinois territories; and East Chicago, Indiana territory.
07. CINCINNATI Zone includes Cincinnati, Dayton and Hamilton—Middletown, Ohio; and Covington—Newport, Kentucky territories.
08. CLEVELAND Zone includes all of Geauga, Lorain and Medina County territories, Portage County (excluding the village of Mogadore), all Cleveland and Painesville, Ohio territories.
09. DALLAS—FORT WORTH Zone includes all of Dallas and Tarrant, Texas Counties.
10. DENVER Zone includes Denver and North Central, Colorado territories.
11. DETROIT Zone includes all Detroit, Dearborn and Pontiac, Michigan territories.
12. HARTFORD Zone includes all of Hartford and New Haven Counties and Bridgeport and Fairfield—Stratford, Connecticut territories.
13. HOUSTON Zone includes all of Chambers, Galveston and Harris, Texas Counties.
14. INDIANAPOLIS Zone includes all of Marion County, Indiana territory.
15. JACKSONVILLE Zone includes all of Jacksonville, Florida territory.

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16. KANSAS CITY Zone includes all of Kansas City, Kansas; and Independence and all Kansas City, Missouri territories.
17. LITTLE ROCK Zone includes all of Pulaski County, Arkansas territory.
18. LOS ANGELES Zone includes all of Los Angeles and Orange Counties and also Riverside and San Bernardino, California territories.
19. LOUISVILLE Zone includes all of Jefferson County, Kentucky; and New Albany and Jeffersonville, Indiana territories.
20. MEMPHIS Zone includes all of Shelby County, Tennessee territory.
21. MIAMI Zone includes Miami and Miami Beach, Florida territories.
22. MILWAUKEE Zone includes Kenosha, Milwaukee Metropolitan, Semi-Suburban and Suburban, and Racine, Wisconsin territories.
23. MINNEAPOLIS—ST. PAUL Zone includes Minneapolis Metropolitan and Suburban; and St. Paul Metropolitan and Suburban, Minnesota territories.
24. NASHVILLE Zone includes all of Davidson County, Tennessee territory.
25. NEW ORLEANS Zone includes all of New Orleans, Louisiana territory.
26. NEW YORK CITY Zone includes all of New York City, Nassau and Westchester, New York Counties; all of Bergen, Essex and Hudson Counties, Elizabeth, New Brunswick, Perth Amboy and Plainfield, New Jersey territories; and Darien-Greenwich and Stamford, Connecticut territories.
27. OKLAHOMA CITY Zone includes all of Oklahoma County, Oklahoma territory.
28. OMAHA Zone includes all of Douglas and Sarpy, Nebraska Counties; and Council Bluffs, Iowa territory.
29. PHOENIX Zone includes Mesa—Tempe and Phoenix, Arizona territories.
30. PHILADELPHIA Zone includes Bucks County (Balance), Chester County (Balance), Delaware County (Balance), Montgomery County (Balance), Allentown-Bethlehem and all Philadelphia, Pennsylvania territories; Wilmington, Delaware; and Camden, Camden Suburban and Trenton, New Jersey territories.
31. PITTSBURGH Zone includes all of Allegheny and Beaver Counties, Pennsylvania territories.
32. PORTLAND Zone includes all of Portland, Portland Semi-Suburban and Portland Suburban, Oregon; and Vancouver, Washington territories.
33. RICHMOND Zone includes all of Richmond, Virginia territory.
34. ST. LOUIS Zone includes all of St. Louis County, Missouri; and East St. Louis, Illinois territories.
35. SALT LAKE CITY Zone includes all of Salt Lake City County, Utah territory.
36. SAN FRANCISCO Zone includes all of Alameda, Contra Costa, Marin, San Francisco, San Mateo and Santa Clara, California Counties.
37. TULSA Zone includes all of Tulsa, Oklahoma territory.

Regional Zones

40. PACIFIC COAST Zone includes the States of California (excluding Los Angeles and San Francisco Zones), Oregon (excluding Portland Zone), and Washington (excluding Portland Zone).
41. MOUNTAIN Zone includes the States of Arizona, (excluding Phoenix Zone), Colorado (excluding Denver Zone), Idaho, Montana, Nevada, New Mexico, Utah (excluding Salt Lake City Zone) and Wyoming.
42. MIDWEST Zone includes the States of Iowa (excluding Omaha Zone), Kansas (excluding Kansas City Zone), Missouri (excluding Kansas City and St. Louis Zones), Minnesota (excluding Minneapolis-St. Paul Zone), Nebraska (excluding Omaha Zone), North Dakota, South Dakota and Wisconsin (excluding Milwaukee Zone).
43. SOUTHWEST Zone includes the States of Arkansas (excluding Little Rock Zone), Oklahoma (excluding Oklahoma City and Tulsa Zones), and Texas (excluding Dallas-Fort Worth and Houston Zones).
44. NORTH CENTRAL Zone includes the States of Illinois (excluding Chicago and St. Louis Zones), Indiana (excluding Chicago, Indianapolis and Louisville Zones), Ohio (excluding Cincinnati and Cleveland Zones) and Michigan (excluding Detroit Zone).
45. MIDEAST Zone includes the States of Kentucky (excluding Cincinnati and Louisville Zones), Tennessee (excluding Memphis and Nashville Zones) and West Virginia.
46. GULF Zone includes the States of Alabama, Louisiana (excluding New Orleans Zone) and Mississippi.
47. SOUTHEAST Zone includes the States of Florida (excluding Jacksonville and Miami Zones), Georgia (excluding Atlanta Zone), North Carolina (excluding Charlotte Zone), South Carolina and Virginia (excluding Baltimore/Washington and Richmond Zones).
48. EASTERN Zone includes the States of Delaware (excluding Philadelphia Zone), Maryland (excluding Baltimore/Washington Zone), New York (excluding Buffalo and New York City Zones), New Jersey (excluding New York City and Philadelphia Zones), and Pennsylvania (excluding Philadelphia and Pittsburgh Zones).
49. NEW ENGLAND Zone includes the States of Connecticut (excluding Hartford and New York City Zones), Maine, Massachusetts (excluding Boston Zone), New Hampshire, Rhode Island and Vermont.

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50. ALASKA Zone includes all of the State of Alaska.

ALASKA ZONE RATES

Zone Code—54950

	Liability	
	Fleet	Non- Fleet
\$25,000/50,000 B.I.	\$332	\$316
\$15,000 P.D.	405	386
\$500 Med. Pay.	60	55

For Combinations, refer to company.

E. Zone Rating Tables

For liability the following tables include the zone or combination zone base premiums for fleet or non-fleet automobiles.

KEY TO ZONE RATING TABLES											
The Liability premiums are displayed as follows:											
	<table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Liability Fleet and Non-Fleet</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$400</td> <td style="text-align: center;">BI</td> </tr> <tr> <td style="text-align: center;">300</td> <td style="text-align: center;">PD</td> </tr> <tr> <td style="text-align: center;">70</td> <td style="text-align: center;">MP</td> </tr> <tr> <td colspan="2" style="text-align: center;">12345</td> </tr> </tbody> </table>	Liability Fleet and Non-Fleet		\$400	BI	300	PD	70	MP	12345	
Liability Fleet and Non-Fleet											
\$400	BI										
300	PD										
70	MP										
12345											
\$25,000/50,000 Bodily Injury											
\$15,000 Property Damage											
\$500 Medical Payments											
Zone Combination Code											

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

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

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**ZONE RATING TABLE
ZONE 05 (CHARLOTTE) COMBINATIONS**

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

Zone	Liability Nonfleet	Zone	Liability Nonfleet	Zone	Liability Nonfleet	Zone	Liability Nonfleet
01 Atlanta	\$1014 BI 1092 PD 209 MP	13 Houston	\$1371 BI 1477 PD 283 MP	25 New Orleans	\$1369 BI 1475 PD 282 MP	37 Tulsa	\$1371 BI 1477 PD 283 MP
	**201		**213		**225		**237
02 Balt.- Wash.	1286 BI 1386 PD 265 MP	14 India- napolis	1125 BI 1211 PD 232 MP	26 N.Y. City	1286 BI 1386 PD 265 MP	40 Pacific	1593 BI 1713 PD 329 MP
	**202		**214		**226		**240
03 Boston	1419 BI 1527 PD 293 MP	15 Jackson- ville	1014 BI 1092 PD 209 MP	27 Okla. City	1371 BI 1477 PD 283 MP	41 Moun- tain	1819 BI 1959 PD 375 MP
	**203		**215		**227		**241
04 Buffalo	1286 BI 1386 PD 265 MP	16 Kansas City	1391 BI 1499 PD 287 MP	28 Omaha	1391 BI 1499 PD 287 MP	42 Mid- West	1391 BI 1499 PD 287 MP
	**204		**216		**228		**242
05 Charlotte	1014 BI 1092 PD 209 MP	17 Little Rock	1371 BI 1477 PD 283 MP	29 Phoenix	1819 BI 1959 PD 375 MP	43 South- West	1371 BI 1477 PD 283 MP
	**205		**217		**229		**243
06 Chicago	1125 BI 1211 PD 232 MP	18 Los Angeles	1593 BI 1713 PD 329 MP	30 Philadel- phia	1286 BI 1386 PD 265 MP	44 North Central	1125 BI 1211 PD 232 MP
	**206		**218		**230		**244
07 Cincin- nati	1125 BI 1211 PD 232 MP	19 Louisville	1239 BI 1336 PD 256 MP	31 Pitts- burgh	1286 BI 1386 PD 265 MP	45 Mid- East	1239 BI 1336 PD 256 MP
	**207		**219		**231		**245
08 Cleveland	1125 BI 1211 PD 232 MP	20 Memphis	1239 BI 1336 PD 256 MP	32 Portland	1593 BI 1713 PD 329 MP	46 Gulf	1369 BI 1475 PD 282 MP
	**208		**220		**232		**246
09 Dallas Fort Worth	1371 BI 1477 PD 283 MP	21 Miami	1014 BI 1092 PD 209 MP	33 Rich- mond	1014 BI 1092 PD 209 MP	47 South- East	1014 BI 1092 PD 209 MP
	**209		**221		**233		**247
10 Denver	1819 BI 1959 PD 375 MP	22 Milwau- kee	1391 BI 1499 PD 287 MP	34 St. Louis	1391 BI 1499 PD 287 MP	48 Eastern	1286 BI 1386 PD 265 MP
	**210		**222		**234		**248
11 Detroit	1125 BI 1211 PD 232 MP	23 Minn.- St. Paul	1391 BI 1499 PD 287 MP	35 Salt Lake City	1819 BI 1959 PD 375 MP	49 New England	1419 BI 1527 PD 293 MP
	**211		**223		**235		**249
12 Hartford	1419 BI 1527 PD 293 MP	24 Nashville	1239 BI 1336 PD 256 MP	36 San Fran.	1593 BI 1713 PD 329 MP	50 Alaska	1230 BI 815 PD 254 MP
	**212		**224		**236		**250

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TRUCKS, TRACTORS, AND TRAILERS

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

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

Zone	Liability Nonfleet	Zone	Liability Nonfleet	Zone	Liability Nonfleet	Zone	Liability Nonfleet
01 Atlanta	\$1014 BI 1092 PD 209 MP	13 Houston	\$1371 BI 1477 PD 283 MP	25 New Orleans	\$1369 BI 1475 PD 282 MP	37 Tulsa	\$1371 BI 1477 PD 283 MP
	**901		**913		**925		**937
02 Balt.- Wash.	1286 BI 1386 PD 265 MP	14 India- napolis	1125 BI 1211 PD 232 MP	26 N.Y. City	1286 BI 1386 PD 265 MP	40 Pacific	1517 BI 1631 PD 313 MP
	**902		**914		**926		**940
03 Boston	1419 BI 1527 PD 293 MP	15 Jackson- ville	1014 BI 1092 PD 209 MP	27 Okla. City	1371 BI 1477 PD 283 MP	41 Moun- tain	1732 BI 1866 PD 357 MP
	**903		**915		**927		**941
04 Buffalo	1286 BI 1386 PD 265 MP	16 Kansas City	1391 BI 1499 PD 287 MP	28 Omaha	1391 BI 1499 PD 287 MP	42 Mid- West	1325 BI 1428 PD 273 MP
	**904		**916		**928		**942
05 Charlotte	1014 BI 1092 PD 209 MP	17 Little Rock	1371 BI 1477 PD 283 MP	29 Phoenix	1819 BI 1959 PD 375 MP	43 South- West	1306 BI 1407 PD 269 MP
	**905		**917		**929		**943
06 Chicago	1125 BI 1211 PD 232 MP	18 Los Angeles	1593 BI 1713 PD 329 MP	30 Philadel- phia	1286 BI 1386 PD 265 MP	44 North Central	1071 BI 1153 PD 221 MP
	**906		**918		**930		**944
07 Cincin- nati	1125 BI 1211 PD 232 MP	19 Louisville	1239 BI 1336 PD 256 MP	31 Pitts- burgh	1286 BI 1386 PD 265 MP	45 Mid- East	1180 BI 1272 PD 243 MP
	**907		**919		**931		**945
08 Cleveland	1125 BI 1211 PD 232 MP	20 Memphis	1239 BI 1336 PD 256 MP	32 Portland	1593 BI 1713 PD 329 MP	46 Gulf	1304 BI 1405 PD 269 MP
	**908		**920		**932		**946
09 Dallas Fort Worth	1371 BI 1477 PD 283 MP	21 Miami	1014 BI 1092 PD 209 MP	33 Rich- mond	1014 BI 1092 PD 209 MP	47 South- East	966 BI 1040 PD 199 MP
	**909		**921		**933		**947
10 Denver	1819 BI 1959 PD 375 MP	22 Milwau- kee	1391 BI 1499 PD 287 MP	34 St. Louis	1391 BI 1499 PD 287 MP	48 Eastern	1225 BI 1320 PD 253 MP
	**910		**922		**934		**948
11 Detroit	1125 BI 1211 PD 232 MP	23 Minn.- St. Paul	1391 BI 1499 PD 287 MP	35 Salt Lake City	1819 BI 1959 PD 375 MP	49 New England	1351 BI 1454 PD 279 MP
	**911		**923		**935		**949
12 Hartford	1419 BI 1527 PD 293 MP	24 Nashville	1239 BI 1336 PD 256 MP	36 San Fran.	1593 BI 1713 PD 329 MP	50 Alaska	1230 BI 815 PD 254 MP
	**912		**924		**936		**950

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BUSES

**ZONE RATING TABLE
ZONE 05 (CHARLOTTE) COMBINATIONS**

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

Zone	Liability Fleet and Nonfleet	Zone	Liability Fleet and Nonfleet	Zone	Liability Fleet and Nonfleet	Zone	Liability Fleet and Nonfleet
01 Atlanta	\$ 628 BI 1008 PD 130 MP **201	13 Houston	\$587 BI 941 PD 121 MP **213	25 New Orleans	\$ 678 BI 1070 PD 140 MP **225	37 Tulsa	\$ 587 BI 941 PD 121 MP **237
02 Balt.- Wash.	678 BI 1070 PD 140 MP **202	14 India- napolis	548 BI 866 PD 113 MP **214	26 N.Y. City	678 BI 1070 PD 140 MP **226	40 Pacific	628 BI 1008 PD 130 MP **240
03 Boston	628 BI 1008 PD 130 MP **203	15 Jackson- ville	628 BI 1008 PD 130 MP **215	27 Okla. City	587 BI 941 PD 121 MP **227	41 Moun- tain	587 BI 941 PD 121 MP **241
04 Buffalo	678 BI 1070 PD 140 MP **204	16 Kansas City	587 BI 941 PD 121 MP **216	28 Omaha	587 BI 941 PD 121 MP **228	42 Mid- West	587 BI 941 PD 121 MP **242
05 Charlotte	628 BI 1008 PD 130 MP **205	17 Little Rock	587 BI 941 PD 121 MP **217	29 Phoenix	587 BI 941 PD 121 MP **229	43 South- West	587 BI 941 PD 121 MP **243
06 Chicago	548 BI 866 PD 113 MP **206	18 Los Angeles	628 BI 1008 PD 130 MP **218	30 Philadel- phia	678 BI 1070 PD 140 MP **230	44 North Central	548 BI 866 PD 113 MP **244
07 Cincin- nati	548 BI 866 PD 113 MP **207	19 Louisville	628 BI 1008 PD 130 MP **219	31 Pitts- burgh	678 BI 1070 PD 140 MP **231	45 Mid- East	628 BI 1008 PD 130 MP **245
08 Cleveland	548 BI 866 PD 113 MP **208	20 Memphis	628 BI 1008 PD 130 MP **220	32 Portland	628 BI 1008 PD 130 MP **232	46 Gulf	678 BI 1070 PD 140 MP **246
09 Dallas Fort Worth	587 BI 941 PD 121 MP **209	21 Miami	628 BI 1008 PD 130 MP **221	33 Rich- mond	628 BI 1008 PD 130 MP **233	47 South- East	628 BI 1008 PD 130 MP **247
10 Denver	587 BI 941 PD 121 MP **210	22 Milwau- kee	587 BI 941 PD 121 MP **222	34 St. Louis	587 BI 941 PD 121 MP **234	48 Eastern	678 BI 1070 PD 140 MP **248
11 Detroit	548 BI 866 PD 113 MP **211	23 Minn.- St. Paul	587 BI 941 PD 121 MP **223	35 Salt Lake City	587 BI 941 PD 121 MP **235	49 New England	628 BI 1008 PD 130 MP **249
12 Hartford	628 BI 1008 PD 130 MP **212	24 Nashville	628 BI 1008 PD 130 MP **224	36 San Fran.	628 BI 1008 PD 130 MP **236	50 Alaska	621 BI 613 PD 128 MP **250

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BUSES

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

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

Zone	Liability Fleet and Nonfleet	Zone	Liability Fleet and Nonfleet	Zone	Liability Fleet and Nonfleet	Zone	Liability Fleet and Nonfleet
01 Atlanta	\$ 628 BI 1008 PD 130 MP	13 Houston	\$587 BI 941 PD 121 MP	25 New Orleans	\$ 678 BI 1070 PD 140 MP	37 Tulsa	\$ 587 BI 941 PD 121 MP
	**901		**913		**925		**937
02 Balt.- Wash.	678 BI 1070 PD 140 MP	14 India- napolis	548 BI 866 PD 113 MP	26 N.Y. City	678 BI 1070 PD 140 MP	40 Pacific	628 BI 1008 PD 130 MP
	**902		**914		**926		**940
03 Boston	628 BI 1008 PD 130 MP	15 Jackson- ville	628 BI 1008 PD 130 MP	27 Okla. City	587 BI 941 PD 121 MP	41 Moun- tain	587 BI 941 PD 121 MP
	**903		**915		**927		**941
04 Buffalo	678 BI 1070 PD 140 MP	16 Kansas City	587 BI 941 PD 121 MP	28 Omaha	587 BI 941 PD 121 MP	42 Mid- West	587 BI 941 PD 121 MP
	**904		**916		**928		**942
05 Charlotte	628 BI 1008 PD 130 MP	17 Little Rock	587 BI 941 PD 121 MP	29 Phoenix	587 BI 941 PD 121 MP	43 South- West	587 BI 941 PD 121 MP
	**905		**917		**929		**943
06 Chicago	548 BI 866 PD 113 MP	18 Los Angeles	628 BI 1008 PD 130 MP	30 Philadel- phia	678 BI 1070 PD 140 MP	44 North Central	548 BI 866 PD 113 MP
	**906		**918		**930		**944
07 Cincin- nati	548 BI 866 PD 113 MP	19 Louisville	628 BI 1008 PD 130 MP	31 Pitts- burgh	678 BI 1070 PD 140 MP	45 Mid- East	628 BI 1008 PD 130 MP
	**907		**919		**931		**945
08 Cleveland	548 BI 866 PD 113 MP	20 Memphis	628 BI 1008 PD 130 MP	32 Portland	628 BI 1008 PD 130 MP	46 Gulf	678 BI 1070 PD 140 MP
	**908		**920		**932		**946
09 Dallas Fort Worth	587 BI 941 PD 121 MP	21 Miami	628 BI 1008 PD 130 MP	33 Rich- mond	628 BI 1008 PD 130 MP	47 South- East	628 BI 1008 PD 130 MP
	**909		**921		**933		**947
10 Denver	587 BI 941 PD 121 MP	22 Milwau- kee	587 BI 941 PD 121 MP	34 St. Louis	587 BI 941 PD 121 MP	48 Eastern	678 BI 1070 PD 140 MP
	**910		**922		**934		**948
11 Detroit	548 BI 866 PD 113 MP	23 Minn.- St. Paul	587 BI 941 PD 121 MP	35 Salt Lake City	587 BI 941 PD 121 MP	49 New England	628 BI 1008 PD 130 MP
	**911		**923		**935		**949
12 Hartford	628 BI 1008 PD 130 MP	24 Nashville	628 BI 1008 PD 130 MP	36 San Fran.	628 BI 1008 PD 130 MP	50 Alaska	621 BI 613 PD 128 MP
	**912		**924		**936		**950

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PUBLIC TRANSPORTATION SECTION**

NOTES

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Rule 45. ELIGIBILITY

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

Rule 46. PREMIUM DEVELOPMENT—OTHER THAN ZONE RATED AUTOMOBILES

A. This Rule applies to:

1. All taxis, limousines, school, church and urban buses and van pools.
2. All other public automobiles which regularly operate within a 200 mile radius from the street address of principal garaging. For those automobiles regularly operated beyond a 200 mile radius, refer to the Premium Development—Zone Rated Automobiles Rule (Rule 48).

B. Determine the Classification Rating Factor and Class Code as follows:

1. Determine whether the risk is classified as fleet or non-fleet according to the Public Automobile Classifications Rule (Rule 47).
2. Determine the primary rating factor from the Public Automobile Classifications Rule (Rule 47) based on use class and radius class. For van pools, the rating factor is based on seating capacity.
3. Determine the secondary rating factor, if any, from the Public Automobile Classifications Rule (Rule 47) based on the seating capacity.
4. Determine the combined rating factor by adding the secondary rating factor to, or subtracting it from, the primary rating factor.

C. Premium Computation

1. ★Determine the rating territory for each public automobile from the territory definitions based on the territory where the public automobile is operated the greatest percentage of the time. ❖
2. Liability and Medical Payments Coverages—
 - a. Determine the fleet or non-fleet base premiums on the state rate schedules.
 - b. Multiply the base premium by the combined rating factor.
3. Uninsured and Underinsured Motorists Coverage—
 - a. Primary and secondary rating factors do not apply.
 - b. Refer to Rule 26 in the Common Coverages Section of this Manual.
4. Special Provisions—
 - a. If a truck, tractor, or trailer is rated as public automobile, determine the seating capacity from the size class as follows:

Size Class	Seating Capacity
Light	1-8
Medium	9-20
Heavy	21-60
Extra-heavy	over 60

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

Seating Capacity	Size Class
1-8	Light
9-20	Medium
21-60	Heavy
over 60	Extra-heavy

- c. For a unit that combines a motorized automobile with one or more trailers or semitrailers, refer to company to determine the liability premium.

Rule 47. PUBLIC AUTOMOBILE CLASSIFICATIONS

Classify public automobiles as follows:

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

B. Fleet—Non-Fleet Classification

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

C. Seating Capacity

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

D. Primary Classifications

1. Radius Class—determine radius on a straight line from the street address of principal garaging.
 - a. Local—up to 50 miles—The automobile is not regularly operated beyond a radius of 50 miles from the street address where such automobile is principally garaged.
 - b. Intermediate—51 to 200 miles—The automobile is operated beyond a radius of 50 miles but not regularly beyond a radius of 200 miles from the street address where such automobile is principally garaged.

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- c. Long distance—over 200 miles—The automobile is operated regularly beyond a 200 mile radius from the street address where such automobile is principally garaged. Apply zone rates for all automobiles other than taxis, limousines, school, church and urban buses and van pools.
- 2. Use Class.
 - a. Taxicab or similar passenger carrying service—A metered or unmetered automobile with a seating capacity of 8 or less that is operated for hire by the named insured or an employee, but does not pick up, transport or discharge passengers along a route.
 - b. Limousine—An unmarked automobile with a seating capacity of 8 or less that is operated for hire by the named insured or an employee and used on a prearranged basis for special or business functions, weddings, funerals or similar purposes.
 - c. School Bus—An automobile that carries students or other persons to and from school, or in any school activity including games, outings and similar school trips.
 - (1) Separate codes and rating factors apply to:
 - (a) School buses owned by political subdivisions or school districts.
 - (b) All others including independent contractors, private schools and church owned buses.
 - (2) A policy covering a school bus may be written on an annual term for liability coverages with premium prorated to reflect the actual school term. However, do not give credit for Saturdays, Sundays or holidays or for any other periods of lay-up during the school term.
 - (3) If a publicly owned school bus is used for special trips unrelated to school activities, refer to company for the additional charge.
 - d. Church Bus—An automobile used by a church to transport persons to or from services and other church related activities. This classification does not apply to public automobiles used primarily for daily school activities.
 - e. Inter-City Bus—An automobile that picks up and transports passengers on a published schedule of stops between stations located in two or more towns or cities.
 - f. Urban Bus—An automobile that picks up, transports and discharges passengers at frequent local stops along a prescribed route. This classification applies only to vehicles operated principally within the limits of a city or town and communities contiguous to such city or town, and includes scheduled express service between points on that route.
 - g. Airport Bus or Airport Limousine—An automobile for hire that transports passengers between airports and other passenger stations or motels.
 - h. Charter Bus—An automobile chartered for special trips, touring, picnics, outings, games and similar uses.
 - i. Sightseeing Bus—An automobile accepting individual passengers for a fare for sightseeing or guided tours, making occasional stops at certain points of interest and returning the passengers to the point of origin.
 - j. Transportation of Athletes and Entertainers—An automobile owned by a group, firm or organization that transports its own professional athletes, musicians or other entertainers.
 - (1) If it is used to transport other professional athletes or entertainers, rate as a charter bus.
 - (2) An automobile owned by a group, firm or organization to transport its own non-professional athletes, musicians or entertainers, rate as a public automobile not otherwise classified.
 - k. Van Pools—An automobile of the station wagon, van truck or bus type used to provide prearranged commuter transportation for employees to and from work and is not otherwise used to transport passengers for a charge.
 - (1) Employer furnished transportation. Transportation is held out by the employer as an inducement to employment, a condition of employment or is incident to employment.
 - (a) Employer owned automobiles—Automobiles owned, or leased for one year or more, by an employer and used to provide transportation only for his employees.
 - (b) Employee owned automobiles—Automobiles owned, or leased for one year or more, by an individual employee and used to provide transportation only for fellow employees of his employer.
 - (2) All other. Automobiles which do not meet the eligibility requirements of paragraph (1) above.
 - i. Transportation of Employees—Other than Van Pools—Automobiles of any type used to transport employees other than in van pools.
 - (1) Automobiles owned, or leased for one year or more, by an employer and used to transport only his own employees.
 - (a) Private passenger automobiles—Charge rates shown on the state rate schedules for private passenger types (Class Code 5851).
 - (b) All other automobiles—Rate as a van pool—all other (Class Code 5851).
 - (2) Automobiles owned, or leased for one year or more, by a person or organization who is in the business of transporting employees of one or more employers. Rate as public automobile not otherwise classified.

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m. Social Service Agency Automobile—

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

- (1) This classification includes, for example, automobiles used to transport:
 - (a) senior citizens or other clients to congregate meal centers, medical facilities, social functions, shopping centers;
 - (b) handicapped persons to work or rehabilitative programs;
 - (c) children to day care centers, Head Start programs; and
 - (d) Boy Scout or Girl Scout groups to planned activities.
- (2) The following automobiles are eligible for this classification:
 - (a) Automobiles owned, or leased for one year or more, by the social service agency.
 - (b) Automobiles donated to the social service agency, without a driver.
 - (c) ★Automobiles hired under contract by the social service agency. This does not apply to a subcontractor or any individual that has not executed a contract with a Social Service agency. ❖
- (3) If an automobile has more than one use, use the highest rated classification unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.
- (4) Separate codes and rating factors apply to:
 - (a) Employee-operated automobiles—Automobiles operated by employees of the social service agency. If a social service automobile is also operated by volunteer drivers or other non-agency employees, use the “All Other” classification unless 80% of the use is by agency employees.
 - (b) All Other—Automobiles which do not meet the requirements of paragraph (a).

(5) Excess liability coverage may be provided to cover automobiles not owned or licensed by the agency while being used in its social service transportation activities. This coverage may be extended to cover the agency’s liability only or the liability of both the agency and, on a blanket basis, the individual liability of agency employees or volunteer donors or owners of the automobiles. For automobiles hired, loaned, leased or furnished, refer to Rule 22. For all other non-owned automobiles, refer to Rule 21.

- n. Public Automobile Not Otherwise Classified—This classification includes, but is not limited to automobiles such as country club buses, cemetery buses, real estate development buses, courtesy buses run by hotels and day care facility buses.
- o. See Primary Classifications—Rating Factors and Classification Designators tables.

E. Secondary Classifications. These classifications do not apply to taxicabs, limousines (except airport limousines), van pools and zone rated automobiles.

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

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FLEET PRIMARY CLASSIFICATIONS—RATING FACTORS AND CLASSIFICATION DESIGNATORS

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

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

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

ZONE RATED

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

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

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NONFLEET PRIMARY CLASSIFICATIONS—RATING FACTORS AND CLASSIFICATION DESIGNATORS

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

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

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

ZONE RATED

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

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

PUBLIC TRANSPORTATION

**Rule 48. PREMIUM DEVELOPMENT—ZONE
RATED AUTOMOBILES**

- A. This Rule applies to all public automobiles, other than taxis, limousines, school, church and urban buses or van pools, which regularly operate beyond a 200 mile radius from the street address of principal garaging.
- B. Determine the zone or zone combination and code for each automobile as follows:
1. Use the long distance zone definitions in the Trucks, Tractors, and Trailers Section.
 2. When an automobile is principally garaged in a regional zone and operates in that zone and in one or more metropolitan zones, the zone combination is the regional zone and the metropolitan zone farthest away.
 3. In all other situations, the zone combination is the zone of principal garaging and the zone included in the automobile's operations farthest from that point.
- Examples:
- a. The automobile is principally garaged in Raleigh, North Carolina (regional zone 47) and operates in Sacramento, California (regional zone 40) and Denver, Colorado (metropolitan zone 10). The proper zone combination is 47 and 10.
 - b. The automobile is principally garaged in Raleigh, North Carolina (regional zone 47) and operates in Asheville, North Carolina (regional zone 47). The proper zone combination is 47.
 - c. The automobile is principally garaged in Charlotte, North Carolina (metropolitan zone 5) and operates in Denver, Colorado (metropolitan zone 10) and Sacramento, California (regional zone 40). The proper zone combination is 5 and 40.

C. Premium Development

1. Determine the Classification Rating Factor and Class Code as follows:
 - a. Determine whether the automobile is classified as fleet or non-fleet according to the Public Automobile Classifications Rule (Rule 47).
 - b. Determine the primary rating factor from the Public Automobile Classifications Rule (Rule 47).
 - c. Secondary rating factors do not apply.
2. Liability and Medical Payments Coverages:
 - a. Determine the fleet or non-fleet base premiums for the zone combination from the zone rating table in the Trucks, Tractors, and Trailers Section (Rule 30).
 - b. Multiply the base premium by the primary rating factor.
3. Uninsured and Underinsured Motorists Insurance:
 - a. Primary and secondary rating factors do not apply.
 - b. Refer to Rule 26 in the Common Coverages Section of this Manual.

**Rule 49. TRANSPORTATION OF MIGRANT
FARM WORKERS BY FARM LABOR
CONTRACTORS**

- A. This Rule applies only to automobiles of a farm labor contractor required to be registered in accordance with the Farm Labor Contractor Act.
- B. **Passenger Hazard Included (Class Code 5926):**
Multiply the non-fleet inter-city bus liability base premium for the highest rated territory in which or through which the automobile will be customarily operated for the transportation of migrant workers by .50.
- C. **Passenger Hazard Excluded (Class Code 5927):**
Coverage for the passenger hazard may be excluded if the farm labor contractor can furnish proof to the Department of Labor that he has other means of protection for migrant workers.
Multiply the non-fleet inter-city bus liability base premium by .375.
- D. If a vehicle insured under this Rule is of a truck type, rate as a vehicle of 21-60 seating capacity in accordance with this Rule.

Rules 50–54. RESERVED FOR FUTURE USE

**NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTOMOBILE MANUAL
GARAGE DEALERS SECTION**

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GARAGE DEALERS

**Rule 55. AUTOMOBILE DEALERS—
ELIGIBILITY**

- A. This Section applies to franchised and nonfranchised automobile dealers and trailer dealers.
- B. **Classifications and Codes**
1. Only one classification and code apply to a risk.

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

**Rule 56. AUTOMOBILE DEALERS—
PREMIUM DEVELOPMENT**

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

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

A. Liability (Limited Coverage for Customers) Coverage

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

1. Class I—employees including part-time employees. Multiply the number of Class I employees working an average of less than 20 hours a week by .50 before determining the number of rating units.
 - a. Proprietors, partners, and officers active in the business; sales persons, general managers, service managers; any employee whose principal duty involves the operation of automobiles or who is furnished a garage automobile. Determine the number of rating units by multiplying the number of these employees by 1.00.
 - b. All other employees. Determine the number of rating units by multiplying the number of employees by .40.
2. Class II—nonemployees. Any individual other than a person described in Class I who is regularly furnished with a dealer's automobile. If more than one person has use of the same furnished automobile, count as only one operator in determining rating units. Determine the number of rating units by multiplying the number of these persons by .55.
3. Franchised and nonfranchised trailer dealers. Multiply the rates in the state rate schedules by total number of employees, then multiply the result by .45.
4. The minimum premium is the dealer's rate shown on the state rate schedules for the highest rated location multiplied by 2.00.

B. Liability—Unlimited Coverage for Customers

1. Liability coverage may be extended to provide unlimited customer coverage.
2. Multiply the total premium developed for the limited liability by 1.05.

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

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

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

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

Mileage	Per Driver Trip Rates	
	Bodily Injury \$25/50	Property Damage \$15
51–200 miles	\$3	\$1
Over 200 miles	5	2

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

E. Medical Payments

1. Proprietors and executive officers. When automobile dealers are insured for liability but not automobile medical payments, the following provisions apply:
 - a. A proprietor or executive officer may be afforded medical payments provided that person is included in the total number of rating units that determines the liability premium. Multiply the private passenger type medical payments premium by 2.00 for each person. Use the rating territory where the dealer is located.
 - b. Medical payments may also be afforded to the spouse of a proprietor or executive officer or relatives of either if residents of the same household. Charge the private passenger type medical payments premium for each person. Use the rating territory where the dealer is located.
2. Individual proprietors. Provide drive other car medical payments insurance at no additional charge if the dealer has automobile medical payments.
3. Automobile exposure, garage operations or combined garage operations and automobile exposure.
 - a. Multiply the \$25,000/50,000 bodily injury liability premium by the factors from the applicable table.

(1) Medical payments with unlimited liability coverage:

Medical Payments Limit per Person			
\$500	\$750	\$1,000	\$2,000
Limit Codes			
(1)	(2)	(3)	(4)
Automobile Medical Payments Only			
.100	.106	.115	.135
Garage Operations Medical Payments Only			
.024	.027	.029	.031
Combined Garage Operations and Automobile Medical Payments			
.124	.133	.144	.166

(2) Medical payments with limited liability coverage:

Medical Payments Limit per Person			
\$500	\$750	\$1,000	\$2,000
Limit Codes			
(1)	(2)	(3)	(4)
Automobile Medical Payments Only			
.104	.111	.122	.142

Garage Operations Medical Payments Only			
.027	.029	.031	.033
Combined Garage Operations and Automobile Medical Payments			
.131	.139	.153	.175

- b. When the bodily injury liability limits are other than \$25,000/50,000, compute the medical payments factor as follows:

Medical payments percentage for \$25,000/50,000 limit	+	Applicable factor for increased limit
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F. Uninsured Motorists Insurance

Refer to Rule 26 in the Common Coverages Section of this Manual.

**Rule 57. AUTOMOBILE DEALERS—
ADDITIONAL PROVISIONS**

- A. \$100 deductible for completed operations. To eliminate the \$100 deductible that applies to property damage to automobiles arising out of work completed by the named insured, charge an additional .10 of the property damage liability premium. The minimum premium is \$20. (Class Code 7072).

B. Broad Form Products (Class Code 7070)

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

C. Pollution Exclusion—Garages

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

When Endorsement CA 25 13 is attached, document company files showing that the Endorsement is needed for the particular risk. Give the insured written notice of coverage change at least 15 days prior to the effective date of the renewal, with a copy to the agent. Do not attach the Endorsement midterm.

Rules 58–70. RESERVED FOR FUTURE USE

**NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTOMOBILE MANUAL
SPECIAL TYPES AND OPERATIONS SECTION**

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COMMERCIAL AUTOMOBILE MANUAL

SPECIAL TYPES AND OPERATIONS

Rule 71. ELIGIBILITY

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

Rule 72. PREMIUM DEVELOPMENT

- A. Determine the rating territory from the territory definitions based on the street address of principal garaging.
- B. **Liability.** See specific rating instructions for each classification in this Section.
- C. **Medical Payments.** Refer to specific rules in this Section. If no premium or procedures to determine medical payments are shown, determine premiums as follows:
 - 1. If liability premiums are developed from truck, tractor, and trailer premiums, charge truck, tractor, and trailer medical payments premiums.
 - 2. If liability premiums are developed from private passenger type premiums, charge private passenger medical payments premiums.
- D. **Uninsured and Underinsured Motorists Insurance.** Refer to Rule 26 in this Manual.
- E. Where the rules in this Section refer to trucks, tractors, and trailers base premiums it means the \$25,000/50,000 bodily injury and \$15,000 property damage nonfleet base premiums on the rate schedules. For limits higher than \$25,000/50,000 bodily injury and \$15,000 property damage, use the increased liability limits table that applies to all other risks.

Rule 73. AMBULANCE SERVICES

- A. The policy must exclude coverage for bodily injury to any volunteer worker engaged in rescue squad or ambulance corps operations.
- B. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional service.
- C. **Premium Computation**
 - 1. Ambulances used for emergency purposes (Class Code 7913).
Liability coverages. Multiply the fleet or nonfleet trucks, tractors, and trailers base premium by 3.00.
 - 2. Ambulance type automobiles not used for emergency purposes (Class Code 7914).
Liability coverages. Multiply the fleet or nonfleet trucks, tractors, and trailers base premium by 2.00.

Rule 74. AMPHIBIOUS EQUIPMENT

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

Rule 75. ANTIQUE AUTOMOBILES (CLASS CODE 9620)

- A. **Eligibility:** This Rule applies to automobiles that are
 - 1. 25 years old or more; and
 - 2. maintained primarily for use in exhibitions, club activities, parades, and other functions of public interest; and
 - 3. occasionally used for other purposes.
- B. **Premium Computation**
Liability: Multiply the private passenger type rates by .25 regardless of the type of automobile. There is a minimum premium of \$14, \$25,000/50,000 bodily injury limits, and \$6, \$15,000 property damage limit, per automobile.

Rule 76. AUTOMOBILE BODY MANUFACTURERS AND INSTALLERS (CLASS CODE 7924)

- A. Compute the premium for owned automobiles, hired automobiles and employers nonownership liability in the usual manner.
- B. Compute the premium for the factory testing hazard by multiplying the appropriate fleet or nonfleet trucks, tractors, or trailers base premium for each employee engaged in these operations by 2.00.

Rule 77. DRIVER TRAINING PROGRAMS, EDUCATIONAL INSTITUTIONS, COMMERCIAL DRIVING SCHOOLS, AND AUTOMOBILE REPAIR TRAINING

- A. **Driver Training Programs—Educational Institutions (Class Code 7926)**
 - 1. **Eligibility:** This Section applies to private passenger automobiles used for driver training as part of a school curriculum.
 - 2. **Premium Computation**
 - a. **Liability coverages.**
 - (1) For automobiles equipped with dual controls, multiply the private passenger type rates by .75. There must be dual brakes to qualify as dual control.
 - (2) For automobiles not equipped with dual controls, multiply the private passenger type rates by 1.50.
 - b. All other coverages. Charge private passenger type rates.
 - 3. A policy covering automobiles used by schools in driver training programs may be written on an annual term for liability coverages with premium prorated to reflect the actual school term. However, do not give credit for Saturdays, Sundays, or holidays or for any other periods of lay-up during the school term.

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B. Commercial Driving Schools (Class Code 7927)

1. Eligibility: This Section applies to automobiles used by driving schools to give driving instruction.
2. Premium Computation
 - a. Owned private passenger automobiles.
 - (1) Liability coverages.
 - (a) For automobiles equipped with dual controls, charge the private passenger type rates. There must be dual brakes to qualify as dual controls.
 - (b) For automobiles not equipped with dual controls, multiply the private passenger type rates by 2.00.
 - (2) All other coverages. Charge private passenger type rates.
 - b. Owned trucks, tractors, and trailers.
 - (1) Liability coverages.
 - (a) For automobiles equipped with dual controls, multiply the truck, tractor, and trailer rates by 2.00. There must be dual brakes to qualify as dual controls.
 - (b) For automobiles not equipped with dual controls, multiply the truck, tractor, and trailer rates by 4.00.
 - (2) All other coverages. Charge the truck, tractor, and trailer rates.
 - c. All other types of owned automobiles. Refer to company for rating.
 - d. Nonowned automobiles.
 - (1) The policy must cover the driving instructors and their students.
 - (2) Premium computation. Charge the private passenger type or the truck, tractor, and trailer rates for each instructor in excess of the number of owned automobiles.

- C. **Automobiles Repair Training:** For automobiles used by schools in automobile repair training, the rules and rates for owned automobiles, hired automobiles and employers' nonownership apply.

Rule 78. DRIVE-AWAY CONTRACTORS (CLASS CODE 7923)

For each set of registration plates not issued for attachment to a specific automobile, multiply the private passenger types premium in the highest rated territory in which or through which each automobile is driven by 2.00.

Exception: Each set of plates assigned by the insured for exclusive use with a specific automobile shall be rated in accordance with the regular use of the automobile.

Rule 79. RESERVED FOR FUTURE USE

Rule 80. FIRE DEPARTMENTS

A. Eligibility

1. This Rule applies to automobiles used for fire fighting purposes.
2. The policy must exclude coverage for bodily injury to any volunteer fireman or volunteer worker engaged in fire fighting, rescue squad or ambulance corps operations.
3. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional service.

B. Premium Computation

1. Private passenger automobiles (Class Code 7908). Liability coverages. Charge private passenger type rates.
2. Trailer types. Classify and rate according to the Trucks, Tractors, and Trailers Rules.
3. All other types (Class Code 7909). Liability coverages. Multiply the fleet or nonfleet trucks, tractors, and trailers base premiums by 1.60.

Rule 81. FUNERAL DIRECTORS

A. Eligibility

1. This Rule applies to automobiles owned or used by a funeral director.
2. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional service.

B. Premium Computation

1. Limousines (Class Code 7915). Liability and medical payments coverages. Multiply the private passenger type rates by .90.
2. Hearses and flower cars (Class Code 7922). Liability and medical payments coverages. Multiply the fleet or nonfleet trucks, tractors, and trailers base premiums by .90.
3. Combination hearses and ambulances. Classify and rate the automobile according to the Ambulance Services Rule (Rule 73).
4. Automobiles used for other purposes. Classify and rate the automobile according to its regular use.

C. Medical Payments Coverage for Hired and Nonowned Automobiles

1. Medical payments coverage may be provided for hired and nonowned automobiles.

2. Premium Computation
 - a. Multiply the total medical payments premium for all owned automobiles (whether or not all owned automobiles are insured for medical payments) by .50. If there are no owned automobiles, the minimum applies.
 - b. The minimum premiums are as follows:

Limit Per Person	Limit Code	Minimum Premium
\$ 500	1	\$10
1,000	3	11
2,000	4	12

Rule 82. GOLFMOBILES

- A. **Eligibility:** This Rule applies to motorized carts which are used to carry golfers and their equipment over a golf course.
- B. **Premium Computation**
Liability and medical payments coverages (Class Code 9460).
 1. Charge 15% of the rates for private passenger types.
 2. A minimum premium of \$14 bodily injury, \$25,000/50,000 limits and \$6 property damage \$15,000 limit shall apply.
 3. All rates and minimum premiums apply for the period of coverage.
- C. Rate golfmobiles used for commercial purposes as motorcycles.

Rule 83. LAW ENFORCEMENT AGENCIES

- A. **Eligibility**
 1. This Rule applies to automobiles used by government law enforcement agencies or police departments.
 2. The policy must exclude coverage for bodily injury to any volunteer worker engaged in rescue squad or ambulance corps operations.
 3. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional service.
- B. **Premium Computation**
 1. Private passenger automobiles (Class Code 7911). Charge private passenger type rates.
 2. Motorcycles (Class Code 7942). Rate according to the Motorcycle Rule (Rule 86) in this Section.
 3. Trailer types. Classify and rate according to the Trucks, Tractors, and Trailers Rules (Rule 30).
 4. All other types (Class Code 7912).
Liability coverages. Multiply the fleet or nonfleet trucks, tractors, and trailers base premiums by 1.60.

Rule 84. LEASING OR RENTAL CONCERNS

- A. **Eligibility**
 1. This Rule applies to risks which lease or rent automobiles to others without drivers. For automobiles leased or rented with drivers, refer to the Truckers Rule (Rule 33) or the Public Automobile Classifications Rule (Rule 47).
 2. Trucks, tractors, or trailers leased or rented by the concern to truckers and buses leased or rented by the concern to bus risks. Refer to company.
- B. **Premium Computation:** When computing the premiums, use the territory where the automobile is principally garaged.

Specified Car Basis.

1. Long term—automobiles leased for one year or more.
 - a. Full coverage for owner and lessee. Rate the automobile at the classification rates in this Manual that apply to the lessee.
 - b. Contingent coverage (Class Code 7219). Liability coverage may be provided if insurance covering the leasing concern on a direct primary basis is provided by the lessee. Multiply the classification rates in this Manual that apply to the lessee by .05.
2. Short term—automobiles rented by the hour, day or week.
 - a. Trucks, tractors, or trailers. Multiply the trucks, tractors, and trailers base premiums by the following factors:

	Liability	Code
Trucks	4.00	7211
Tractors	5.00	7212
Trailers, Semitrailers, and Service Trailers	.25	7213

- b. Private passenger automobiles. (Class Code 7214)
Liability. Multiply the private passenger types rates by 3.00.
- c. Special Types (Class Code 7216).
 - (1) Motorcycles, motorbikes and other similar motor vehicles.
Multiply the rates developed in the Motorcycles Rule (Rule 86) by the following factor:

Liability	4.00
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- (2) Snowmobiles and other similar vehicles designed for travel over ice and snow and used primarily off public roads. Multiply the rates developed in the Snowmobile Rule (Rule 89) by the following factor:

Liability	4.00
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- d. Nondealers garage risks—customer rental (Class Code 7216). For private passenger automobiles rented to customers while their automobiles are temporarily left with named in-

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sured for service, repair or sale, charge the private passenger type rates.

- e. Motor homes (Class Code 7215).

Multiply the rates developed in the Mobile Homes Rule (Rule 85) by the following factor:

Liability	2.00
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- 3. Irregular term—automobiles rented for one month or more but less than one year. Refer to company.

Rule 85. MOBILE HOMES

A. Trailers (Class Code 7963)

- 1. Mobile home trailers equipped as living quarters (including cooking, dining, plumbing, or refrigeration facilities), other than recreational or camper types designed for use with a private passenger automobile.
 - a. Liability. Multiply the appropriate fleet or nonfleet trucks, tractors, and trailers base premium by .40.
 - b. Medical payments. Charge the trucks, tractors, and trailers premiums.
- 2. Mobile home trailers designed for use with a private passenger automobile if used with another type automobile.
 - a. Liability. Multiply the appropriate fleet or nonfleet trucks, tractors, and trailers base premium by .40.
 - b. Medical payments. Charge the trucks, tractors, and trailers premiums.

B. Motor Homes (Class Code 7957)

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

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

Medical Payments—Use rates for private passenger types.

C. Camper Bodies

- 1. Pickup trucks used solely in connection with and to transport a camper body or other similar living quarters.
All coverages—Rate as a motor home.
- 2. Pickups used to transport a portable camper body or similar living quarters but also used for other purposes.
Bodily Injury and Property Damage Liability and Medical Payments—Rate according to the otherwise regular use of the pickup truck.

Rule 86. MOTORCYCLES (CLASS CODE 7942)

- A. **Eligibility:** This Rule applies to motorcycles, motorscooters, motorbikes, and any other similar automobiles used for commercial purposes.

B. Premium Computation

- 1. Liability. Based on the size of the engine in cubic centimeters, multiply the private passenger type rates by the following factors:

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

- 2. Uninsured and Underinsured Motorists. Refer to Rule 26 in this Manual.

Rule 87. REGISTRATION PLATES NOT ISSUED FOR A SPECIFIC AUTOMOBILE (CLASS CODE 7929)

A. Eligibility

- 1. This Rule applies to risks other than automobile dealers which possess registration plates not issued for attachment to a specific automobile.
- 2. A set of plates is the number of plates required to legally operate an automobile on public roads.

B. Premium Computation

- 1. Multiply the private passenger type rates by 2.00 for each set of plates.
- 2. Rate each set of plates assigned by the insured for exclusive use with a specific automobile according to the regular use of the automobile.

Rule 88. REPOSSESSED AUTOMOBILES—FINANCE COMPANIES AND BANKS (CLASS CODE 7925)

- A. This Rule does not apply to automobiles owned or operated by finance companies and banks for use in the business of the insured or for pleasure purposes. Such automobiles shall be insured in the regular manner.
- B. If a finance company is owned and operated by an automobile sales agency, refer to Garage Section.
- C. In all other cases, automobile finance companies and banks may be insured for the repossession recovery and use in connection with resale of financed automobiles. The premium for this coverage shall be determined as follows:
 - 1. The rate per car repossessed shall be the rate shown on the rate schedules for private passenger types for the territory in which the principal office of the risk is located, divided by 200.
 - 2. The advance premium shall be determined by applying the rate per car repossessed to the estimated number of cars repossessed annually.

3. The earned premium shall be determined at the rates in force at the inception of the policy on the basis of the total number of cars repossessed during the policy period.
4. The minimum premium shall be 25% of the rates shown on the rate schedules for private passenger types for the territory in which the principal office of the risk is located. For banks, if the same company insures all owned automobiles, all repossessed automobiles, hired automobiles, and the employers nonownership liability of such risks, a minimum premium of \$14 bodily injury, \$25,000/50,000 limits, and \$6 property damage, \$15,000 limit, applies on a combined basis for the repossessed automobiles, hired automobiles, and employers nonownership liability exposures.

Rule 89. SNOWMOBILES (CLASS CODE 7964)

Snowmobiles and similar vehicles used for commercial purposes, equipped for travel over ice and snow, used principally off public roads, shall be rated as follows:

- A. Bodily Injury (excluding the passenger hazard)—\$18, \$25,000/50,000 limits.
Bodily Injury (including the passenger hazard)—\$52, \$25,000/50,000 limits.
- B. Property Damage—\$12, \$15,000 limit.
- C. Medical Payments—\$10, \$500 per person.
- D. Uninsured and Underinsured Motorists Coverage—Charge rates as shown in Rule 26.
- E. All rates and minimum premiums apply for the period of coverage.
- F. The applicable endorsement shall be attached to the policy.
- G. For equipment of this type used as a public or livery conveyance for passengers and propeller-driven equipment refer to the company for rating.

Rule 90. SPECIAL OR MOBILE EQUIPMENT

A. Land Motor Vehicles Other than Farm Equipment

1. Eligibility: This section applies to vehicles fitting into any of the following categories:
 - a. Specialized equipment such as bulldozers, power shovels, road rollers, graders or scrapers, cranes, street sweepers or other cleaners, diggers, forklifts, pumps, generators, air compressors, drills, and other similar equipment.
 - b. Vehicles maintained solely to provide mobility for permanently attached specialized equipment.
 - c. Vehicles not required to be licensed.
 - d. Automobiles used solely on the named insured's premises or that part of the roads or other accesses that adjoin the premises.

2. Premium Computation
 - a. Refer to manuals of General Liability Insurance.
 - b. For land motor vehicles (Class Code 7906) other than farm equipment not eligible for general liability insurance, charge the appropriate fleet or nonfleet trucks, tractors, and trailers base premiums.

B. Farm Equipment (Class Code 7907)

1. Eligibility: This section applies to farm tractors, harvesting combines, power driven lawn mowers, and other self-propelled farm equipment used for farming purposes.
2. Premium Computation:
 - a. Liability coverages.
 - (1) Multiply the fleet or nonfleet trucks, tractors, and trailers base premiums by .20.
 - (2) The liability coverage on a policy that covers self-propelled farm equipment must apply at no additional charge to trailers, farm wagons, and farm implements used with such automobiles. The coverage does not apply to the operation of farm machinery.

Rules 91–93. RESERVED FOR FUTURE USE

NOTES

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**Rule 94. RETROSPECTIVE RATING PLAN
D—REINSURANCE FACILITY RISKS**

Retrospective Rating Plan D is not to be used in rating risks ceded to the North Carolina Reinsurance Facility.

**Rule 95. RATING PROCEDURES—
REINSURANCE FACILITY RISKS**

Gross receipts and mileage basis rating procedures and the Composite Rating Plan are not to be used in rating risks ceded to the North Carolina Reinsurance Facility.

Rule 96. RULE—EXPERIENCE RATING

The North Carolina Reinsurance Facility Automobile Liability Experience Rating Plan shall apply to all eligible risks. Refer to company for rating.

**Rule 97. RULE FOR RATING SINGLE LIMIT
COVERAGES**

The premium for a single limit per occurrence 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.

Example: Single Limit of \$50,000

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

Rule 98. PUNITIVE DAMAGES EXCLUSION

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

**NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTOMOBILE MANUAL
EXPERIENCE RATING PLAN SECTION**

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AUTOMOBILE LIABILITY EXPERIENCE RATING PLAN

Rule 1. ELIGIBILITY

Every risk which is eligible shall be experience rated under the rules of this Plan. The term "risk" as used in this Plan means the exposures of any one insured which are to be rated. Allied or subsidiary interests shall not be included unless the insured holds a majority financial interest therein. (See Supplementary Provisions in this Section applicable to Rule 1 regarding Combination of Entities.)

Any risk meeting the following qualifications for the bodily injury and property damage liability exposures to be rated shall be eligible for the application of this Plan:

- (a) Five or more private passenger or commercial automobiles (excluding trailers and semitrailers) or three or more public automobiles, or the equivalent of such exposure for automobiles hired by the risk, or

Exception:

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

- (b) An estimated basic limits annual manual premium of at least \$5,200 for three or more automobiles of any type (excluding trailers and semitrailers), or the equivalent of such exposure for automobiles hired by the risk, or
- (c) An estimated basic limits annual manual premium of at least \$5,200 if a garage.

Exception:

If there is no owned or hired automobile exposure or if the owned and hired automobile exposure is not sufficient to qualify for the application of this Plan, any risk which develops a Basic Limits annual manual premium of \$5,200 or more for bodily injury and property damage employers non-ownership liability exposures shall be eligible for the application of this Plan. The headquarters location of the risk shall govern the application of this Plan for all employers non-ownership liability exposures regardless of location.

Rule 2. RATING PROCEDURE

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

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

Rule 3. EXPERIENCE USED

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

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

Rule 4. DETERMINATION OF EXPERIENCE MODIFICATION

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

\$25,000/50,000 bodily injury limits and a \$15,000 property damage limit.

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

A. Basic Limits Premium Subject to Experience Rating

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

B. Basic Limits Losses Subject to Experience Rating

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

- (i) **Paid and Outstanding Losses** (including allocated claim expense) for each year in the experience period, with the indemnity amount limited to basic limits, and with the amount of indemnity and allocated claim expense resulting from any single occurrence limited by the maximum single loss value (MSL) specified in TABLE B based on the basic limits premium subject to experience rating.

- (ii) **Adjustment to Reflect Ultimate Level of Losses** for each year in the experience period, calculated by multiplying the premium (P) for that year by the adjusted expected loss ratio (AELR) and by the appropriate basic limits loss development factor (LDF), where

- (a) **P** is the adjusted basic limits premium for the particular type of coverage for each year in the experience period;
- (b) **AELR** is the adjusted expected loss ratio specified in TABLE B based on the total basic limits premium subject to experience rating;
- (c) **LDF** is the appropriate basic limits loss development factor applicable to expected losses (Premium x AELR). TABLE A displays LDFs by type of coverage and maturity* (see Example as follows).

*See Supplement, in this Section, regarding use of Immature Losses Due to Change of Carrier.

Medical payments, uninsured motorists and underinsured motorists losses shall be excluded.

EXPERIENCE RATING PLAN

C. Actual Loss Ratio

Determine the actual loss ratio by dividing the basic limits losses subject to experience rating by the basic limits premium subject to experience rating. This calculation shall be carried to three decimal places.

D. Credibility

The credibility for the risk is obtained from TABLE B, based on the total basic limits premium subject to experience rating.

E. Experience Modification

- (a) If the actual loss ratio is less than the adjusted expected loss ratio, the experience modification is a credit which shall be determined as follows:

$$\left(\frac{\text{Adjusted Expected Loss Ratio} - \text{Actual Loss Ratio}}{\text{Adjusted Expected Loss Ratio}} \right) \times \text{Credibility} = \text{Experience Modification}$$

- (b) If the actual loss ratio is greater than the adjusted expected loss ratio, the experience modification is a debit which shall be determined as follows:

$$\left(\frac{\text{Actual Loss Ratio} - \text{Adjusted Expected Loss Ratio}}{\text{Adjusted Expected Loss Ratio}} \right) \times \text{Credibility} = \text{Experience Modification}$$

This calculation shall be carried to three decimal places.

The Experience Modification shall be rounded to two decimal places.

Rule 5. TENTATIVE EXPERIENCE MODIFICATION

If complete experience rating data are not available at the time of policy issuance, a tentative experience modification of 1.50 shall be applied in rating the policy.

Exception: In cases where the experience modification applicable to the preceding term of the policy is higher than 1.50, such higher experience modification must be applied as the tentative experience modification for the current term.

Whenever a tentative experience modification has been applied, endorse the policy (i) noting application of the tentative experience modification and (ii) to provide for subsequent application of any experience modification determined in accordance with this Plan.

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EXPERIENCE RATING PLAN

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

Suppose that we have an insured with Automobile Liability B.I. and P.D. exposures whose adjusted basic limits premium and paid and outstanding losses for the experience period are as follows:

YEAR	ADJUSTED BASIC LIMITS PREMIUM		LOSSES (INCLUDING ALLOCATED CLAIM EXPENSE)*	
	B.I.	P.D.	B.I.	P.D.
1/1/92–12/31/92	\$5,000	\$2,000	\$1,800	\$700
1/1/93–12/31/93	5,000	3,500	2,000	200
1/1/94–12/31/94	7,000	3,000	600	300
TOTAL =	\$25,500			

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

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

The appropriate loss development factors from TABLE A are:

For Policy Effective:	B.I.	P.D.
1/1/92 (42 months)	.020	.007
1/1/93 (30 months)	.051	.009
1/1/94 (18 months)	.121	.012

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

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

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

The credibility factor from TABLE B is .25.

Therefore the unadjusted experience modification is:

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

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

**TABLE A
BASIC LIMITS LOSS DEVELOPMENT FACTORS**

	Latest Policy Year	Prior Policy Year	Next Prior Policy Year
	(18 Months)	(30 Months)	(42 Months)
Automobile Liability—B.I.;25/50	.121	.051	.020
Automobile Liability—P.D.	.012	.009	.007
	(21 Months)	(33 Months)	(45 Months)
Automobile Liability—B.I.;25/50	.098	.041	.015
Automobile Liability—P.D.	.011	.008	.006
	(24 Months)	(36 Months)	(48 Months)
Automobile Liability—B.I.;25/50	.078	.033	.010
Automobile Liability—P.D.	.010	.008	.006
	(27 Months)	(39 Months)	(51 Months)
Automobile Liability—B.I.;25/50	.061	.025	.006
Automobile Liability—P.D.	.009	.008	.005

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

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

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EXPERIENCE RATING PLAN

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

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

EXPERIENCE RATING PLAN

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

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

EXPERIENCE RATING PLAN

SUPPLEMENT TO THE LIABILITY EXPERIENCE RATING PLAN

Treatment of Immature Losses Due to Change of Carrier

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

The existence of these supplementary loss development factors does not alter the requirements set forth in Rule 3 of the Experience Rating Plan.

BASIC LIMITS LOSS DEVELOPMENT FACTORS		
	Six Month Maturity	Nine Month Maturity
Automobile Liability—B.I.; 25/50	.627	.413
Automobile Liability—P.D.	.510	.263
	12 Month Maturity	15 Month Maturity
Automobile Liability—B.I.; 25/50	.190	.150
Automobile Liability—P.D.	.016	.014

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

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

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

Rule 1. ELIGIBILITY

Combination of Entities and Use of Past Experience

(1) EMPLOYEES' AND OFFICERS' AUTOMOBILES

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

(2) COMBINATION OF ENTITIES

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

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

If an entity other than a partnership

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

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

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

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

(3) MERGER OR CONSOLIDATION

Merger—If two or more entities are merged so that the ownership interest (as defined in Rule 4) of all such entities are combined in the surviving entity, the incurred experience of all such merged entities shall be used for experience rating the surviving entity.

Consolidation—If two or more entities are consolidated by replacing them with a new entity combining the ownership interest (as defined in Rule 4 of the prior entities), the

incurred experience of all such consolidated entities shall be used for experience rating the new entity.

(4) CHANGE OF CONTROL, MANAGEMENT, NAME, OPERATIONS OR OWNERSHIP

- a. If there is a change in control, management, name or operations, not accompanied by any change in ownership interest, incurred experience shall be used in future ratings.
- b. If there is a change in ownership interest, either alone or accompanied by a change in control, management, name or operations (other than as respects mergers or consolidations covered by Rule 3 of this Section) incurred experience shall be used in future ratings.

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

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

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

- c. If there is a change in ownership among members of an immediate family, the experience for all entities shall be used in future experience ratings of the risk. For purposes of this rule, members of an immediate family shall include a spouse, father, mother, son, daughter, brother, sister, half-brother, half-sister, step-brother, step-sister, step-child, step-parent, grandchild or grandparent.

Ownership Interest:

- 1. of any corporation shall be determined on the basis of the ownership of the issued voting stock of any such corporation.
- 2. if there is no issued voting stock shall be determined on the basis of its members if the entity is other than a partnership.
- 3. if there is neither issued voting stock nor members shall be determined on the basis of the board of directors or comparable governing body if the entity is other than a partnership.
- 4. of any partnership shall be determined in accordance with the participation of each general partner in the profits of the partnership.
- 5. shall be deemed to be vested in a fiduciary when a fiduciary is involved. However, "fiduciary" shall not include a debtor in possession or a trustee under a revocable trust.

**EXPERIENCE RATING PLAN
SUPPLEMENT**

(5) JOINT VENTURES

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

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

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

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

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

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SUPPLEMENTARY RATING PROCEDURES SECTION

SUPPLEMENTARY RATING PROCEDURES

Rule 2. INCREASED LIMITS

A. Bodily Injury

BODILY INJURY FACTORS

Limits Identifier Code (3)

Limit of Liability (1000s)	Limit Code	1. Light And Medium Trucks	2. Heavy Trucks And Truck- Tractors	3. Extra Heavy Trucks And Truck- Tractors	4. Trucks, Tractors And Trailers Zone Rated	5. All Other Risks
100/500	55	1.68	1.86	1.94	1.94	1.71
300/300	64	1.87	2.08	2.23	2.21	1.89
250/500	61	1.94	2.20	2.36	2.34	1.97
400/400	68	2.03	2.32	2.49	2.49	2.07
500/500	68	2.18	2.50	2.74	2.72	2.21
750/750	73	2.48	2.91	3.21	3.20	2.53
1000/1000	73	2.71	3.24	3.62	3.61	2.78
1500/1500	74	3.09	3.79	4.28	4.25	3.15
2000/2000	75	3.41	4.24	4.84	4.80	3.47
2500/2500	76	3.64	4.62	5.33	5.27	3.75
5000/5000	79	4.58	6.05	7.14	7.07	4.71
7500/7500		5.20	7.05	8.41	8.33	5.34
10000/10000		5.56	7.70	9.24	9.15	5.72
12500/12500		5.77	8.09	9.73	9.64	5.92
15000/15000		5.87	8.30	9.99	9.91	6.03

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE

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SUPPLEMENTARY RATING PROCEDURES

Rule 2. INCREASED LIMITS

B. Property Damage

PROPERTY DAMAGE FACTORS

Limits Identifier Code (3)

Limit of Liability (1000s)	Limit Code	1. Light And Medium Trucks	2. Heavy Trucks And Truck- Tractors	3. Extra Heavy Trucks And Truck- Tractors	4. Trucks, Tractors And Trailers Zone Rated	5. All Other Risks
65	9	1.07	1.07	1.07	1.06	1.07
100	10	1.08	1.08	1.08	1.07	1.08
300	14	1.10	1.11	1.12	1.11	1.10
400	15	1.11	1.12	1.14	1.13	1.11
500	16	1.12	1.13	1.15	1.14	1.12
750	17	1.14	1.15	1.17	1.16	1.14
1000	18	1.15	1.17	1.19	1.17	1.15
1500	19	1.16	1.19	1.21	1.19	1.17
2000	20	1.17	1.20	1.22	1.20	1.18
2500	21	1.18	1.21	1.23	1.21	1.19
5000	23	1.20	1.23	1.25	1.24	1.21
7500		1.22	1.25	1.27	1.26	1.23
10000		1.23	1.26	1.28	1.27	1.24
12500		1.24	1.27	1.29	1.28	1.25
15000		1.25	1.28	1.30	1.29	1.26

Rule 24. MEDICAL PAYMENTS

For limits not shown on the state rate schedules, compute the premium as follows:

A. Private Passenger Types

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

B. Trucks, Tractors, and Trailers and Public Automobiles

1. Other than zone rated automobiles:

Limit	Limit Code	Multiply the \$500 limit premium by the following factors
\$250	7	.85
750	2	1.10

2. Zone rated automobiles:

Limit	Limit Code	Multiply the \$500 limit premium by the following factors
\$ 250	7	.85
750	2	1.10
1,000	3	1.20
2,000	4	1.30

**NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTOMOBILE MANUAL
TERRITORIES SECTION**

TERRITORY DEFINITIONS

Territory Code	Territory Code
ALAMANCE COUNTY see Burlington-Graham and Remainder of State	CHERRY POINT territory comprises all territory in the Cherry Point Marine Air Base019
ASHEVILLE territory comprises the entire city of Asheville and all territory in Buncombe County included in the townships of Asheville, Limestone and Lower Hominy, including all of the following towns, cities or places 011	CHOWAN COUNTY territory comprises all territory in Chowan County.....023
Acton Craggy New Bridge	COLUMBUS COUNTY territory comprises all territory in Columbus County023
Arden Emma Oakley	CONCORD-KANNAPOLIS-SALISBURY territory comprises the entire cities of Concord, Kannapolis and Salisbury, all territory in Cabarrus County included in Townships 1 (Rocky River) 2 (Poplar Tent), 4 (Kannapolis), 5 (Mount Gilead), 11 (Baptist Church), and 12 (Concord), and all territory in Rowan County included in the townships of China Grove, Franklin, Litaka and Salisbury, including all of the following towns, cities or places022
Asheville School Enka Oteen	Brown-Norcott Franklin Pioneer Mills
Biltmore Forest Haw Creek Shiloh	Mills Glass Roberta Mills
Boswell Hominy Skyland	China Grove Harrisburg Rocky Ridge
Buena Vista Luthers Woodfin	Cooks Crossing Jackson Park Rocky River
Busbee	East Spencer Landis South River
BEAUFORT COUNTY territory comprises all territory in Beaufort County 023	Faggarts Majolica Spencer
BERTIE COUNTY territory comprises all territory in Bertie County 023	Crossroads Mount Gilead Yadkin Junction
BLADEN COUNTY territory comprises all territory in Bladen County 023	Faith Pharrs Mill Yost
BRUNSWICK COUNTY territory comprises all territory in Brunswick County not included in Wilmington territory . . 023	Craven County territory comprises all territory in Craven County not included in Cherry Point territory023
BUNCOMBE COUNTY territory comprises all territory in Buncombe County not included in Asheville territory . . . 022	CUMBERLAND COUNTY territory comprises all territory in Cumberland County not included in Fayetteville or Fort Bragg territories023
BURLINGTON-GRAHAM territory comprises the entire city of Burlington, the entire town of Graham, all territory in Alamance County included in Townships 3 (Boon Station), 6 (Graham), 10 (Melville), 12 (Burlington) and 13 (Haw River), the entire town of Mebane in Alamance and Orange Counties, and including all of the following towns, cities or places 022	CURRITUCK COUNTY territory comprises all territory in Currituck County023
Elon College Haw River Lake Latham	DARE COUNTY territory comprises all territory in Dare County.....023
Gibsonville Kirkpatrick Ossipee	DAVIDSON COUNTY see Lexington-Thomasville and Remainder of State.
Glen Raven Heights Richmond Hill	DUPLIN COUNTY territory comprises all territory in Duplin County.....023
CABARRUS COUNTY see Concord-Kannapolis-Salisbury and Remainder of State.	DURHAM territory comprises the entire city of Durham and all territory in Durham County included in the townships of Durham, Oak Grove and Patterson, including all of the following towns, cities or places.....013
CAMDEN COUNTY territory comprises all territory in Camden County 023	Bethesda Gorman North Durham
CAMP LEJEUNE territory comprises all territory in the Camp LeJeune Marine Base 019	Bilboa Hope Valley Oak Grove
CARTERET COUNTY territory comprises all territory in Carteret County 023	Few Joyland Redwood
CHARLOTTE territory comprises the entire city of Charlotte and all territory in Mecklenburg County included in Townships 1 (Charlotte), 2 (Berryhill), 4 (Sharon), 7 (Crab Orchard), 8 (Mallard Creek), 11 (Long Creek) and 12 (Paw Creek), including all of the following towns, cities or places 012	DURHAM COUNTY territory comprises all territory in Durham County not included in Durham territory.....022
Alexanders Store Griffith Oakhurst	EDGECOMBE COUNTY territory comprises all territory in Edgecome County not included in Rocky Mount territory. .023
Carson Hahn Paw Creek	
Chadwick- Hickory Grove Pinoca	
Hoskins Mills Homestead Ridgeview	
Croft Hutchinson Selwyn Park	
Derita Newell Thrift	

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

(State Code 32)

TERRITORY DEFINITIONS

	Territory Code		Territory Code
FAYETTEVILLE territory comprises the entire city of Fayetteville and all territory in Cumberland County included in the townships of Carvers Creek, Cross Creek, Eastover, Manchester, Pearces Mill, Rockfish and Seventy First not included in Fort Bragg territory, including all of the following towns, cities or places	020	GREENVILLE territory comprises the entire town of Greenville and all territory in Pitt County included in Greenville township, including the following towns, cities or places.....	021
Beard	Lakedale	Shaws	House
Bonnie Doone	Linden	Slocomb	James Mill
Clifdale	Manchester	South Fayetteville	Staton
Cumberland	Milan	Spring Lake	GUILFORD COUNTY territory comprises all territory in Guilford County not included in either Greensboro-Hamilton Lakes territory or High Point territory
Fenix	Myrtle Hill	Tokay	022
Gardners Chapel	Owens	Victory	HALIFAX COUNTY territory comprises all territory in Halifax County.....
Hope Mills	Roslin	Wade	023
FORSYTH COUNTY territory comprises all territory in Forsyth County not included in Winston Salem territory	022	HARNETT COUNTY territory comprises all territory in Harnett County.....	023
FORT BRAGG territory comprises all territory in the Fort Bragg Military Reservation in Cumberland and Hoke Counties	019	HERTFORD COUNTY territory comprises all territory in Hertford County.....	023
FRANKLIN COUNTY territory comprises all territory in Franklin County	023	HIGH POINT territory comprises the entire city of High Point, the town of Westend, and all territory in Guilford County included in High Point township	015
GASTON COUNTY see Gastonia and Remainder of State.		HOKE COUNTY territory comprises all territory in Hoke County not included in Fort Bragg territory	023
GASTONIA territory comprises the entire city of Gastonia and all territory in Gaston County included in the townships of Crowder Mountain, Dallas, Gastonia, River Bend and South Point including all of the following towns, cities or places	022	HYDE COUNTY territory comprises all territory in Hyde County.....	023
Abbey	Duke Power Village	Mount View	JOHNSTON COUNTY territory comprises all territory in Johnston County
Alexis	East Gastonia	North Belmont	023
Arlington	Goshen	Ragan	JONES COUNTY territory comprises all territory in Jones County.....
Beattie	Groves	Ranlo	023
Belmont	Hardins	Ridge	KINSTON territory comprises the entire of city of Kinston and all territory in Lenoir County included in Kinston Township, including the following towns, cities and places.....
Bessemer City	High Shoals	Smyre	021
Boogertown	Lowell	South Gastonia	Georgetown
Convent	Lucia	Spencer Mountain	Hines Junction
Cramerton	McAdenville	Stanley	LENOIR COUNTY territory comprises all territory in Lenoir County not included in Kinston territory
Crowders	Mountain Island	Victory	023
Dallas	Mount Holley		LEXINGTON-THOMASVILLE territory comprises the entire cities of Lexington and Thomasville, all territory in Davidson County included in the townships of Lexington and Thomasville, and all territory in Randolph County included in Trinity township, including all of the following towns, cities or places.....
GATES COUNTY territory comprises all territory in Gates County.....	023	Archdale	Fraziers
GOLDSBORO territory comprises the entire city of Goldsboro and all territory in Wayne County included in Goldsboro township	021	Arnold	Glen Anna Lake
GREENE COUNTY territory comprises all territory in Greene County	023	Cedar Lodge	Trinity
GREENSBORO-HAMILTON LAKES territory comprises the entire city of Greensboro, the entire town of Hamilton Lakes and all territory in Guilford County included in the townships of Morehead and Gilmer, including all of the following towns, cities or places	014		Welcome
Battle Bround	Four Mile	Hill Top	MARTIN COUNTY territory comprises all territory in Martin County.....
Bessemer	Hamtown	Pomona	023
			MECKLENBURG COUNTY territory comprises all territory in Mecklenburg County not included in Charlotte territory
			022
			NASH COUNTY territory comprises all territory in Nash County not included in Rocky Mount territory
			022
			NEW HANOVER COUNTY see Wilmington
			NORTHAMPTON COUNTY territory comprises all territory in Northampton County.....
			023

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

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TERRITORY DEFINITIONS

LIST OF IMPORTANT CITIES AND TOWNS

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

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

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

TERRITORY DEFINITIONS

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

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

TERRITORY DEFINITIONS

City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
O					
Oakdale, Wake.....	016	Roxboro, Person.....	024	Thomasville, Davidson.....	022
Oak Grove, Durham.....	013	Rural Hall, Forsyth.....	022	Thrift, Mecklenburg.....	012
Oakhurst, Mecklenburg.....	012	Rutherfordton, Rutherford.....	024	Tiretown, Forsyth.....	018
Oakley Buncombe.....	011	S			
Oakridge, Guilford.....	022	Saint Pauls, Robeson.....	023	Toast, Surry.....	024
Ogburntown, Forsyth.....	018	Salisbury, Rowan.....	022	Tokay, Cumberland.....	020
Oldtown, Forsyth.....	018	Sanford, Lee.....	024	Trenton, Jones.....	023
Ossipee, Alamance.....	022	Saratoga, Wilson.....	023	Trinity, Randolph.....	022
Oteen, Buncombe.....	011	Saxaphaw, Alamance.....	024	Troy, Montgomery.....	024
Owens, Cumberland.....	020	Scotland Neck, Halifax.....	023	Tryon, Polk.....	024
Oxford, Grantville.....	024	Selma, Johnston.....	023	V	
P					
Paw Creek, Mecklenburg.....	012	Selwyn Park, Mecklenburg.....	012	Valdese, Burke.....	024
Pembroke, Robeson.....	023	Seymour Johnson A.F.B., Wayne.....	019	Valmead, Caldwell.....	024
Pharrs Mill, Cabarrus.....	022	Shalotte, Brunswick.....	023	Victory, Cumberland.....	020
Phillipsville, Haywood.....	024	Sharpsburg, Edgecombe, Nash & Wilson.....	021	Victory, Gaston.....	022
Pikeville, Wayne.....	023	Shaws, Cumberland.....	020	W	
Pilot Mountain, Surry.....	024	Shelby, Cleveland.....	024	Wade, Cumberland.....	020
Pinehurst, Moore.....	024	Shiloh, Buncombe.....	011	Wadesboro, Anson.....	024
Pinetops, Edgecombe.....	023	Siler City, Chatham.....	024	Wake Forest, Wake.....	021
Pineville, Mecklenburg.....	022	Skyland, Buncombe.....	011	Walkertown, Forsyth.....	018
Pinkney Gaston.....	022	Slocomb, Cumberland.....	020	Wallace, Duplin.....	023
Pinoca, Mecklenburg.....	012	Smithfield, Johnston.....	023	Walnut Cove, Stokes.....	024
Pioneer Mills, Cabarrus.....	022	Smyre, Gaston.....	022	Warrenton, Warren.....	023
Pittsboro, Chatham.....	024	Snowhill, Greene.....	023	Warsaw, Duplin.....	023
Pleasant Garden, Guilford.....	022	Southern Pines, Moore.....	024	Washington, Beaufort.....	023
Plymouth, Washington.....	023	South Fayetteville, Cumberland.....	020	Waynesville, Haywood.....	024
Pomona, Guilford.....	014	South Gastonia, Gaston.....	022	Weaverville, Buncombe.....	022
R					
Raeford, Hoke.....	023	Southmont Davidson.....	024	Welcome, Davidson.....	022
Ragan, Gaston.....	022	Southport Brunswick.....	023	Weldon, Halifax.....	023
Raleigh, Wake.....	016	South Raleigh, Wake.....	016	Wendell, Wake.....	021
Ramseur, Randolph.....	024	South River, Rowan.....	022	Wentworth, Rockingham.....	024
Randleman, Randolph.....	024	South Rosemary, Halifax.....	023	Westend, Guilford.....	015
Ranlo, Gaston.....	022	Sparta, Alleghany.....	024	Westover, Wake.....	016
Red Springs, Robeson.....	023	Spencer, Rowan.....	022	Whitakers, Edgecombe & Nash.....	023
Redwood, Durham.....	013	Spencer Mountain, Gaston.....	022	Whiteville, Columbus.....	023
Reidsville, Rockingham.....	024	Spindale, Rutherford.....	024	Whitnel, Caldwell.....	024
Reynolda, Forsyth.....	018	Spray, Rockingham.....	024	Wilders Grove, Wake.....	016
Richmond Hill, Alamance.....	022	Spring Hope, Nash.....	023	Wilkesboro, Wilkes.....	024
Ridge, Gaston.....	022	Spring Lake, Cumberland.....	020	Williamston, Martin.....	023
Ridgecrest, Buncombe.....	022	Spruce Pine, Mitchell.....	024	Wilmington, New Hanover.....	017
Ridgeview, Mecklenburg.....	012	Stanley, Gaston.....	022	Wilson, Wilson.....	021
Roanoke Rapids, Halifax.....	023	Stantonsburg, Wilson.....	023	Windsor, Bertie.....	023
Robbins, Moore.....	024	Statessville, Iredell.....	024	Winnabow, Brunswick.....	023
Robbinsville, Graham.....	024	Staton, Pitt.....	021	Winsteads Chapel, Nash.....	021
Robersonville, Martin.....	023	Stedman, Cumberland.....	023	Winston-Salem, Forsyth.....	018
Roberta Mills, Cabarrus.....	022	Stokedale, Guilford.....	022	Winterville, Pitt.....	023
Rockingham, Richmond.....	024	Stony Point, Alexander.....	024	Woodburn, Brunswick.....	017
Rockwell, Rowan.....	024	Summerfield, Guilford.....	022	Woodfin, Buncombe.....	011
Rocky Mount, Edgecombe & Nash.....	021	Sunnyside, Gaston.....	024	Worthville, Randolph.....	024
Rocky Ridge, Cabarrus.....	022	Swannanoa, Buncombe.....	022	Y	
Rocky River, Cabarrus.....	022	Swanquarter, Hyde.....	023	Yadkin Junction, Rowan.....	022
Rolesville, Wake.....	021	Sweepsonville, Alamance.....	024	Yadkinville, Yadkin.....	024
Roseboro, Sampson.....	023	Sylva, Jackson.....	024	Yanceyville, Caswell.....	024
Roslin, Cumberland.....	020	T			
Rougemont, Durham.....	022	Tabor City, Columbus.....	023	Yost, Rowan.....	022
Rowland, Robeson.....	023	Tarboro, Edgecombe.....	023	Youngs Springs, Wilson.....	021
		Taylorsville, Alexander.....	024	Z	
		Terra Cotta, Guilford.....	022	Zebulon, Wake.....	021

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

NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTOMOBILE MANUAL
COMMERCIAL AUTOMOBILE LIABILITY RATES SECTION

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

**INCREASED LIABILITY LIMITS
BODILY INJURY FACTORS**

Classification	Limits Identifier Code (3)					
	Limit of Liability (in 1000s)					
	25/50	30/60	85/85	50/100	100/100	100/300
	Limit Codes					
	46	49	52	49	52	52
1. Light and Medium Trucks	1.00	1.06	1.27	1.20	1.34	1.57
2. Heavy Trucks and Truck-Tractors	1.00	1.06	1.33	1.25	1.42	1.69
3. Extra Heavy Trucks and Truck-Tractors	1.00	1.06	1.36	1.27	1.46	1.77
4. Trucks, Tractors, and Trailers Zone Rated	1.00	1.07	1.36	1.28	1.46	1.77
5. All Other Risks	1.00	1.06	1.27	1.22	1.34	1.58

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

**INCREASED LIABILITY LIMITS
PROPERTY DAMAGE FACTORS**

Classification	Limits Identifier Code (3)				
	Limit of Liability (in 1000s)				
	15	20	25	30	50
	Limit Codes				
	03	04	05	06	08
1. Light and Medium Trucks	1.00	1.01	1.02	1.03	1.05
2. Heavy Trucks and Truck-Tractors	1.00	1.01	1.02	1.03	1.05
3. Extra Heavy Trucks and Truck-Tractors	1.00	1.01	1.02	1.03	1.05
4. Trucks, Tractors, and Trailers Zone Rated	1.00	1.01	1.02	1.03	1.04
5. All Other Risks	1.00	1.01	1.02	1.03	1.05

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

LIGHT AND MEDIUM TRUCKS

Terr	Class	Bodily Injury Limit			Property Damage Limit			Medical Payments Limit		
		25/50	50/100	100/300	15	25	50	500	1000	2000
		Limit Code						Limit Code		
		46	49	52	03	05	08	1	3	4
11	Non-Fleet	139	167	218	168	171	176	43	52	57
	Fleet	153	184	240	185	189	194			
12	Non-Fleet	215	258	338	259	264	272	66	80	88
	Fleet	237	284	372	285	291	299			
13	Non-Fleet	179	215	281	216	220	227	55	66	73
	Fleet	197	236	309	238	243	250			
14	Non-Fleet	182	218	286	220	224	231	56	68	74
	Fleet	200	240	314	242	247	254			
15	Non-Fleet	152	182	239	182	186	191	47	56	62
	Fleet	167	200	262	200	204	210			
16	Non-Fleet	212	254	333	256	261	269	66	79	86
	Fleet	233	280	366	282	288	296			
17	Non-Fleet	179	215	281	216	220	227	55	66	73
	Fleet	197	236	309	238	243	250			
18	Non-Fleet	150	180	236	180	184	189	46	56	61
	Fleet	165	198	259	198	202	208			
19	Non-Fleet	142	170	223	171	174	180	44	53	58
	Fleet	156	187	245	188	192	197			
20	Non-Fleet	165	198	259	199	203	209	51	61	67
	Fleet	182	218	286	219	223	230			
21	Non-Fleet	171	205	268	205	209	215	53	63	70
	Fleet	188	226	295	226	231	237			
22	Non-Fleet	165	198	259	198	202	208	51	61	67
	Fleet	182	218	286	218	222	229			
23	Non-Fleet	142	170	223	171	174	180	44	53	58
	Fleet	156	187	245	188	192	197			
24	Non-Fleet	132	158	207	159	162	167	41	49	54
	Fleet	145	174	228	175	179	184			

HIRED CAR	Bodily Injury 25/50	Property Damage 15
All Territories	\$0.23	\$0.30

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

HEAVY TRUCKS AND TRUCK-TRACTORS

Terr	Class	Bodily Injury Limit			Property Damage Limit			Medical Payments Limit		
		25/50	50/100	100/300	15	25	50	500	1000	2000
		Limit Code						Limit Code		
		46	49	52	03	05	08	1	3	4
11	Non-Fleet	139	174	235	168	171	176	43	52	57
	Fleet	153	191	259	185	189	194			
12	Non-Fleet	215	269	363	259	264	272	66	80	88
	Fleet	237	296	401	285	291	299			
13	Non-Fleet	179	224	303	216	220	227	55	66	73
	Fleet	197	246	333	238	243	250			
14	Non-Fleet	182	228	308	220	224	231	56	68	74
	Fleet	200	250	338	242	247	254			
15	Non-Fleet	152	190	257	182	186	191	47	56	62
	Fleet	167	209	282	200	204	210			
16	Non-Fleet	212	265	358	256	261	269	66	79	86
	Fleet	233	291	394	282	288	296			
17	Non-Fleet	179	224	303	216	220	227	55	66	73
	Fleet	197	246	333	238	243	250			
18	Non-Fleet	150	188	254	180	184	189	46	56	61
	Fleet	165	206	279	198	202	208			
19	Non-Fleet	142	178	240	171	174	180	44	53	58
	Fleet	156	195	264	188	192	197			
20	Non-Fleet	165	206	279	199	203	209	51	61	67
	Fleet	182	228	308	219	223	230			
21	Non-Fleet	171	214	289	205	209	215	53	63	70
	Fleet	188	235	318	226	231	237			
22	Non-Fleet	165	206	279	198	202	208	51	61	67
	Fleet	182	228	308	218	222	229			
23	Non-Fleet	142	178	240	171	174	180	44	53	58
	Fleet	156	195	264	188	192	197			
24	Non-Fleet	132	165	223	159	162	167	41	49	54
	Fleet	145	181	245	175	179	184			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

EXTRA HEAVY TRUCKS AND TRUCK-TRACTORS

Terr	Class	Bodily Injury Limit			Property Damage Limit			Medical Payments Limit		
		25/50	50/100	100/300	15	25	50	500	1000	2000
		Limit Code			Limit Code			Limit Code		
		46	49	52	03	05	08	1	3	4
11	Non-Fleet	139	177	246	168	171	176	43	52	57
	Fleet	153	194	271	185	189	194			
12	Non-Fleet	215	273	381	259	264	272	66	80	88
	Fleet	237	301	419	285	291	299			
13	Non-Fleet	179	227	317	216	220	227	55	66	73
	Fleet	197	250	349	238	243	250			
14	Non-Fleet	182	231	322	220	224	231	56	68	74
	Fleet	200	254	354	242	247	254			
15	Non-Fleet	152	193	269	182	186	191	47	56	62
	Fleet	167	212	296	200	204	210			
16	Non-Fleet	212	269	375	256	261	269	66	79	86
	Fleet	233	296	412	282	288	296			
17	Non-Fleet	179	227	317	216	220	227	55	66	73
	Fleet	197	250	349	238	243	250			
18	Non-Fleet	150	191	266	180	184	189	46	56	61
	Fleet	165	210	292	198	202	208			
19	Non-Fleet	142	180	251	171	174	180	44	53	58
	Fleet	156	198	276	188	192	197			
20	Non-Fleet	165	210	292	199	203	209	51	61	67
	Fleet	182	231	322	219	223	230			
21	Non-Fleet	171	217	303	205	209	215	53	63	70
	Fleet	188	239	333	226	231	237			
22	Non-Fleet	165	210	292	198	202	208	51	61	67
	Fleet	182	231	322	218	222	229			
23	Non-Fleet	142	180	251	171	174	180	44	53	58
	Fleet	156	198	276	188	192	197			
24	Non-Fleet	132	168	234	159	162	167	41	49	54
	Fleet	145	184	257	175	179	184			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

PRIVATE PASSENGER TYPES

	Bodily Injury Limit			Property Damage Limit			Medical Payments Limits		
	25/50	50/100	100/300	15	25	50	500	1000	2000
Territory	Limit Code						Limit Code		
	46	49	52	03	05	08	1	3	4
11	161	196	254	190	194	200	17	21	24
12	233	284	368	276	282	290	24	31	35
13	185	226	292	220	224'	231	19	25	28
14	174	212	275	206	210	216	18	23	26
15	182	222	288	216	220	227	19	24	27
16	191	233	302	226	231	237	20	25	29
17	181	221	286	215	219	226	19	24	27
18	173	211	273	204	208	214	18	23	26
19	160	195	253	189	193	198	16	21	24
20	181	221	286	215	219	226	19	24	27
21	155	189	245	183	187	192	16	21	23
22	172	210	272	203	207	213	18	23	26
23	160	195	253	189	193	198	16	21	24
24	143	174	226	170	173	179	15	19	22

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

TAXIS AND LIMOUSINES

Terr	Class	Bodily Injury Limit			Property Damage Limit			Medical Payments Limits		
		25/50	50/100	100/300	15	25	50	500	1000	2000
		Limit Code			Limit Code			Limit Code		
		46	49	52	03	05	08	1	3	4
11	Non-Fleet	876	1069	1384	420	428	441	171	201	230
	Fleet	964	1176	1523	462	471	485			
12	Non-Fleet	1355	1653	2141	648	661	680	264	310	355
	Fleet	1491	1819	2356	713	727	749			
13	Non-Fleet	1128	1376	1782	540	551	567	220	258	296
	Fleet	1241	1514	1961	594	606	624			
14	Non-Fleet	1147	1399	1812	550	561	578	224	263	301
	Fleet	1262	1540	1994	605	617	635			
15	Non-Fleet	958	1169	1514	455	464	478	187	219	251
	Fleet	1054	1286	1665	501	511	526			
16	Non-Fleet	1336	1630	2111	640	653	672	261	306	350
	Fleet	1470	1793	2323	704	718	739			
17	Non-Fleet	1128	1376	1782	540	551	567	220	258	296
	Fleet	1241	1514	1961	594	606	624			
18	Non-Fleet	945	1153	1493	450	459	473	184	216	248
	Fleet	1040	1269	1643	495	505	520			
19	Non-Fleet	895	1092	1414	428	437	449	175	205	234
	Fleet	985	1202	1556	471	480	495			
20	Non-Fleet	1040	1269	1643	498	508	523	203	238	272
	Fleet	1144	1396	1808	548	559	575			
21	Non-Fleet	1077	1314	1702	513	523	539	210	247	282
	Fleet	1185	1446	1872	564	575	592			
22	Non-Fleet	1040	1269	1643	495	505	520	203	238	272
	Fleet	1144	1396	1808	545	556	572			
23	Non-Fleet	895	1092	1414	428	437	449	175	205	234
	Fleet	985	1202	1556	471	480	495			
24	Non-Fleet	832	1015	1315	398	406	418	162	191	218
	Fleet	915	1116	1446	438	447	460			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

SCHOOL AND CHURCH BUSES

Terr	Class	Bodily Injury Limit			Property Damage Limit			Medical Payments Limits		
		25/50	50/100	100/300	15	25	50	500	1000	2000
		Limit Code			Limit Code			Limit Code		
		46	49	52	03	05	08	1	3	4
11	Non-Fleet	111	135	175	101	103	106	27	31	36
	Fleet	122	149	193	111	113	117			
12	Non-Fleet	172	210	272	155	158	163	41	49	56
	Fleet	189	231	299	171	174	180			
13	Non-Fleet	143	174	226	130	133	137	34	40	46
	Fleet	157	192	248	143	146	150			
14	Non-Fleet	146	178	231	132	135	139	35	41	47
	Fleet	161	196	254	145	148	152			
15	Non-Fleet	122	149	193	109	111	114	29	34	40
	Fleet	134	163	212	120	122	126			
16	Non-Fleet	170	207	269	154	157	162	41	48	55
	Fleet	187	228	295	169	172	177			
17	Non-Fleet	143	174	226	130	133	137	34	40	46
	Fleet	157	192	248	143	146	150			
18	Non-Fleet	120	146	190	108	110	113	29	34	39
	Fleet	132	161	209	119	121	125			
19	Non-Fleet	114	139	180	103	105	108	27	32	37
	Fleet	125	153	198	113	115	119			
20	Non-Fleet	132	161	209	119	121	125	32	37	43
	Fleet	145	177	229	131	134	138			
21	Non-Fleet	137	167	216	123	125	129	33	39	44
	Fleet	151	184	239	135	138	142			
22	Non-Fleet	132	161	209	119	121	125	32	37	43
	Fleet	145	177	229	131	134	138			
23	Non-Fleet	114	139	180	103	105	108	27	32	37
	Fleet	125	153	198	113	115	119			
24	Non-Fleet	106	129	167	95	97	100	25	30	34
	Fleet	117	143	185	105	107	110			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

ALL OTHER BUSES

Terr	Class	Bodily Injury Limit			Property Damage Limit			Medical Payments Limit		
		25/50	50/100	100/300	15	25	50	500	1000	2000
		Limit Code						Limit Code		
		46	49	52	03	05	08	1	3	4
11	Non-Fleet	1056	1288	1668	319	325	335	149	173	196
	Fleet	1162	1418	1836	351	358	369			
12	Non-Fleet	1634	1993	2582	492	502	517	230	268	304
	Fleet	1797	2192	2839	541	552	568			
13	Non-Fleet	1360	1659	2149	410	418	431	192	223	253
	Fleet	1496	1825	2364	451	460	474			
14	Non-Fleet	1383	1687	2185	418	426	439	195	227	257
	Fleet	1521	1856	2403	460	469	483			
15	Non-Fleet	1155	1409	1825	346	353	363	163	189	215
	Fleet	1271	1551	2008	381	389	400			
16	Non-Fleet	1611	1965	2545	486	496	510	227	264	300
	Fleet	1772	2162	2800	535	546	562			
17	Non-Fleet	1360	1659	2149	410	418	431	192	223	253
	Fleet	1496	1825	2364	451	460	474			
18	Non-Fleet	1140	1391	1801	342	349	359	161	187	212
	Fleet	1254	1530	1981	376	384	395			
19	Non-Fleet	1079	1316	1705	325	332	341	152	177	201
	Fleet	1187	1448	1875	358	365	376			
20	Non-Fleet	1254	1530	1981	378	386	397	177	206	233
	Fleet	1379	1682	2179	416	424	437			
21	Non-Fleet	1300	1586	2054	390	398	410	183	213	242
	Fleet	1430	1745	2259	429	438	450			
22	Non-Fleet	1254	1530	1981	376	384	395	177	206	233
	Fleet	1379	1682	2179	414	422	435			
23	Non-Fleet	1079	1316	1705	325	332	341	152	177	201
	Fleet	1187	1448	1875	358	365	376			
24	Non-Fleet	1003	1224	1585	302	308	317	141	164	187
	Fleet	1103	1346	1743	332	339	349			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

VAN POOLS

Terr	Class	Bodily Injury Limit			Property Damage Limit			Medical Payments Limits		
		25/50	50/100	100/300	15	25	50	500	1000	2000
		Limit Code						Limit Code		
		46	49	52	03	05	08	1	3	4
11	Non-Fleet	111	135	175	134	137	141	34	41	45
	Fleet	122	149	193	147	150	154			
12	Non-Fleet	172	210	272	207	211	217	53	64	70
	Fleet	189	231	299	228	233	239			
13	Non-Fleet	143	174	226	173	176	182	44	53	58
	Fleet	157	192	248	190	194	200			
14	Non-Fleet	146	178	231	176	180	185	45	54	59
	Fleet	161	196	254	194	198	204			
15	Non-Fleet	122	149	193	146	149	153	38	45	50
	Fleet	134	163	212	161	164	169			
16	Non-Fleet	170	207	269	205	209	215	53	63	69
	Fleet	187	228	295	226	231	237			
17	Non-Fleet	143	174	226	173	176	182	44	53	58
	Fleet	157	192	248	190	194	200			
18	Non-Fleet	120	146	190	144	147	151	37	45	49
	Fleet	132	161	209	158	161	166			
19	Non-Fleet	114	139	180	137	140	144	35	42	46
	Fleet	125	153	198	151	154	159			
20	Non-Fleet	132	161	209	159	162	167	41	49	54
	Fleet	145	177	229	175	179	184			
21	Non-Fleet	137	167	216	164	167	172	42	51	56
	Fleet	151	184	239	180	184	189			
22	Non-Fleet	132	161	209	158	161	166	41	49	54
	Fleet	145	177	229	174	177	183			
23	Non-Fleet	114	139	180	137	140	144	35	42	46
	Fleet	125	153	198	151	154	159			
24	Non-Fleet	106	129	167	127	130	133	33	39	43
	Fleet	117	143	185	140	143	147			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

GARAGES

		Bodily Injury Limit			Property Damage Limit		
		25/50	50/100	100/300	15	25	50
Territory	Class	Limit Code			Limit Code		
		46	49	52	03	05	08
11	Dealers	258	315	408	262	267	275
12	Dealers	400	488	632	405	413	425
13	Dealers	333	406	526	338	345	355
14	Dealers	339	414	536	343	350	360
15	Dealers	282	344	446	286	292	300
16	Dealers	394	481	623	400	408	420
17	Dealers	333	406	526	337	344	354
18	Dealers	279	340	441	283	289	297
19	Dealers	263	321	416	267	272	280
20	Dealers	307	375	485	311	317	327
21	Dealers	317	387	501	322	328	338
22	Dealers	306	373	483	310	316	326
23	Dealers	263	321	416	267	272	280
24	Dealers	245	299	387	248	253	260

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

October, 2009

2009 COMMERCIAL AUTOMOBILE INSURANCE RATE FILING
BY THE NORTH CAROLINA REINSURANCE FACILITY

- Q. Would you state your full name and business address?
- A. Raymond F. Evans, Jr., CPCU, 5401 Six Forks Road, Raleigh, North Carolina 27609.
- Q. Are you employed by the North Carolina Reinsurance Facility ("Facility")?
- A. Yes.
- Q. In what capacity?
- A. I am the General Manager.
- Q. How long have you been employed by the Facility?
- A. Since September, 2000.
- Q. What is the Facility's function with respect to rates for commercial automobile insurance?
- A. The Facility makes rates for commercial automobile liability insurance written in North Carolina that is ceded to the Facility.
- Q. Would you summarize your educational background?
- A. I graduated from Ohio State University with a Bachelor of Science Degree in Accounting. I am also a Chartered Property and Casualty Underwriter.
- Q. What was your work experience after graduation and prior to beginning work for the Facility?

- A. From March 1966 to August 2000 I worked in various capacities with the State Automobile Insurance Companies.
- Q. Can you identify the document (Exhibit RF-1) dated October 23, 2009?
- A. Yes. This is a portion of a filing ("Filing") that is dated October 23, 2009, submitted by the Facility to the Honorable Wayne Goodwin, Commissioner of Insurance, with respect to revised commercial automobile liability insurance rates in North Carolina for ceded business. The entire Filing is comprised of Exhibits RF-1 through RF-6.
- Q. Do you know how the expense data underlying the Filing were compiled?
- A. Yes. The underwriting expense provisions included in the Filing were derived on the basis of a special call for expense experience that is issued on an annual basis to all member companies of the Facility. The responses received from that special call were compiled, checked and furnished to Insurance Services Office ("ISO") for incorporation into the Filing. The expense data were checked, reconciled and edited before they were sent to ISO for use in the Filing.
- Q. Was the special call information which was furnished to ISO in connection with the Filing correct and accurate to the best of your knowledge, information and belief?
- A. Yes.
- Q. Can you identify the document (Exhibit RF-2) entitled the North Carolina Reinsurance Facility Commercial Automobile Manual of Rules and Rates?
- A. Yes. The North Carolina Reinsurance Facility Commercial Automobile Manual of Rules and Rates is a manual of the rules, rates and classifications used to write commercial automobile liability insurance ceded to the Facility. This manual and any approved amendments are on file with the North Carolina Department of Insurance and a copy is maintained at the offices of the Facility.
- Q. To the extent that actuarial expertise was necessary in the preparation of this Filing, where did the Facility obtain that expertise?

- A. Actuarial expertise was obtained from ISO. The Facility's Rating Committee reviewed the data underlying the Filing and made recommendations to the Board of Governors of the Facility as to the items contained in the Filing. 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 is a single effective date rule. The new rates will apply to all policies becoming effective on or after March 1, 2010.
- Q. Does the Filing include, to the extent available, the information to be furnished in connection with the filings under Article 37 of Chapter 58 of the General Statutes?
- A. Yes. Those data that were available have been submitted to the Commissioner as part of the Filing.
- Q. Does that complete your prefiled testimony?
- A. Yes.

PRE-FILED TESTIMONY

OF

MARK WHITMAN

COMMERCIAL AUTOMOBILE INSURANCE RATE FILING
BY THE NORTH CAROLINA REINSURANCE FACILITY

October, 2009

Q. Please state your name and business address.

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

Q. By whom are you employed?

A. I am employed by Insurance Services Office ("ISO") and have been employed by ISO since June 23, 1975.

Q. What are your responsibilities at ISO?

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

ISO performs experience reviews for the Commercial Automobile coverage in virtually all states plus the District of Columbia and Puerto Rico.

Q. What is your employment background?

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

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

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

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

A. As part of my duties at ISO, I am familiar with data collection and experience review procedures in use in states other than North Carolina. I have participated in filings for Commercial Automobile for many states. I am responsible at the present time for either preparing or supervising the preparation of rate filings for all the states, the District of Columbia and Puerto Rico for which ISO has jurisdiction as an advisory organization.

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

A. Through ISO, I have been involved in the preparation of the Commercial Automobile rate filing for the Reinsurance Facility in two respects. First, we collect rate-related statistical data from a significant number of the companies which write Commercial Automobile insurance in North Carolina. The Property Casualty Insurers Association of America ("PCI") is the statistical organization which collects data from the other companies. The data which the PCI collects are

sent to us at ISO and we compile all of the data and put them in proper format so that they can be reviewed to determine whether rates are adequate or inadequate. Second, we provide consulting actuarial services directly to the Reinsurance Facility. My staff and I worked closely with the North Carolina Reinsurance Facility staff and the NCRF Rating Committee with respect to the ratemaking procedures and trends which are utilized in the filing. The Rating Committee is comprised of several member companies of the Facility plus one of the agent members of the Facility's Board of Governors.

Q. What is the nature of this filing labeled Exhibits RF-1 through RF-6?

A. The Reinsurance Facility's filing is identified as Exhibits RF-1 through RF-6. The ratemaking experience is reflected in Exhibit RF-1 and is, in general, supplied by the individual companies. The data are submitted to one of the two statistical organizations (either ISO or PCI). The two statistical organizations subject the data that are reported to them to a series of verification edits and then consolidate the data. The PCI then transmits its consolidated data to ISO for further consolidation with the ISO data, and after that is completed ISO produces the combined data in a format and detail necessary for ratemaking.

This filing revises the North Carolina Reinsurance Facility basic limit rates and increased limits factors for Commercial Automobile bodily injury liability, property damage liability and medical payments. Separate filed amounts are determined for Trucks, Tractors, & Trailers, Garages, Private Passenger Types and Zone Rated Risks. The filed amounts by coverage, as shown on page a of Exhibit RF-1, are:

<u>Major Class</u>	Basic Limits	Increased Limits	<u>Combined</u>
	<u>Filed</u> <u>Change</u>	<u>Filed</u> <u>Change</u>	
Trucks, Tractors, & Trailers Liability			
Bodily Injury	-4.8%	-3.6%	-8.2%
Property Damage	-3.7%	0.4%	-3.3%
Combined	-4.4%	-2.2%	-6.5%

Garage Liability			
Bodily Injury	11.1%	-2.0%	8.9%
Property Damage	-6.2%	0.0%	-6.2%
Combined	3.3%	-1.1%	2.2%
Private Passenger Types			
Bodily Injury	-5.7%	-3.6%	-9.1%
Property Damage	-8.4%	0.7%	-7.8%
Combined	-6.6%	-2.1%	-8.6%
Zone Rated			
Bodily Injury	-7.6%	-4.1%	-11.4%
Property Damage	-6.9%	0.9%	-6.1%
Combined	-7.4%	-2.7%	-9.9%
Grand Total			
Bodily Injury	-3.6%	-3.3%	-6.8%
Property Damage	-4.2%	0.3%	-3.9%
Combined	-3.8%	-2.0%	-5.7%

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

A. The actuarial calculations assume an effective date of February 1, 2010. After the actuarial review was completed, we were requested to change the effective date of the filing to March 1, 2010. Due to the minimal effect of this change, the actuarial calculations were not revised to reflect this later date.

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

- A. With respect to Exhibit RF-1, the supporting data for the basic limit rate level changes for bodily injury liability and property damage liability are contained in Section B. Five years of premium and loss experience are used for each of the Trucks, Tractors, & Trailers, Garages, Private Passenger Types and Zone Rated coverages in Section B. The years are the latest available.

For the Trucks, Tractors, & Trailers and Private Passenger Types classes, the loss experience used in the filing is what we call "accident year" experience. The five years of experience used in the filing are the accident years ending December 31, 2003 to December 31, 2007. For 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 31, 2003 and resulted in either a loss being paid or reserve being established, that loss would be a part of the accident year losses for the period ended December 31, 2003. The test for assigning losses to accident years is the date the accident occurred.

For Garages and Zone Rated liability, the experience used in the filing is what we call "policy year" experience. The five years of experience used in the filing are the policy years ending December 31, 2003 to December 31, 2007. These five policy year-ending periods are sometimes referred to as policy years 2002 to 2006, as they consist of the policies issued in 2002 through 2006. For example, policy year 2002 experience consists of the experience for all policies issued from January 1, 2002 to December 31, 2002; the term policy year-ending 12/31/2003 comes from the fact that the expiration of these policies is one year after issue, so a policy issued on December 31, 2002 expires on December 31, 2003. Policy year compiles the experience based on the year the applicable policy was issued rather than the year the accident occurred.

- Q. How is Exhibit RF-1 arranged?

- A. Exhibit RF-1 is divided into nine sections. Sections A and B display the exhibits where the rate level changes are determined. Exhibit 1 of Section A shows the overall calculation of the basic limit rate level changes by major class and coverage. Exhibits 1, 2, 3, and 4 of Section B display the adjustment of the losses and calculation of the rate level loss ratios for Trucks, Tractors, and Trailers, Garages, Private Passenger Types and Zone Rated, respectively. Section C presents the exhibits of revised rates. Section D provides the supporting exhibits for loss development, trend,

expenses, credibility and investment income. Sections E, F, and G contain the analysis of Increased Limits Factors. Section H explains the revisions to the Trucks, Tractors, & Trailers classification plan. Section I shows how the revised rates for the Zone Rated Risks coverage were calculated.

Q. Mr. Whitman, please turn to the exhibit labeled Section B, Exhibit 1 of Exhibit RF-1. Would you explain what that exhibit is?

A. This exhibit consists of two sheets - 1&2 - which display the loss and premium data for the Trucks, Tractors, & Trailers liability coverages for the North Carolina Reinsurance Facility. Sheet 1 displays the calculation of the rate level loss ratio for bodily injury and property damage coverages for the Trucks, Tractors, & Trailers classes. Sheet 2 displays the adjustment of the experience period incurred losses and loss adjustment expenses to be used on Section B, Exhibit 1, Sheet 1. The data shown is for ceded business. It is the experience on policies which are placed in the Reinsurance Facility.

My testimony will concentrate on the calculations underlying the Trucks, Tractors, & Trailers bodily injury coverage on this exhibit. This is done to simplify the explanations and to provide examples of the calculations in the filing. Although I will be focusing my testimony on the Trucks, Tractors, & Trailers bodily injury coverage, the concepts and explanations apply to the other classes and coverages unless stated otherwise.

Q. Column (1) on Section B, Exhibit 1, Sheet 1 for bodily injury contains a reference to "30/60/25". What does that mean?

A. These are the minimum bodily injury and property damage liability policy limits which are needed to comply with the financial responsibility laws in North Carolina. What we are doing in this section of the filing is calculating the rate change that is needed for this "basic limits" coverage. For the purpose of the filing we assume that losses are "capped" at these basic limits and that the premium which is charged is the premium for the basic limits coverage at existing rates. What this means is that the indicated rate change we get from the calculation is the actuarially sound rate assuming all the ceded risks purchased basic limits coverage. To the extent

these risks buy higher limits, there is a separate procedure which is followed to determine what the additional premium should be for the additional policy limits. This is detailed in Sections E, F, and G. The use of the "basic limits" premiums and losses for the purpose of determining statewide average rates is a proper procedure to be followed and is widely accepted. To illustrate how it works, assume that a risk bought a policy with 100/300 bodily injury policy limits and had an accident which caused the risk's insurer to make a payment to a claimant of \$75,000. The premium which is shown in column 1 is the premium which the policy would have cost the risk at today's rates assuming that the risk had bought only the 30/60 basic limits. The unadjusted losses which are shown in row 1 of this exhibit, sheet 2 would include only \$30,000 as opposed to the \$75,000 total loss.

- Q. Referring again to column 1, Section B, Exhibit 1, Sheet 1 entitled "Earned Premium at Present Rates," what does the figure \$9,253,889 represent and how was it determined?
- A. It represents the total amount of premium which would have been paid by Facility policyholders for basic limits Trucks, Tractors, & Trailers bodily injury coverage for accident year ending 12/31/2007 if current Facility rates had been in effect. It is calculated by extending the exposures at the current Facility rates.
- Q. Are the earned premium at present rates for the other classes and coverages calculated in the same manner?
- A. The earned premiums at present rates for Trucks, Tractors, & Trailers property damage, Private Passenger Types bodily injury and property damage, and Zone Rated bodily injury and property damage are calculated in the same manner. The earned premiums at present rates for Garages are on a total limits basis.
- Q. Turning to row 1 on Sheet 2 of this exhibit under the bodily injury column, what are "incurred losses and allocated loss adjustment expenses"?
- A. The incurred losses in row 1 are the losses resulting from accidents which occurred during the one year period ending December 31, 2007 or one of the preceding one-year periods, as noted.

These figures include both losses which have already been paid as well as losses which are not yet paid and are represented by outstanding claim reserves. The figure also includes allocated loss adjustment expenses. Allocated loss adjustment expenses are expenses which relate to a specific claim. For example, the fees which an insurance company pays to attorneys to defend a claim or to outside adjusters to investigate that claim would be classified as allocated loss adjustment expenses. On the other hand, adjustment-related expenses which cannot be identified to a specific claim are called unallocated loss adjustment expenses. An example of this would be the salaries and overhead associated with operating a company's in-house claims department. Allocated loss adjustment expenses are included in the row 1 figures; unallocated loss adjustment expenses are not.

Q. Have the losses and allocated loss adjustment expenses as reported by the companies been adjusted in any way?

A. Yes, there are several adjustments. First, as I mentioned earlier, ratemaking is done on a basic limits basis. For that reason we adjust the reported losses by eliminating those losses which exceed the amount which would have been paid had the policy limits been 30/60. The second adjustment results from the use of a loss development factor. Third is the inclusion of unallocated loss adjustment expense. Finally, trend is applied to the reported losses.

Q. What is the purpose of adjusting the reported losses by applying a loss development factor?

A. Reported losses need to be adjusted for loss development in order to appropriately reflect the late emergence of claims as well as changes in the value of known claims. This is accomplished through the use of loss development factors. For Trucks, Tractors, & Trailers, the losses as they are reported to ISO and PCI cover all accidents which occurred during the year-ended periods 12/31/2003 to 12/31/2007. When they are reported they are evaluated as of March 31, 2008. As of this date, some of the losses have already been paid and some have not, i.e., they are represented by loss reserves. The loss reserves, of course, are estimates of what will ultimately be paid on these outstanding claims. Since we want the estimates to be as accurate as possible, we look at history to see how losses have changed, or "developed," in the past from the time they were initially reported to the time they were ultimately paid. For example, if we look back and

see that historically there has been a 1% increase in the amount of losses from the time they were initially reported as reserves until the time they were ultimately paid, we would logically assume that the same development pattern will hold true for losses incurred during future accident years. Accordingly we would make an adjustment by increasing the losses as they are initially reported by 1%.

Q. What causes losses to change or develop as you have described?

A. The losses which are paid as of the date of the initial reporting, of course, do not change. As to the reserve portion of the losses, however, changes would typically result from the fact that the ultimate loss payments are more or less than estimated at the time of the initial report. Another factor would be the late reporting of claims. For example, if an accident occurred on December 26 of any given year and for some reason was not reported to the company in a timely fashion, it might very well be that the losses as initially reported would not include any provision for that particular claim. By the time of the next year's evaluation, however, the claim would have worked its way into the system and the total loss would include either the paid amount or the reserved amount for that particular claim. This would cause an upward development in the losses as initially reported.

Q. Would you please turn to Exhibit 1 of Section D of Exhibit RF-1 and explain how the loss development factors for Trucks, Tractors, & Trailers bodily injury and property damage were calculated?

A. The Trucks, Tractors, & Trailers bodily injury and property damage loss development factors are calculated on Sheets 1 through 7 of this Exhibit. The data is North Carolina only experience reported to ISO for Facility and voluntary business. Link ratios for several twelve month periods have been calculated and then the "best three of five" method is used to determine the three year link ratio average. Specifically, the highest and lowest link ratios from the latest five years have been removed from the calculation and the remaining three ratios are used to calculate the three year average. The Facility and voluntary factors are then credibility weighted and the resulting link ratio averages are then multiplied to produce loss development factors to ultimate settlement. The ultimate settlement is assumed to be 123 months.

Q. Mr. Whitman, you mentioned that voluntary and Facility data was used in determining loss development factors even though this revision pertains to a revision of Facility rates. Can you explain the reasoning for this?

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

Q. Are the incurred losses for the other classes and coverages determined in the same manner as you just testified for the Trucks, Tractors, & Trailers bodily injury and property damage coverages?

A. This same procedure is used to calculate the Private Passenger Types basic limit loss development factors. For Garages basic limits and for Trucks, Tractors, & Trailers, Private Passenger Types, and Garages total limits, however, only ISO Facility data is used. This is because Facility data showed significantly different development patterns than voluntary data for these coverages. Zone Rated basic and total limit loss development factors are calculated using combined voluntary and Facility data because the volume of Facility only data is not credible. Also, the Garages and Zone Rated risks incurred losses are adjusted by loss development factors based on policy year experience. However, the concepts underlying the adjustments are the same.

Q. Do you have an opinion as to whether the incurred losses for all the classes and coverages in the filing which are shown in row 2 of sheet 2 of Exhibits 1, 2, 3, & 4 of Section B accurately represent the ultimate value of liability losses and allocated loss adjustment expense?

A. Yes, I do.

Q. What is that opinion?

- A. I believe that the losses and allocated loss adjustment expenses shown on row 2 of Sheet 2 of Exhibits 1, 2, 3, & 4 of Section B do accurately represent the expected ultimate value of those losses.
- Q. Please refer to row 3 of section B, Exhibit 1, Sheet 2. With reference to the column headed "Bodily Injury", please tell us what the figure \$619,301 represents.
- A. These are the unallocated loss adjustment expenses associated with accidents that occurred in the accident year ended December 31, 2007. As I explained earlier, unallocated loss adjustment expenses are those loss adjustment expenses which cannot be attributed on an accident-by-accident basis. As to the number itself, footnote (B) notes that it is 10.1% of the figure shown in row 2 - incurred losses and allocated loss adjustment expense. Each year a special call is sent to the Facility's member companies for expense-related data. The most recent special call showed that unallocated loss adjustment expenses for the calendar year ended December 31, 2008 were 10.1% of incurred losses and allocated loss adjustment expenses for the same period. Thus it is reasonable and appropriate to use the same 10.1% figure to arrive at the unallocated loss adjustment expense in row 3 of this Exhibit.
- Q. Have you reviewed the compilation of the expense data furnished by the Facility's member companies in response to the special call?
- A. Yes, I have. When we get the expense information from the Reinsurance Facility, we routinely review it for reasonableness.
- Q. Are loss adjustment expenses for property damage coverages calculated in the same manner that you testified with respect to the bodily injury coverages?
- A. The same procedures are utilized. Again, the appropriate factor for each coverage is utilized in the filing. These factors are set forth in footnote (B) of Sheet 2 of Section B, Exhibits 1, 2, 3, & 4.

Q. Do you have an opinion as to the reasonableness and reliability of the loss adjustment expenses set forth in row 3 of Section B, Exhibits 1, 2, 3, & 4, Sheet 2?

A. Yes, I do.

Q. What is that opinion?

A. In my opinion the figures shown in row 3 for each of the classes and coverages and years in the filing are reasonable and reliable.

Q. Referring again to Section B, Exhibit 1, Sheet 2, please explain what is meant by row 4 -- Average Annual Change in Loss Ratios.

A. Using the assumed February 1, 2010 effective date, what we are doing in the filing is making rates to cover policies issued during the period February 1, 2010 to January 31, 2011. In order to do that, it is necessary to project the amount of losses which will be covered under policies issued during that period. Since we know that losses change because of such things as changes in accident frequency and changes in injury and damage costs, it would not be appropriate to assume that the losses covered under these policies will be the same as the losses which are shown in row 2 for the accident years ended 12/31/2003 to 12/31/2007. The purpose of row 4 is to trend the losses which are shown in row 2 to the anticipated level for policies issued in the 02/01/2010 - 01/31/2011 period. Row 4 shows what is generally referred to as the trend factor. It is the anticipated annualized rate of change in losses. For the bodily injury liability coverage, the annual factor is -2.1% per year. In order to apply that annual trend to policies to be written under the new rates, the trend is applied over a period from 7.583 years for the 12/31/2003 experience to 3.583 years for the 12/31/2007 experience, as shown in footnote (C). Mathematically, this is done by raising the factor of 0.979 to the 7.583 power, or the power for the appropriate year. This gives you the total amount of the trend projection.

Q. What components does the average annual change in losses include?

- A. The average annual change in losses, which is also known as the average annual change in "pure premium," can be divided into two components. The first is the average annual change in claim frequency, and the second is the average annual change in claim cost.
- Q. What are the changes in these two components which have been used for the bodily injury liability coverage in the filing?
- A. For the bodily injury liability coverage, the filing uses an average annual change in claim cost of 2.0% for basic limits and 5.0% for total limits, and an average annual change in claim frequency of -4.0%. These percentages are shown in Section D, Exhibit 2 of Exhibit RF-1.
- Q. How were the average annual changes in claim cost and claim frequency determined?
- A. They were determined by an analysis of past experience, separately for claim cost and claim frequency. For claim cost, trend lines, which are technically referred to as exponential curves, were determined for several different time intervals in order to determine what the actual changes have been in the recent past. The data from which the trends were calculated are the cost data for ISO companies writing Commercial Automobile voluntary insurance in North Carolina as well as multistate data. These data are what we generally refer to as "internal trend" data. After making these calculations to determine what the past changes in loss severity have been, we analyzed the historical trends and considered other relevant factors which would affect our judgment as to whether those historical trends are likely to continue into the future. Based on that review and analysis, the Rating Committee exercised its informed judgment and selected the severity trends which are utilized in the filing. Historically, frequency trend for commercial auto liability has been quite variable, often cyclical in nature. As a result, an exponential curve like the one used for severity trend does not fit the data well over the long term. Frequency trend is being selected to be -4.0% for bodily injury and -2.0% for property damage to reflect the recent pattern in frequency trend as well as the economic environment. The claim cost and claim frequency data are shown in Section D, Exhibit 2.
- Q. In your opinion, are the annual loss trends used in the filing reasonable estimates of the prospective annual changes in losses in North Carolina?

A. Yes, they are.

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

A. The average annual change in expenses of +3.0% represents the appropriate prospective change in general expenses, other acquisition expenses and unallocated loss adjustment expenses. These expenses are treated as fixed expenses and do not vary in direct relationship to the actual premium dollars. These expenses represent salaries, overhead, rents and other expenses that should vary according to general economic trends and not as a direct function of how premium increases or decreases. For example, commissions are calculated as a percent of premium. If the premium rate goes up a certain percentage, the dollars of commission go up by the same percentage. On the other hand, the salary paid to an employee in the Home Office, which is a part of general expenses or other acquisition expenses, is not directly tied to premium. Just because premium may go up 10% does not mean that the employee's salary will go up 10%. The salary will be influenced by general economic trends and not by what the premium level is doing. That is why general expenses, other acquisition expenses and unallocated loss adjustment expenses are treated differently from those expenses that vary as a function of premium in this filing.

Q. Would you explain the derivation of the +3.0% factor in row 5?

A. The +3.0% factor is based on an analysis of the latest average annual change in the All Items CPI (both including and excluding energy), and the Compensation Cost Index. The Rating Committee included the analysis using the All Items CPI (excluding energy) this year because it was concerned that the recent volatility in energy prices has made the All Items CPI more volatile and therefore less valuable as a predictor of future costs. A 50/50 weighting of the All Items CPI and the Compensation Cost Index is utilized to estimate changes in these expenses. The data are shown in Section D, Exhibit 3 of Exhibit RF-1. Based on an analysis of this data, a selected factor of +3.0% is quite reasonable.

Q. Would you explain row 6 of Section B, Exhibit 1, Sheet 2 labeled "trended losses and loss adjustment expenses"?

A. The figures in row 6 are calculated by applying trend factors to the developed losses and allocated loss adjustment expenses in row 2 and the unallocated loss adjustment expenses in row 3. The trend factors are based on the selected annual trends shown in rows 4 and 5 raised to the appropriate power. The trended loss and loss adjustment expenses are the loss and loss adjustment expenses expected to prevail for policies issued in the one year period 02/01/2010 to 01/31/2011. These loss and loss adjustment expenses are then used in Section B, Exhibit 1, Sheet 1 to calculate the loss and loss adjustment ratios in column 3.

Q. Turning back to Section B, Exhibit 1, Sheet 1, how are the loss and loss adjustment ratios in column 3 used?

A. These loss and loss adjustment ratios are used in a series of steps to calculate the rate level loss ratio shown in row 10. We use five years of Facility experience to calculate the rate level loss ratio in order to ensure stable indications. The table of weights used in weighting these loss and loss adjustment ratios is shown on Section D, Exhibit 5. Whenever appropriate, we assign a greater weight to the latest year. The weights used for the Trucks, Tractors, & Trailers classes are shown in column 4 of Section B, Exhibit 1, Sheet 1. The resulting weighted loss and loss adjustment ratios are shown in row 6. The next step in calculating the rate level loss ratio is accounting for the credibility of the experience. Credibility is based upon the five year total of claims for the coverage. The standard for full credibility is 1084 claims for Trucks, Tractors, & Trailers and Private Passenger Types and 683 for Garages risks. The tables for determining partial credibility are shown in Section D, Exhibit 5. The weighted loss and loss adjustment ratios are assigned credibility based on these tables. The complement of credibility is assigned to the adjusted expected loss ratio shown in row 8. For the Trucks, Tractors, & Trailers classes, the number of claims exceeds the full credibility standard so a credibility of 1.00 is given to the weighted loss and loss adjustment ratio in row 6. This results in the rate level loss ratios in row 10 being equal to the weighted loss and loss adjustment ratios in row 6.

- Q. Would you explain the purpose of row 7 - "expected loss ratio" and row 8 - "adjusted expected loss ratio" more fully?
- A. The expected loss ratio is the percentage of the premium dollar you will have available to pay for loss and loss adjustment expenses. The adjusted expected loss ratio represents what you would expect the loss and loss adjustment expense ratio to be without benefit of any later experience since the last filing. It is calculated by applying the average combined loss and loss adjustment expense trend factor to the expected loss ratio.
- Q. What is the source of the expense provisions shown in footnote (C) on Section B, Exhibit 1, Sheet 1?
- A. They were calculated from the North Carolina Special Expense Call for 2008 data. We used the expense ratios collected under the special call with two exceptions. For commissions, a 10% provision is used for Trucks, Tractors, & Trailers, Garages and Private Passenger Types since there is only a 10% commission allowance for Facility business. For Garages, an additional 3% provision is added to the general expense provision to account for expenses specific to these classes, that is, expenses due to inspection costs and auditing of exposures. This percentage is a reasonable and historically accepted estimate of the additional expense incurred in writing and servicing a garage policy. The general expense provisions for the other classes of business were reduced so that, overall, the general expense provisions used average to the provisions indicated by the special call.
- Q. What is the significance of the rate level loss ratio shown for Trucks, Tractors, & Trailers bodily injury in row 10 of Section B, Exhibit 1, Sheet 1?
- A. The figure of 0.741 means that losses and loss adjustment expenses will be lower than premium income by 25.9%. This means the Facility would make 25.9 cents on every premium dollar before considering commissions, other acquisition costs, general expense and taxes, licenses and fees. The rate level loss ratio is used on Exhibit 1 of Section A to determine the rate level indications after accounting for the remaining expenses and the investment income of the Facility.

Q. Referring now to Exhibit 1 of Section A, would you explain how the rate level loss ratio is used?

A. The rate level loss ratio in row 1 of Section A, Exhibit 1 is added to the trended fixed expense ratio in row 2 and the sum is displayed in row 3. The resulting ratio accounts for losses, loss adjustment expenses, other acquisition costs and general expenses.

Q. Would you explain the trended expense ratio?

A. The trended expense ratio is the sum of the expense provisions for other acquisition costs and general expenses adjusted for 2.08 years of trend. The assumption underlying this ratio is that these expenses are adequately provided for at this time but need to be adjusted to reflect the appropriate level for the prospective period. As I mentioned earlier in my testimony, other acquisition costs and general expenses are treated as fixed expenses and do not vary in direct relationship to the actual premium dollars. As stated in footnote (a) on Exhibit 1, the calculation of the trended expense ratio uses an average annual expense trend of +3.0%. Earlier in my testimony, I explained the derivation of this trend factor.

Q. What is the significance of the ratio 0.891 shown on row 3 for Trucks, Tractors, & Trailers bodily injury of Section A, Exhibit 1?

A. This ratio means that the Facility would make 10.9 cents on every premium dollar before considering the remaining expenses - commissions and taxes, licenses and fees - and before reflecting investment income.

Q. Would you explain the ratio 0.870 on row 4 labeled "expected loss ratio + expected fixed expense ratio"?

A. This ratio represents the percentage of the premium dollar available to cover losses, loss adjustment expenses, other acquisition costs and general expenses. Mathematically, it is calculated as 1.00 minus the provision for commissions (which is 10%) and taxes, licenses and fees (3.0%).

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

A. Rows 5 and 6 of Section A, Exhibit 1 display the results of the calculated rate level changes. Row 5 shows the calculation of the rate level change without reflecting investment income; row 6 is the same calculation but with the reflection of investment income. Basically, the rate level indication without reflecting investment income results from the comparison of the projected loss and fixed expense ratio shown on row 3 to the provision for losses and fixed expenses shown on row 4. Investment income is reflected by modifying the provision in row 4. We use an investment income provision of 6.63%, the derivation of which I will discuss later in my testimony. Mathematically, this investment income provision of 6.63% is added to the expected loss and fixed expense provision of 87.0% to obtain a provision of 93.63% available to cover losses and fixed expenses. The indicated rate level changes reflecting investment income result from the comparison of the projected loss and fixed expense ratio on row 3 to this provision of 93.63%. For Trucks, Tractors, & Trailers bodily injury, the projected loss & fixed expense ratio of 0.891 is less than 0.9363 and thus indicates a rate level change (after reflecting investment income) of -4.8%.

Q. Are the remaining calculations for the other classes and coverages on Section A, Exhibit 1, performed in essentially the same manner as the 30/60 Trucks, Tractors, & Trailers bodily injury coverage?

A. Yes.

Q. What is the effect of investment income on the indications?

A. The reflection of the 6.63% investment income provision decreased the indicated rate level need for Trucks, Tractors, & Trailers bodily injury liability by 7.2 percentage points overall.

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

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

Q. Would you explain the calculations?

A. Part A in Sheet 1 is the determination of the average unearned premium reserve for the ceded liability coverages for the State of North Carolina. Line 1 gives the earned premium for the calendar year ended December 31, 2008. From the earned premium the mean unearned premium reserve is calculated. The portion of the earned premium that is held as unearned premium reserve is determined from the average unearned premium reserve for the year 2006. In this case, the mean unearned premium reserve is 44.1% of the earned premium. You must then deduct prepaid expenses since these prepaid dollars would not be available to earn investment income.

For Commission and Brokerage expense, 100% of the expense provision is considered pre-paid. For Taxes, Licenses and Fees, 83% is considered pre-paid, and for Other Acquisition expense and Company Operating expense, one-half is considered pre-paid.

Line A-5 shows the amount of unearned premium reserves that were available for investment.

Part B calculates the impact that the delayed remission associated with the lag in the transfer of funds to the companies has on funds available for investment. The average agents balance is 18.8% of premiums. The calculation of this 18.8% is shown in the explanatory notes. The average agents balance includes amounts that have been booked as written premiums but have not been paid by insureds due to installment premium plans.

Part C shows the calculations of the expected mean loss reserves held by the companies. Line C-2 entitled Expected Incurred Losses and Loss Adjustment Expenses is based upon the expense provisions utilized in the filing. The expected mean loss reserve in line C-3 is based upon the 2006 and 2007 ratios of mean loss reserves to incurred losses for commercial auto data only.

Part D adds up the unearned premium reserves subject to investment and the loss reserves subject to investment and backs out the amount that is not invested due to delayed remissions. This gives you the total amount of unearned premium reserves and loss and loss expense reserves available for investment.

Once you have determined how much is available for investment, you then apply the average investment return to determine total investment earnings. This estimate was provided to us by the Facility. Line E shows an average rate of return of 3.76%.

Applying the yield in line E to the net subject to investment in line D gives you the total investment earnings in North Carolina. Line G merely relates the total earnings to the earned premium in line A-1 to show a yield of 6.63% as a percent of earned premium.

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

A. Yes.

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

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

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

A. Section C derives the proposed Facility territory base rates and presents the exhibits of revised Facility manual rate pages. Exhibit 2 refers to the Trucks, Tractors, & Trailers and related classes. Exhibit 3 refers to the Garages classes, Exhibit 4 refers to the Private Passenger Types

classes and Exhibit 5 refers to the Zone Rated classes. The first two sheets of each of these exhibits present the calculations of the revised territory base rates. Sheet 1 derives the territory base rates for 30/60 bodily injury coverage; Sheet 2 derives the territory base rates for \$25,000 property damage coverage.

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

A. Exhibit 1 summarizes the standard relativities used for determining revised rates for medical payments coverage and public automobile bodily injury and property damage liability coverage. This exhibit also summarizes the procedure for calculating the revised rates for hired cars coverage.

Q. Turning to Exhibit 2, Sheet 1 of Section C, would you explain the calculations on this exhibit?

A. This exhibit displays the calculations underlying the revised Facility territory base rates for Trucks, Tractors, & Trailers 30/60 bodily injury liability coverage. The revised Facility base rates are based upon the voluntary territory relationships that became effective on 11/1/2009. We base the revised Facility rates on the voluntary relationships because of the larger volume of voluntary experience and because we continue to believe, as we have in the past, that it is reasonable to assume that the Facility territory experience mirrors the voluntary territory relationships. Column 2 displays the voluntary base loss costs by territory in effect on that date. Column 4 displays these voluntary territory base loss costs indexed to the overall statewide average voluntary base loss cost. This index in column 4 is applied to the revised overall statewide average Facility base rate shown in the footnote. As an example, the revised rate for territory 11 is calculated by multiplying the index of 0.945 shown in column 4 by the overall statewide average base rate of 144.1184. The result of this calculation is \$136.192 shown in column 5; rounding column 5 to the nearest whole dollar yields a revised base rate for territory 11 of \$136 as shown in column 6. Column 7 shows the base rate change by territory. It is calculated by dividing column 6 by column 3.

Q. Are the revised Facility territory base rates for the other classes and coverages determined in a manner similar to the Trucks, Tractors, & Trailers bodily injury base rates?

A. Yes, they are, for Garages and Private Passenger Types. For Zone Rated risks, the current relationship between zone to zone factors used in the voluntary market was introduced and the indicated bodily injury and property damage rate changes were applied. Refer to Section I.

Q. Do you have an opinion as to whether the data utilized and the method of calculating the filed rate level changes contained in the filing are sound and actuarially reliable and if so, what is that opinion?

A. Yes. In my opinion they are sound and actuarially reliable.

Q. Do you have an opinion as an actuary as to whether the filed basic limit rate level changes are fully justified and, if so, what is that opinion?

A. Yes. In my opinion they are fully justified.

Q. Please describe Sections E-G of Exhibit RF-1.

A. The Reinsurance Facility's increased limits review and proposed changes are contained in Sections E-G. The experience data contained in this section is reported to the two statistical organizations (either ISO or PCI) by the individual companies.

The filing proposes to revise the North Carolina Reinsurance Facility increased limits factors for Commercial Automobile bodily injury liability and property damage liability insurance.

Q. What is the assumed effective date used in the calculation of these proposed increased limits factors?

A. An effective date of February 1, 2010 was assumed in the compilation of the filing material. This is the same date assumed in the calculation of the proposed rates in Sections A-D of Exhibit RF-1.

Q. Is that in fact the proposed effective date?

A. No. As I described earlier, after the actuarial review was completed, the Facility changed the effective date to March 1, 2010. Since the effect of this change is minimal, the actuarial calculations were not revised to reflect this later date.

Q. What data are utilized in Sections E-G?

A. The supporting data for the indicated increased limits factor changes in Sections E-G consist of both accident year and policy year data. The Trucks, Tractors, & Trailers, Private Passenger Types and Publics (other than Buses) data are recorded on an accident year basis. All other data (including Garages, Zone Rated, Buses, and Miscellaneous Risks) are recorded on a policy year basis. As previously described, policy year experience is compiled based on the year that the applicable policy was issued, while accident year experience is compiled based on the year that the accident occurred.

Q. How are Sections E-G arranged?

A. Section E presents a summary of the indicated increased limits factor changes. Section F contains detailed exhibits of the increased limits experience review. Section G presents the revised increased limits factors as they will appear in the North Carolina Reinsurance Facility Commercial Automobile Manual of Rules and Rates.

Q. Mr. Whitman, please turn to Exhibit 1 in Section F. Would you explain the calculations in this exhibit?

A. Exhibit 1, Sheet 1 of Section F presents the calculation of the indicated change in bodily injury increased limits factors (-3.3%). The indicated change is calculated by comparing the indicated average increased limits factor to the present average increased limits factor. The indicated average increased limits factor is calculated as the 5-year ratio of total limits losses (including allocated loss adjustment expense) to basic limits losses (including allocated loss adjustment expense). These losses have been developed to an ultimate settlement basis and trended from the

average date of accident to one year beyond the anticipated effective date of February 1, 2010. Sheet 2 of this exhibit presents the calculation of the indicated change in property damage increased limits factors (+0.3%).

Q. How were the losses trended to one year beyond the anticipated effective date?

A. The developed losses (including allocated loss adjustment expense) have been multiplied by an exponential projection of annual average paid claim cost trend factors calculated in Exhibit 2 of Section F.

Q. How are the developed losses obtained?

A. Section F, Exhibit 4 presents the North Carolina Reinsurance Facility loss data. Sheet 1 shows the basic and total limits losses including allocated loss adjustment expense by class group separately for bodily injury and property damage. These losses are then developed to an ultimate settlement basis by applying the appropriate development factors shown in Exhibit 3. The results of this operation are displayed in Exhibit 4, Sheet 2.

The calculation of the development factors is performed in the same manner as previously described. Exhibit 1 of Section D presents the calculation of these factors.

Q. What is the significance of Exhibit 4, Sheet 3 of Section F?

A. After the losses (including allocated loss adjustment expense) have been developed to an ultimate settlement basis, the resultant values are then trended to one year beyond the anticipated effective date of February 1, 2010. The final trended values appear by class group on Sheet 3 of Exhibit 4. These final values are summed across class groups and the resultant numbers are used to obtain the indicated average increased limits factors in Exhibit 1.

Q. How are the present average increased limits factors calculated?

A. The present average increased limits factors are calculated as a weighted average of the increased limits factors which are currently in effect for the North Carolina Reinsurance Facility. Exhibit 5, Sheets 1 and 2 present the weights which are used. These weights are based on the basic limit loss distribution for risks ceded to the Facility, which uses losses (including allocated loss adjustment expense) reported to ISO from calendar accident year ending 06/30/2003 through calendar accident year ending 06/30/2007.

Q. Turning to Section G - Revised Increased Limits Tables, how are the individual increased limits factors calculated?

A. The actual indicated factors are calculated using a uniform excess change procedure. In this procedure, rather than multiply each increased limits factor by a desired percentage change, the excess portion of each increased limits factor is multiplied by a factor specifically calculated to achieve the desired overall percentage change in the increased limits factors.

For example, the indicated total limits percentage change for the bodily injury increased limits factors is -3.3%. This is calculated in Exhibit 1, Sheet 1 of Section F as the indicated average factor divided by the present average factor minus unity ($2.101/2.173 - 1 = -.033$). In order to achieve this percentage change, a uniform excess change factor is calculated by dividing the indicated average excess portion ($2.101 - 1.000 = 1.101$) by the present average excess portion ($2.173 - 1.000 = 1.173$). The result of this calculation ($1.101/1.173 = 0.9386$) is the factor used to develop the indicated excess portion of each individual increased limits factor.

For a specific example of this calculation, let's look at the current bodily injury increased limits factor for a Heavy Truck with a \$100,000/\$300,000 policy limit (1.59). The excess portion of this factor ($1.59 - 1.00 = 0.59$) is multiplied by the uniform excess change factor ($0.59 * 0.9386 = 0.55$) to obtain the indicated excess portion of the increased limits factor. The indicated increased limits factor is then obtained by adding the base portion back to give the revised increased limit factor ($0.55 + 1.00 = 1.55$). This results in a change of -2.5% ($(1.55/1.59) - 1 = -0.025$) in this factor.

After the indicated factors have been calculated, a weighted average of these factors is calculated to ensure that the desired percentage change is achieved.

Q. Was the desired percentage change achieved?

A. Yes, it was. The overall effect of the revised increased limits factors displayed in Section G, based on the loss distribution shown in Section F - Exhibit 5, is -3.3% for bodily injury and +0.3% for property damage.

Q. Do you have an opinion as to whether the data utilized and the method of calculating the indicated increased limits factor changes contained in the filing are sound and actuarially reliable and if so, what is that opinion?

A. Yes. In my opinion they are sound and actuarially reliable.

Q. Do you have an opinion as an actuary as to whether the filed increased limits factor changes contained in Sections E-G are fully justified and, if so, what is that opinion?

A. Yes. In my opinion they are fully justified.

Q. Turning to Section H - Revised Trucks, Tractors, and Trailers Classification Plan, how were the revised factors calculated?

A. The indicated primary and secondary factors for Trucks, Tractors, and Trailers Liability are the result of a Bailey simultaneous analysis of all relativities. The Bailey procedure is designed to generate the most accurate rating factors among the various classes by accounting for overlap between size, radius, use (the three components of the primary factor) and secondary classification factors. For example, if one of the size classes which has a particularly high relativity to the base is associated with a radius class which also has a high relativity to the base, the two factors added together may overstate the true relativity for the combined class. The Bailey procedure measures both relativities simultaneously so that when combined the two will produce a more reliable indication for the class as a whole. The Bailey procedure was initially

run to include indications for a fleet factor as well as primary and secondary factors. The results indicated that no change to the current fleet factor was necessary. The Bailey procedure was then rerun holding the fleet factor constant at the current level.

Q. What data was used in the analysis?

A. The data used in the review is multistate for fiscal/accident years 1998 through 2002, combined. The revised factors are being introduced on a revenue neutral basis. That is, an off-balance factor has been applied to the base rates so that there is no change to the average rate prior to the application of the statewide rate change. The class plan has been approved for use in the voluntary market in North Carolina and virtually all other states.

Q. Do you have an opinion as to whether the data utilized and the method of calculating the selected primary and secondary factors contained in the filing are sound and actuarially reliable and if so, what is that opinion?

A. Yes. In my opinion they are sound and actuarially reliable.

Q. Turning to Section I - Revised Zone Rated Risks Coverage, how was this analysis done and how were the revised rates calculated?

A. The indicated primary factors, metro differential factors, fleet differential factors, and zone combination factors are the result of a Bailey simultaneous analysis of all relativities. As mentioned previously, the Bailey procedure is designed to generate the most accurate rating factors by accounting for overlap between the factors. For this particular analysis, indications were initially developed for the primary, fleet, metro, and zone combination factors. Then selections were made for the primary, metro, and fleet factors and the Bailey was reapplied using these selected factors to determine the zone combination factors. These factors were then used in conjunction with a base rate (Southeast to Southeast zone) to develop rates for all Zone Rated risks. The resulting rates were then multiplied by the NCRF Zone Rated risks indication to obtain the revised manual rates. That is, the average Zone Rated risks rate is based on NCRF experience, but the relationships between the various individual classes and zone combinations

are based on multistate data and are the same for both the voluntary market in North Carolina and the Facility. This has the effect of introducing a constant percentage differential between the voluntary and Facility rates for North Carolina. The revised manual rates are listed in Section C, Exhibit 5.

Q. What data was used in the analysis?

A. The data used in the review of the factors is multistate for five calendar/accident years through year ended 09/30/2004, combined. The revised factors are being introduced on a revenue neutral basis. That is, an off-balance factor has been applied to the base rates so that there is no change to the average rate prior to the application of the statewide rate change. The Zone Rated risk review has been implemented by ISO in the voluntary market in North Carolina and virtually all other states.

Q. Do you have an opinion as to whether the data utilized and the method of calculating the revised Zone Rated risks rates contained in the filing are sound and actuarially reliable and if so, what is that opinion?

A. Yes. In my opinion, they are sound and actuarially reliable?

Q. Does that conclude your pre-filed testimony?

A. Yes.

PRE-FILED TESTIMONY
OF
DOUGLAS A. WILLIAMS

October 2009

COMMERCIAL AUTOMOBILE INSURANCE
RATE FILING
BY THE NORTH CAROLINA REINSURANCE FACILITY

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

A. Douglas A. Williams, 401 South Tryon Street Suite 300,
Charlotte, North Carolina.

Q. By whom are you employed?

A. Wachovia Bank, N.A., a Wells Fargo Company.

Q. In what capacity?

A. I am a Managing Director and Senior Portfolio Manager at
Evergreen Investment Management Company, LLC, a wholly-
owned subsidiary of Wachovia Bank, N.A., a Wells Fargo
Company.

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 was for many years the investment manager handling the investable assets of the North Carolina Reinsurance Facility?

A. Yes. That relationship just recently ended as of October 1, 2009.

Q. As investment manager for the Facility, did 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 was your role personally with respect to the Facility's investment account?

A. I was the portfolio manager for that account. In that role, I made 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/Wachovia for seventeen 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. Fifteen years.

Q. How long did Wachovia manage the Facility's investment portfolio?

A. Since June of 1978.

Q. How long were you personally the portfolio manager for that account?

A. I took over as portfolio manager in March, 2008.

Q. In connection with the Facility's October, 2009 Commercial Automobile Insurance rate filing, did the Facility request that you make any calculations concerning the investment yield that the Facility could reasonably expect during the two-year period ending January 31, 2012?

A. Yes.

Q. Did you make those calculations?

A. Yes I did. I was requested in August, 2009 to make the calculations. Based on the size of the portfolio in August, 2009 and the yields at that time, I arrived at an estimate of the yield during the two-year period beginning February 1, 2010 and ending January 31, 2012 of approximately 3.76%.

Q. Would you please describe how your calculations were performed.

A. Yes. To determine the investment yield that the Facility could reasonably expect during the two-year period ending January 31, 2012, I divided the Facility's portfolio as it stood at the beginning of August, 2009 into three segments. The first segment included investments which will mature before February 1, 2010. The second segment consisted of investments which will mature during the period February 1, 2010 through January 31, 2012. The third segment consisted of all investments which will mature after January 31, 2012.

In looking at the third segment, the investments which will not mature until after January 31, 2012, we obviously know what the yields on those are. I assumed that those assets would earn the same yields throughout the period February 1, 2010 through January 31, 2012.

As to the first segment, i.e., the investments which will mature before February 1, 2010, 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 February 1, 2010 through January 31, 2012. For those assets, I simply applied the current rate up until the maturity date. From the maturity date until January 31, 2012, 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. Have you been advised that the Facility moved the effective date of its commercial automobile rate filing from February 1, 2010 to March 1, 2010 subsequent to your determination of the investment yield estimate?

A. Yes, we were recently advised of that change.

Q. Have you made a calculation of what you believe the investment yield will be for the two year period beginning with the new effective date of March 1, 2010?

A. No, I have not been requested to make that calculation. My understanding is that the Facility's usual practice is to include in its filings the information that was presented to and relied upon by its committees in the preparation of its filings and that the decision to change the effective date of this filing occurred after most of that work had been done. However, based on my knowledge of the Facility's portfolio, I am confident that using March 1 as

the effective date in my original calculations would have had very little impact, if any, on the yield estimate.

Q. Do you have an opinion as to whether the 3.76% investment yield estimate that is based on your calculations and the assumptions used in your methodology is a reasonable estimate of what the Facility's investment yield will be?

A. Yes, I do have an opinion.

Q. What is that opinion?

A. I believe that the estimated yield is reasonable given the assumptions and timing of my original calculations. I would also add that my opinion is based on the assumption that the Facility and its new portfolio manager will continue to use the same or similar investment guidelines and portfolio management practices as it did during the lengthy period that Wachovia served as the portfolio manager.

Q. Does that conclude your pre-filed testimony?

A. Yes.

PRE-FILED TESTIMONY
of
DAVID E. SINK, JR.

October 2009

2009 COMMERCIAL AUTOMOBILE INSURANCE RATE FILING
BY THE NORTH CAROLINA REINSURANCE FACILITY

- Q. Would you state your full name and business address?
- A. David E. Sink, Jr. 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 Director of Finance for the Facility.
- Q. How long have you held that position?
- A. I have been employed by the Facility for over 30 years and in the finance area for approximately 28 years. I assumed the position of Director of Finance in 2002.
- Q. What are your duties with the Facility?
- A. I am responsible for the Accounting Department and all accounting functions of the Facility, financial reporting and the Facility's investment program.
- Q. Would you summarize your educational background?
- A. I graduated from the University of North Carolina at Chapel Hill with a Bachelor of Science degree in Business Administration.

Q. In your capacity as Director of Finance for the Facility, are you familiar with the Facility's portfolio of investable assets?

A. Yes, I am.

Q. Does the Facility have an investment policy or set of guidelines that govern the investment of its investable assets?

A. Yes. Since the inception of the Facility's investment program there have been Investment Guidelines - more recently referred to as the Statement of Investment Policy - setting forth the policy, objectives, permitted asset classes and other factors that govern the invested assets of the Facility.

Q. Could you describe in general terms the investment policy or objectives of the Facility?

A. As stated in the Statement of Investment Policy, the Facility's "primary objectives are to maintain safety of principal and provide sufficient liquidity to meet its routine and projected cash requirements." What this means as a practical matter is that the Facility's investable assets are invested in a widely diversified group of fixed income securities that are very conservative in nature.

Q. Has the Facility recently changed the portfolio manager responsible for managing the Facility's investment portfolio?

A. Yes. Effective October 1, 2009, the Facility transferred management of its investment portfolio from Evergreen Investments which is the institutional investment division of Wachovia Bank, N.A. to Wellington Management Company, LLP.

Q. Following the October 1, 2009 transfer of portfolio management responsibilities, has the Facility's portfolio or its investment policy changed materially from that which you described above.

A. No. The investment portfolio of the Facility's assets remains substantially similar to what it has been historically. As to the Facility's Statement of

Investment Policy, though changes are made to it from time to time (we are actually considering some changes to it now in conjunction with the change of portfolio manager), those changes are typically to the types of investment vehicles and the maximum exposures to various asset classes and are intended to minimize the overall risk of the portfolio through diversification, and not intended to change the overall purpose and philosophy of the policy. The overall purpose and primary objectives of the Facility's investment policy have not changed over the entire period of my employment with the Facility and I do not anticipate that they will change at any time in the foreseeable future.

Q. Does this conclude your pre-filed testimony?

A. Yes.