

NORTH CAROLINA REINSURANCE FACILITY

Revision of Commercial Automobile Insurance Rates

FEBRUARY 3, 2005



NORTH CAROLINA REINSURANCE FACILITY
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(919) 783-9790 • www.ncrb.org

February 3, 2005

Honorable James E. Long
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 commercial cars, garages, and private passenger types not eligible for rating under the North Carolina Personal Automobile Manual and (2) bodily injury and property damage liability increased limits tables for such coverages rated under the Facility's Commercial Automobile Insurance Manual.

Enclosed are memoranda and exhibits which set forth and explain the calculations of the revised rates and rating factors. The rates established herein are based upon automobile liability insurance experience for the five years ending December 31, 2002 and upon automobile liability insurance expense data for calendar year ending December 31, 2003, the latest years for which such data are available.

The information and statistical data required pursuant to G.S. 58-36-15 are included. Additionally, the pre-filed testimony of (a) Raymond F. Evans, General Manager - North Carolina Reinsurance Facility; (b) Mark Whitman, Assistant Vice President, Commercial Automobile Division - Insurance Services Office; and (c) Robert C. Schumacher, Director and Senior Portfolio Manager, Evergreen Investment Management Company, LLC is submitted herewith.

These revised rates will become effective July 1, 2005, in accordance with the following Rule of Application:

These changes are applicable to all policies effective on or after July 1, 2005. No policy effective prior to July 1, 2005 shall be endorsed or cancelled and rewritten to take advantage of or to avoid the application of these changes except at the request of the insured and at the customary short rate charges as of the date of such requests, but in no event prior to July 1, 2005.

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 July 1, 2005 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 July 1, 2005, these changes may not be applied until the first experience rating date on or after July 1, 2005.

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

Very truly yours,



F. Timothy Lucas
Automobile Manager

FTL:dp

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>COMMERCIAL CARS</u>			
Bodily Injury	12.1%	-12.6%	-2.0%
Property Damage	8.3%	-2.2%	5.9%
Total	10.8%	-9.1%	0.7%
 <u>GARAGE DEALERS</u>			
Bodily Injury	1.1%	-9.2%	-8.2%
Property Damage	3.2%	-0.8%	2.4%
Total	1.8%	-6.3%	-4.6%
 <u>PRIVATE PASSENGER TYPES</u>			
Bodily Injury	6.8%	-12.9%	-7.0%
Property Damage	3.6%	-2.9%	0.6%
Total	5.7%	-9.6%	-4.4%
 <u>OVERALL</u>			
Bodily Injury	10.4%	-12.0%	-2.9%
Property Damage	7.4%	-2.1%	5.1%
Total	9.4%	-8.7%	-0.1%

a

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

This section contains the revision of rates for classes of business ceded to the Reinsurance Facility that appear in the North Carolina Reinsurance Facility Commercial Automobile Insurance Manual of Rules and Rates. This review is based on the latest available experience of all companies that filed under the 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>Commercial Cars Liability</u>		
Bodily Injury (25/50)	+12.1%	- 2.0%
Property Damage (15)	+ 8.3%	+5.9%
<u>Garages Liability</u>		
Bodily Injury (25/50)	+ 1.1%	- 8.2%
Property Damage (15)	+ 3.2%	+ 2.4%
<u>Private Passenger Types Liability</u>		
Bodily Injury (25/50)	+ 6.8%	- 7.0%
Property Damage (15)	+ 3.6%	+0.6%
Grand Total	+ 9.4%	- 0.1%

The material included in this review is arranged as follows:

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

SECTION A

Summary of Rate Level Indications

North Carolina Reinsurance Facility
Automobile Liability Insurance
Rate Level Indications

ISO/PCI Experience

	Comm. Cars Basic Limits			Garage Dealers Total Limits			P.P. Types Basic Limits			Overall
	B.I.	P.D.	Comb.	B.I.	P.D.	Comb.	B.I.	P.D.	Comb.	
	1. Credibility Weighted Rate Level Loss Ratio	0.926	0.891		0.704	0.801		0.877	0.847	
2. Trended Fixed Expense Ratio (a)	0.108	0.108		0.141	0.141		0.108	0.108		
3. Sum of (1) and (2)	1.034	0.999		0.845	0.942		0.985	0.955		
4. Expected Loss Ratio + Exp. Fixed Expense Ratio(b)	0.875	0.875		0.875	0.875		0.875	0.875		
5. Indicated Rate Level Change $[(3)/(4)]-1 \times 100$	18.2%	14.2%	16.9%	-3.4%	7.7%	0.5%	12.6%	9.1%	11.4%	
				6.4%	8.6%		(d)			
6. Indications Reflecting Investment Income (c)	12.1%	8.3%	10.8%	-8.2%	2.4%		6.8%	3.6%	5.7%	
				1.1%	3.2%	1.8% (d)				
									9.4%	

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

	<u>Comm. Cars</u>	<u>Garage Dealers</u>	<u>P.P. Types</u>
Sum of Other Acquisition Expense and General Expenses	10.0%	13.0%	10.0%
Avg. Annual Change in Expenses	3.3%	3.3%	3.3%
Years Projected (n)	2.50	2.50	2.50

(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 $[(3)/(0.875 + 0.0471)] - 1 \times 100$ for Commercial Cars and Private Passenger Types, and $[(3)/(0.875 + 0.0452)] - 1 \times 100$ for Garage Dealers.

Investment Income (Commercial Cars and Private Passenger Types):	4.71%
Investment Income (Garage Dealers):	4.52%

(d) The Total Limits indications have been restated on a Basic Limit basis by adjusting for the impact of increased limits experience. (-9.2% for BI and -0.8% 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 Commercial Cars and Private Passenger Types, the limits on which the indications are based are \$25,000 per person, subject to \$50,000 per occurrence, for bodily injury and \$15,000 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 - Commercial Cars Liability

Exhibit 2 - Garages Liability

Exhibit 3 - Private Passenger Types Liability

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

Section B
Exhibit 1
Sheet 1

	(1) (25/50/15) LIMITS EARNED PREMIUM AT PRESENT RATES(A)	(2) (25/50/15) LIMITS INCURRED LOSSES (B)	(3) LOSS & LOSS ADJUSTMENT RATIO (2)/(1)	(4) ACCIDENT YEAR WEIGHTS	(5) NUMBER OF INCURRED CLAIMS	
BI	12/31/1998	\$7,000,751	\$7,003,589	1.000	10%	706
	12/31/1999	6,891,769	6,985,871	1.014	15%	695
	12/31/2000	8,712,796	8,276,810	0.950	20%	843
	12/31/2001	8,592,973	8,053,979	0.937	25%	813
	12/31/2002	8,727,254	7,259,902	0.832	30%	764
PD	12/31/1998	\$8,044,583	\$8,040,495	0.999	10%	2,412
	12/31/1999	7,919,180	7,529,144	0.951	15%	2,107
	12/31/2000	10,011,640	9,361,456	0.935	20%	3,003
	12/31/2001	9,873,575	9,033,585	0.915	25%	2,817
	12/31/2002	10,027,662	7,757,356	0.774	30%	2,448

	<u>B.I.</u>	<u>P.D.</u>
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	0.926	0.891
(7) EXPECTED LOSS RATIO (C).	0.775	0.775
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.864	0.908
(9) CREDIBILITY (E).	1.00	1.00
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.926	0.891

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

(B) SEE SHEET 2 OF THIS EXHIBIT.

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

TOTAL PRODUCTION COST:	15.0%
GENERAL EXPENSE:	5.0%
TAXES, LICENSES AND FEES:	2.5%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED
LOSS AND EXPENSE TREND FACTOR (+3.0% FOR BI, +4.4% 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 (11/1/01) TO ONE YEAR
BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 07/1/05. IN THIS ANALYSIS,
THE PERIOD IS 3.667 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
 COMMERCIAL CARS
 AUTOMOBILE LIABILITY INSURANCE
 DETERMINATION OF SPLIT LIMIT LOSSES

Section B
 Exhibit 1
 Sheet 2

	ACCIDENT YEAR <u>ENDING</u>	BODILY INJURY <u>(25/50)</u>	PROPERTY DAMAGE <u>(15,000)</u>
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/1998	\$5,158,079	\$5,393,623
	12/31/1999	5,285,106	5,274,301
	12/31/2000	6,350,403	6,844,364
	12/31/2001	6,202,903	6,870,327
	12/31/2002	5,534,161	6,091,746
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/1998	\$5,158,079	\$5,393,623
	12/31/1999	5,300,961	5,274,301
	12/31/2000	6,471,061	6,851,208
	12/31/2001	6,488,237	6,904,679
	12/31/2002	6,021,167	6,189,214
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/1998	\$361,066	\$285,862
	12/31/1999	371,067	279,538
	12/31/2000	452,974	363,114
	12/31/2001	454,177	365,948
	12/31/2002	421,482	328,028
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		3.0%	4.5%
5-AVERAGE ANNUAL CHANGE IN LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		3.3%	3.3%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/1998	\$7,003,589	\$8,040,495
	12/31/1999	6,985,871	7,529,144
	12/31/2000	8,276,810	9,361,456
	12/31/2001	8,053,979	9,033,585
	12/31/2002	7,259,902	7,757,356

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

<u>YEAR ENDING</u>	<u>B.I.</u>	<u>P.D.</u>
12/31/1998	1.000	1.000
12/31/1999	1.003	1.000
12/31/2000	1.019	1.001
12/31/2001	1.046	1.005
12/31/2002	1.088	1.016

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

<u>B.I.</u>	<u>P.D.</u>
0.070	0.053

(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 07/1/05.

ACCIDENT <u>YEAR ENDING</u>	AVERAGE DATE <u>OF ACCIDENT</u>	PROJECTION <u>PERIOD</u>
12/31/1998	7/1/1998	8.000
12/31/1999	7/1/1999	7.000
12/31/2000	7/1/2000	6.000
12/31/2001	7/1/2001	5.000
12/31/2002	7/1/2002	4.000

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 <u>PRESENT RATES(A)</u>	(2) TOTAL LIMITS INCURRED <u>LOSSES (B)</u>	(3) LOSS & LOSS ADJUSTMENT RATIO <u>(2) / (1)</u>	(4) POLICY YEAR <u>WEIGHTS</u>	(5) NUMBER OF INCURRED <u>CLAIMS</u>
BI	12/31/1998	\$5,249,705	\$5,290,758	1.008	10%	289
	12/31/1999	5,013,888	2,745,715	0.548	15%	208
	12/31/2000	4,084,081	2,892,398	0.708	20%	241
	12/31/2001	4,205,137	3,003,855	0.714	25%	216
	12/31/2002	3,986,442	2,674,989	0.671	30%	219
PD	12/31/1998	\$3,126,959	\$2,621,208	0.838	10%	659
	12/31/1999	2,889,719	1,858,593	0.643	15%	494
	12/31/2000	2,137,855	2,098,039	0.981	20%	463
	12/31/2001	2,279,447	1,714,413	0.752	25%	393
	12/31/2002	2,130,616	1,678,239	0.788	30%	402

	<u>B.I.</u>	<u>P.D.</u>
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	0.704	0.801
(7) EXPECTED LOSS RATIO (C).	0.745	0.745
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.916	0.872
(9) CREDIBILITY (E).	1.00	1.00
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.704	0.801

(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:	15.0%
GENERAL EXPENSE:	8.0%
TAXES, LICENSES AND FEES:	2.5%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED LOSS AND EXPENSE TREND FACTOR (+5.8% FOR BI, +4.4% 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 (11/1/01) TO ONE YEAR BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 07/1/05. IN THIS ANALYSIS, THE PERIOD IS 3.667 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
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	12/31/1998	\$3,049,441	\$1,720,118
	12/31/1999	1,658,711	1,270,395
	12/31/2000	1,828,296	1,484,589
	12/31/2001	1,964,641	1,218,548
	12/31/2002	1,618,219	1,246,004
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/1998	\$3,052,490	\$1,720,118
	12/31/1999	1,676,957	1,274,206
	12/31/2000	1,870,347	1,502,404
	12/31/2001	2,055,014	1,281,912
	12/31/2002	1,937,008	1,310,796
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/1998	\$213,674	\$91,166
	12/31/1999	117,387	67,533
	12/31/2000	130,924	79,627
	12/31/2001	143,851	67,941
	12/31/2002	135,591	69,472
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		6.0%	4.5%
5-AVERAGE ANNUAL CHANGE IN LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		3.3%	3.3%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/1998	\$5,290,758	\$2,621,208
	12/31/1999	2,745,715	1,858,593
	12/31/2000	2,892,398	2,098,039
	12/31/2001	3,003,855	1,714,413
	12/31/2002	2,674,989	1,678,239

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

YEAR ENDING	<u>B.I.</u>	<u>P.D.</u>
12/31/1998	1.001	1.000
12/31/1999	1.011	1.003
12/31/2000	1.023	1.012
12/31/2001	1.046	1.052
12/31/2002	1.197	1.052

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

<u>B.I.</u>	<u>P.D.</u>
0.070	0.053

(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 07/1/05.

POLICY YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD
12/31/1998	1/1/1998	8.500
12/31/1999	1/1/1999	7.500
12/31/2000	1/1/2000	6.500
12/31/2001	1/1/2001	5.500
12/31/2002	1/1/2002	4.500

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) (25/50/15) ACCIDENT YEARS ENDING	(2) (25/50/15) LIMITS INCURRED LOSSES (B)	(3) LOSS & LOSS ADJUSTMENT RATIO (2) / (1)	(4) ACCIDENT YEAR WEIGHTS	(5) NUMBER OF INCURRED CLAIMS	
BI	12/31/1998	\$117,535	\$51,462	0.438	10%	13
	12/31/1999	104,780	136,059	1.299	15%	18
	12/31/2000	279,528	213,152	0.763	20%	26
	12/31/2001	277,625	292,764	1.055	25%	20
	12/31/2002	215,250	195,315	0.907	30%	14
PD	12/31/1998	\$138,617	\$150,013	1.082	10%	45
	12/31/1999	123,594	149,214	1.207	15%	56
	12/31/2000	329,657	285,170	0.865	20%	103
	12/31/2001	327,501	170,720	0.521	25%	78
	12/31/2002	253,829	162,462	0.640	30%	64

	<u>B.I.</u>	<u>P.D.</u>
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	0.927	0.785
(7) EXPECTED LOSS RATIO (C).	0.775	0.775
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.864	0.908
(9) CREDIBILITY (E).	0.20	0.50
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.877	0.847

(A) CLASSES 1998, 7391, 7398.

(B) SEE SHEET 2 OF THIS EXHIBIT.

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

TOTAL PRODUCTION COST:	15.0%
GENERAL EXPENSE:	5.0%
TAXES, LICENSES AND FEES:	2.5%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED
LOSS AND EXPENSE TREND FACTOR (+3.0% FOR BI, +4.4% 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 (11/1/01) TO ONE YEAR
BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 07/1/05. IN THIS ANALYSIS,
THE PERIOD IS 3.667 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 <u>ENDING</u>	BODILY INJURY <u>(25/50)</u>	PROPERTY DAMAGE <u>(15,000)</u>
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/1998	\$38,091	\$100,731
	12/31/1999	103,762	104,632
	12/31/2000	163,702	208,495
	12/31/2001	231,451	130,748
	12/31/2002	147,665	129,104
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/1998	\$37,901	\$100,630
	12/31/1999	103,243	104,527
	12/31/2000	166,649	208,703
	12/31/2001	235,849	130,487
	12/31/2002	161,989	129,620
3-UNTRENDING UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/1998	\$2,653	\$5,333
	12/31/1999	7,227	5,540
	12/31/2000	11,665	11,061
	12/31/2001	16,509	6,916
	12/31/2002	11,339	6,870
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		3.0%	4.5%
5-AVERAGE ANNUAL CHANGE IN LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		3.3%	3.3%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/1998	\$51,462	\$150,013
	12/31/1999	136,059	149,214
	12/31/2000	213,152	285,170
	12/31/2001	292,764	170,720
	12/31/2002	195,315	162,462

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

<u>YEAR ENDING</u>	<u>B.I.</u>	<u>P.D.</u>
12/31/1998	0.995	0.999
12/31/1999	0.995	0.999
12/31/2000	1.018	1.001
12/31/2001	1.019	0.998
12/31/2002	1.097	1.004

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

<u>B.I.</u>	<u>P.D.</u>
0.070	0.053

(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 07/1/05.

ACCIDENT <u>YEAR ENDING</u>	AVERAGE DATE <u>OF ACCIDENT</u>	PROJECTION <u>PERIOD</u>
12/31/1998	7/1/1998	8.000
12/31/1999	7/1/1999	7.000
12/31/2000	7/1/2000	6.000
12/31/2001	7/1/2001	5.000
12/31/2002	7/1/2002	4.000

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 - Commercial Cars and Related Classes

The revised non-fleet base rates are based upon the voluntary territory relativities in effect on July 1, 2004. 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 July 1, 2004.

Exhibit 4 - Private Passenger Types Liability

The revised rates are based upon the voluntary territory relativities in effect on July 1, 2004.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE LIABILITY

EXHIBITS OF REVISED RATES

Medical Payments

The medical payments rates are determined by multiplying the 25/50 Bodily Injury non-fleet rates by the following factors:

	<u>500</u>	<u>Limits</u> <u>1000</u>	<u>2000</u>
Commercial Cars	.309	.371	.407
Taxis and Limousines	.195	.229	.262
School and Church Buses	.239	.282	.324
Other Buses	.141	.164	.186
Van Pools	.309	.371	.407
Private Passenger Types	.103	.133	.151

Hired Cars

The rate for hired cars applies to all territories, and is determined by multiplying the current rate by the Commercial Cars statewide rate level change.

Public Automobiles

Rates for Public Automobiles are calculated as factor derivatives of the Commercial Cars non-fleet base rates. The relativities used are listed below.

	<u>Differential to Base Rate</u>	
	<u>BI</u>	<u>PD</u>
Taxis and Limousines	6.30	2.50
School and Church Buses	0.80	0.60
Other Buses	7.60	1.90
Van Pools	0.80	0.80

North Carolina Reinsurance Facility
Commercial Cars - Bodily Injury
Determination of Rate Level Changes By Territory

Terr.	(1) Facility Earned Exposures	(2) Voluntary Base Loss Cost #	(3) Facility Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 178.4968	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	401	266	177	1.021	182.245	182	2.8%
12	1,417	377	280	1.448	258.463	258	-7.9%
13	614	317	200	1.217	217.231	217	8.5%
14	703	374	232	1.436	256.321	256	10.3%
15	169	295	196	1.133	202.237	202	3.1%
16	1,328	401	258	1.540	274.885	275	6.6%
17	782	347	224	1.332	237.758	238	6.3%
18	474	296	184	1.137	202.951	203	10.3%
19	5	245	144	0.941	167.965	168	16.7%
20	782	309	201	1.186	211.697	212	5.5%
21	1,833	301	183	1.156	206.342	206	12.6%
22	4,908	281	184	1.079	192.598	193	4.9%
23	13,940	245	144	0.941	167.965	168	16.7%
24	18,928	231	136	0.887	158.327	158	16.2%
SW	46,284	260.43	159.23		178.515		12.1%

Weighted average factor x percent change = new weighted average
 $159.23 \times 1.121 = 178.4968$

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 +12.1 percent.

** Column (7) is the change in the base rate by territory.

North Carolina Reinsurance Facility
Commercial Cars - Property Damage
Determination of Rate Level Changes By Territory

Terr.	(1) Facility Earned Exposures	(2) Voluntary Base Loss Cost #	(3) Facility Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 198.0915	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	401	266	203	1.021	202.251	202	-0.5%
12	1,417	377	321	1.448	286.836	287	-10.6%
13	614	317	229	1.217	241.077	241	5.2%
14	703	374	266	1.436	284.459	284	6.8%
15	169	295	225	1.133	224.438	224	-0.4%
16	1,328	401	296	1.540	305.061	305	3.0%
17	782	347	258	1.332	263.858	264	2.3%
18	474	296	212	1.137	225.230	225	6.1%
19	5	245	166	0.941	186.404	186	12.0%
20	782	309	231	1.186	234.937	235	1.7%
21	1,833	301	210	1.156	228.994	229	9.0%
22	4,908	281	211	1.079	213.741	214	1.4%
23	13,940	245	166	0.941	186.404	186	12.0%
24	18,928	231	156	0.887	175.707	176	12.8%
SW	46,284	260.43	182.91		198.110		8.3%

Weighted average factor x percent change = new weighted average
 $182.91 \times 1.083 = 198.0915$

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 +8.3 percent.

** Column (7) is the change in the base rate by territory.

North Carolina Reinsurance Facility
Commercial Automobile Manual

LIGHT AND MEDIUM TRUCKS

Territory	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	182	215	277	202	206	210	56	68	74
	Fleet	200	236	304	222	226	231			
12	Non-Fleet	258	304	392	287	293	298	80	96	105
	Fleet	284	335	432	316	322	329			
13	Non-Fleet	217	256	330	241	246	251	67	81	88
	Fleet	239	282	363	265	270	276			
14	Non-Fleet	256	302	389	284	290	295	79	95	104
	Fleet	282	333	429	312	318	324			
15	Non-Fleet	202	238	307	224	228	233	62	75	82
	Fleet	222	262	337	246	251	256			
16	Non-Fleet	275	325	418	305	311	317	85	102	112
	Fleet	303	358	461	336	343	349			
17	Non-Fleet	238	281	362	264	269	275	74	88	97
	Fleet	262	309	398	290	296	302			
18	Non-Fleet	203	240	309	225	230	234	63	75	83
	Fleet	223	263	339	248	253	258			
19	Non-Fleet	168	198	255	186	190	193	52	62	68
	Fleet	185	218	281	205	209	213			
20	Non-Fleet	212	250	322	235	240	244	66	79	86
	Fleet	233	275	354	259	264	269			
21	Non-Fleet	206	243	313	229	234	238	64	76	84
	Fleet	227	268	345	252	257	262			
22	Non-Fleet	193	228	293	214	218	223	60	72	79
	Fleet	212	250	322	235	240	244			
23	Non-Fleet	168	198	255	186	190	193	52	62	68
	Fleet	185	218	281	205	209	213			
24	Non-Fleet	158	186	240	176	180	183	49	59	64
	Fleet	174	205	264	194	198	202			

HIRED CAR	Bodily Injury 25/50	Property Damage 15
All Territories	\$0.28	\$0.34

HEAVY TRUCKS AND TRUCK TRACTORS

T e r r	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	182	224	297	202	206	210	56	68	74
	Fleet	200	246	326	222	226	231			
12	Non-Fleet	258	317	421	287	293	298	80	96	105
	Fleet	284	349	463	316	322	329			
13	Non-Fleet	217	267	354	241	246	251	67	81	88
	Fleet	239	294	390	265	270	276			
14	Non-Fleet	256	315	417	284	290	295	79	95	104
	Fleet	282	347	460	312	318	324			
15	Non-Fleet	202	248	329	224	228	233	62	75	82
	Fleet	222	273	362	246	251	256			
16	Non-Fleet	275	338	448	305	311	317	85	102	112
	Fleet	303	373	494	336	343	349			
17	Non-Fleet	238	293	388	264	269	275	74	88	97
	Fleet	262	322	427	290	296	302			
18	Non-Fleet	203	250	331	225	230	234	63	75	83
	Fleet	223	274	363	248	253	258			
19	Non-Fleet	168	207	274	186	190	193	52	62	68
	Fleet	185	228	302	205	209	213			
20	Non-Fleet	212	261	346	235	240	244	66	79	86
	Fleet	233	287	380	259	264	269			
21	Non-Fleet	206	253	336	229	234	238	64	76	84
	Fleet	227	279	370	252	257	262			
22	Non-Fleet	193	237	315	214	218	223	60	72	79
	Fleet	212	261	346	235	240	244			
23	Non-Fleet	168	207	274	186	190	193	52	62	68
	Fleet	185	228	302	205	209	213			
24	Non-Fleet	158	194	258	176	180	183	49	59	64
	Fleet	174	214	284	194	198	202			

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Commercial Automobile Manual

EXTRA-HEAVY TRUCKS AND TRUCK-TRACTORS

T e r r	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	182	228	309	202	206	210	56	68	74
	Fleet	200	250	340	222	226	231			
12	Non-Fleet	258	323	439	287	293	298	80	96	105
	Fleet	284	355	483	316	322	329			
13	Non-Fleet	217	271	369	241	246	251	67	81	88
	Fleet	239	299	406	265	270	276			
14	Non-Fleet	256	320	435	284	290	295	79	95	104
	Fleet	282	353	479	312	318	324			
15	Non-Fleet	202	253	343	224	228	233	62	75	82
	Fleet	222	278	377	246	251	256			
16	Non-Fleet	275	344	468	305	311	317	85	102	112
	Fleet	303	379	515	336	343	349			
17	Non-Fleet	238	298	405	264	269	275	74	88	97
	Fleet	262	328	445	290	296	302			
18	Non-Fleet	203	254	345	225	230	234	63	75	83
	Fleet	223	279	379	248	253	258			
19	Non-Fleet	168	210	286	186	190	193	52	62	68
	Fleet	185	231	315	205	209	213			
20	Non-Fleet	212	265	360	235	240	244	66	79	86
	Fleet	233	291	396	259	264	269			
21	Non-Fleet	206	258	350	229	234	238	64	76	84
	Fleet	227	284	386	252	257	262			
22	Non-Fleet	193	241	328	214	218	223	60	72	79
	Fleet	212	265	360	235	240	244			
23	Non-Fleet	168	210	286	186	190	193	52	62	68
	Fleet	185	231	315	205	209	213			
24	Non-Fleet	158	198	269	176	180	183	49	59	64
	Fleet	174	218	296	194	198	202			

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TAXIS AND LIMOUSINES

T e r r	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	1147	1376	1755	505	515	525	224	263	301
	Fleet	1262	1514	1931	556	567	578			
12	Non-Fleet	1625	1950	2486	718	732	747	317	372	426
	Fleet	1788	2146	2736	790	806	822			
13	Non-Fleet	1367	1640	2092	603	615	627	267	313	358
	Fleet	1504	1805	2301	663	676	690			
14	Non-Fleet	1613	1936	2468	710	724	738	315	369	423
	Fleet	1774	2129	2714	781	797	812			
15	Non-Fleet	1273	1528	1948	560	571	582	248	292	334
	Fleet	1400	1680	2142	616	628	641			
16	Non-Fleet	1733	2080	2651	763	778	794	338	397	454
	Fleet	1906	2287	2916	839	856	873			
17	Non-Fleet	1499	1799	2293	660	673	686	292	343	393
	Fleet	1649	1979	2523	726	741	755			
18	Non-Fleet	1279	1535	1957	563	574	586	249	293	335
	Fleet	1407	1688	2153	619	631	644			
19	Non-Fleet	1058	1270	1619	465	474	484	206	242	277
	Fleet	1164	1397	1781	512	522	532			
20	Non-Fleet	1336	1603	2044	588	600	612	261	306	350
	Fleet	1470	1764	2249	647	660	673			
21	Non-Fleet	1298	1558	1986	573	584	596	253	297	340
	Fleet	1428	1714	2185	630	643	655			
22	Non-Fleet	1216	1459	1860	535	546	556	237	278	319
	Fleet	1338	1606	2047	589	601	613			
23	Non-Fleet	1058	1270	1619	465	474	484	206	242	277
	Fleet	1164	1397	1781	512	522	532			
24	Non-Fleet	995	1194	1522	440	449	458	194	228	261
	Fleet	1095	1314	1675	484	494	503			

North Carolina Reinsurance Facility
Commercial Automobile Manual

SCHOOL AND CHURCH BUSES

T e r r	Class	Bodily Injury Limit			Property Damage Limit			Medical Payments Limit		
		25/50	50/100	100/300	15	25	50	500	1000	2000
		Limit Code								
		46	49	52	03	05	08	1	3	4
11	Non-Fleet	146	175	223	121	123	126	35	41	47
	Fleet	161	193	246	133	136	138			
12	Non-Fleet	206	247	315	172	175	179	49	58	67
	Fleet	227	272	347	189	193	197			
13	Non-Fleet	174	209	266	145	148	151	42	49	56
	Fleet	191	229	292	160	163	166			
14	Non-Fleet	205	246	314	170	173	177	49	58	66
	Fleet	226	271	346	187	191	194			
15	Non-Fleet	162	194	248	134	137	139	39	46	52
	Fleet	178	214	272	147	150	153			
16	Non-Fleet	220	264	337	183	187	190	53	62	71
	Fleet	242	290	370	201	205	209			
17	Non-Fleet	190	228	291	158	161	164	45	54	62
	Fleet	209	251	320	174	177	181			
18	Non-Fleet	162	194	248	135	138	140	39	46	52
	Fleet	178	214	272	149	152	155			
19	Non-Fleet	134	161	205	112	114	116	32	38	43
	Fleet	147	176	225	123	125	128			
20	Non-Fleet	170	204	260	141	144	147	41	48	55
	Fleet	187	224	286	155	158	161			
21	Non-Fleet	165	198	252	137	140	142	39	47	53
	Fleet	182	218	278	151	154	157			
22	Non-Fleet	154	185	236	128	131	133	37	43	50
	Fleet	169	203	259	141	144	147			
23	Non-Fleet	134	161	205	112	114	116	32	38	43
	Fleet	147	176	225	123	125	128			
24	Non-Fleet	126	151	193	106	108	110	30	36	41
	Fleet	139	167	213	117	119	122			

North Carolina Reinsurance Facility
Commercial Automobile Manual

ALL OTHER BUSES

T e r r	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	1383	1660	2116	384	392	399	195	227	257
	Fleet	1521	1825	2327	422	430	439			
12	Non-Fleet	1961	2353	3000	545	556	567	277	322	365
	Fleet	2157	2588	3300	600	612	624			
13	Non-Fleet	1649	1979	2523	458	467	476	233	270	307
	Fleet	1814	2177	2775	504	514	524			
14	Non-Fleet	1946	2335	2977	540	551	562	274	319	362
	Fleet	2141	2569	3276	594	606	618			
15	Non-Fleet	1535	1842	2349	426	435	443	216	252	286
	Fleet	1689	2027	2584	469	478	488			
16	Non-Fleet	2090	2508	3198	580	592	603	295	343	389
	Fleet	2299	2759	3517	638	651	664			
17	Non-Fleet	1809	2171	2768	502	512	522	255	297	336
	Fleet	1990	2388	3045	552	563	574			
18	Non-Fleet	1543	1852	2361	428	437	445	218	253	287
	Fleet	1697	2036	2596	471	480	490			
19	Non-Fleet	1277	1532	1954	353	360	367	180	209	238
	Fleet	1405	1686	2150	388	396	404			
20	Non-Fleet	1611	1933	2465	447	456	465	227	264	300
	Fleet	1772	2126	2711	492	502	512			
21	Non-Fleet	1566	1879	2396	435	444	452	221	257	291
	Fleet	1723	2068	2636	479	489	498			
22	Non-Fleet	1467	1760	2245	407	415	423	207	241	273
	Fleet	1614	1937	2469	448	457	466			
23	Non-Fleet	1277	1532	1954	353	360	367	180	209	238
	Fleet	1405	1686	2150	388	396	404			
24	Non-Fleet	1201	1441	1838	334	341	347	169	197	223
	Fleet	1321	1585	2021	367	374	382			

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VAN POOLS

T e r r	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	146	175	223	162	165	168	45	54	59
	Fleet	161	193	246	178	182	185			
12	Non-Fleet	206	247	315	230	235	239	64	76	84
	Fleet	227	272	347	253	258	263			
13	Non-Fleet	174	209	266	193	197	201	54	65	71
	Fleet	191	229	292	212	216	220			
14	Non-Fleet	205	246	314	227	232	236	63	76	83
	Fleet	226	271	346	250	255	260			
15	Non-Fleet	162	194	248	179	183	186	50	60	66
	Fleet	178	214	272	197	201	205			
16	Non-Fleet	220	264	337	244	249	254	68	82	90
	Fleet	242	290	370	268	273	279			
17	Non-Fleet	190	228	291	211	215	219	59	70	77
	Fleet	209	251	320	232	237	241			
18	Non-Fleet	162	194	248	180	184	187	50	60	66
	Fleet	178	214	272	198	202	206			
19	Non-Fleet	134	161	205	149	152	155	41	50	55
	Fleet	147	176	225	164	167	171			
20	Non-Fleet	170	204	260	188	192	196	53	63	69
	Fleet	187	224	286	207	211	215			
21	Non-Fleet	165	198	252	183	187	190	51	61	67
	Fleet	182	218	278	201	205	209			
22	Non-Fleet	154	185	236	171	174	178	48	57	63
	Fleet	169	203	259	188	192	196			
23	Non-Fleet	134	161	205	149	152	155	41	50	55
	Fleet	147	176	225	164	167	171			
24	Non-Fleet	126	151	193	141	144	147	39	47	51
	Fleet	139	167	213	155	158	161			

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 Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 408.3126	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	44,494	358	450	1.027	419.337	419	-6.9%
12	81,710	507	715	1.454	593.687	594	-16.9%
13	59,351	426	511	1.222	498.958	499	-2.3%
14	38,649	504	592	1.445	590.012	590	-0.3%
15	33,329	398	501	1.141	465.885	466	-7.0%
16	92,841	540	660	1.549	632.476	632	-4.2%
17	77,780	467	573	1.339	546.731	547	-4.5%
18	86,100	399	471	1.144	467.110	467	-0.8%
19	0	330	369	0.946	386.264	386	4.6%
20	84,078	415	514	1.190	485.892	486	-5.4%
21	149,490	406	468	1.164	475.276	475	1.5%
22	396,014	378	469	1.084	442.611	443	-5.5%
23	1,291,916	330	369	0.946	386.264	386	4.6%
24	1,550,691	311	348	0.892	364.215	364	4.6%
SW	3,986,443	348.70	403.87		408.274		1.1%

Weighted average factor x percent change = new weighted average
 $403.87 \times 1.011 = 408.3126$

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 +1.1 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 Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 315.5546	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	21,128	358	343	1.032	325.652	326	-5.0%
12	47,230	507	544	1.461	461.025	461	-15.3%
13	31,097	426	389	1.228	387.501	388	-0.3%
14	22,473	504	451	1.452	458.185	458	1.6%
15	14,526	398	381	1.147	361.941	362	-5.0%
16	37,884	540	502	1.556	491.003	491	-2.2%
17	39,233	467	436	1.346	424.736	425	-2.5%
18	42,527	399	358	1.150	362.888	363	1.4%
19	0	330	281	0.951	300.092	300	6.8%
20	45,912	415	391	1.196	377.403	377	-3.6%
21	75,356	406	356	1.170	369.199	369	3.7%
22	207,779	378	357	1.089	343.639	344	-3.6%
23	682,677	330	281	0.951	300.092	300	6.8%
24	862,794	311	265	0.896	282.737	283	6.8%
SW	2,130,616	347.04	305.77		315.550		3.2%

Weighted average factor x percent change = new weighted average
 $305.77 \times 1.032 = 315.5546$

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 +3.2 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

		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	419	503	641	326	333	339
12	Dealers	594	713	909	461	470	479
13	Dealers	499	599	763	388	396	404
14	Dealers	590	708	903	458	467	476
15	Dealers	466	559	713	362	369	376
16	Dealers	632	758	967	491	501	511
17	Dealers	547	656	837	425	434	442
18	Dealers	467	560	715	363	370	378
19	Dealers	386	463	591	300	306	312
20	Dealers	486	583	744	377	385	392
21	Dealers	475	570	727	369	376	384
22	Dealers	443	532	678	344	351	358
23	Dealers	386	463	591	300	306	312
24	Dealers	364	437	557	283	289	294

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

Terr.	(1) Facility Earned Exposures	(2) Voluntary Base Loss Cost #	(3) Facility Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 179.0288	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	20	237	160	0.938	167.929	168	5.0%
12	100	332	219	1.313	235.065	235	7.3%
13	54	262	179	1.037	185.653	186	3.9%
14	40	262	180	1.037	185.653	186	3.3%
15	32	277	185	1.096	196.216	196	5.9%
16	103	318	212	1.258	225.218	225	6.1%
17	45	274	191	1.084	194.067	194	1.6%
18	28	252	179	0.997	178.492	178	-0.6%
19	0	236	148	0.934	167.213	167	12.8%
20	27	272	189	1.076	192.635	193	2.1%
21	73	229	149	0.906	162.200	162	8.7%
22	157	255	164	1.009	180.640	181	10.4%
23	279	236	148	0.934	167.213	167	12.8%
24	327	218	150	0.862	154.323	154	2.7%
SW	1,285	252.76	167.63		179.021		6.8%

Weighted average factor x percent change = new weighted average
 $167.63 \times 1.068 = 179.0288$

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 +6.8 percent.

** Column (7) is the change in the base rate by territory.

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

Terr.	(1) Facility Earned Exposures	(2) Voluntary Base Loss Cost #	(3) Facility Base Rate	(4) Voluntary/ Voluntary/ Weighted Average	(5) Col. 4 x 204.7861	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	20	237	189	0.938	192.089	192	1.6%
12	100	332	258	1.313	268.884	269	4.3%
13	54	262	210	1.037	212.363	212	1.0%
14	40	262	212	1.037	212.363	212	0.0%
15	32	277	218	1.096	224.446	224	2.8%
16	103	318	250	1.258	257.621	258	3.2%
17	45	274	225	1.084	221.988	222	-1.3%
18	28	252	210	0.997	204.172	204	-2.9%
19	0	236	175	0.934	191.270	191	9.1%
20	27	272	223	1.076	220.350	220	-1.3%
21	73	229	176	0.906	185.536	186	5.7%
22	157	255	193	1.009	206.629	207	7.3%
23	279	236	175	0.934	191.270	191	9.1%
24	327	218	177	0.862	176.526	177	0.0%
SW	1,285	252.76	197.67		204.780		3.6%

Weighted average factor x percent change = new weighted average
 $197.67 \times 1.036 = 204.7861$

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 +3.6 percent.

** Column (7) is the change in the base rate by territory.

North Carolina Reinsurance Facility
Commercial Automobile Manual

PRIVATE PASSENGER TYPES

	Bodily Injury Limit			Property Damage Limit			Medical Payments Limit		
	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	168	202	257	192	196	200	17	22	25
12	235	282	360	269	274	280	24	31	35
13	186	223	285	212	216	220	19	25	28
14	186	223	285	212	216	220	19	25	28
15	196	235	300	224	228	233	20	26	30
16	225	270	344	258	263	268	23	30	34
17	194	233	297	222	226	231	20	26	29
18	178	214	272	204	208	212	18	24	27
19	167	200	256	191	195	199	17	22	25
20	193	232	295	220	224	229	20	26	29
21	162	194	248	186	190	193	17	22	24
22	181	217	277	207	211	215	19	24	27
23	167	200	256	191	195	199	17	22	25
24	154	185	236	177	181	184	16	20	23

SECTION D
Supporting Exhibits

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE LIABILITY

SUPPORTING EXHIBITS

Exhibit 1 - Loss Development Factors

For Commercial Cars, Garage Dealers, and Private Passenger Types 25/50/15 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 VOLUNTARY AND FACILITY DATA
BASIC LIMITS LOSS DEVELOPMENT
COMMERCIAL CARS - BODILY INJURY
INCURRED LOSSES AND EXPENSES

ACCIDENT YEAR	BASIC LIMITS (\$25,000/50,000) AMOUNTS AS OF:										
	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS	
12/31/1991	15286416	15985477	15822005	16047573	16192181	16159916	16160309	16115006	16048505	16047653	
12/31/1992	14310392	15757760	16203394	16411392	16263093	16302842	16282702	16232074	16231785	16231785	
12/31/1993	14815669	16371722	16986531	17065322	16789316	16711689	16714844	16743277	16820858	16797204	
12/31/1994	15587448	16647036	16418549	16736346	16587874	16556742	16612530	16597519	16598790		
12/31/1995	16079327	16904311	17201714	17487255	17766077	17819439	17799016	17619996			
12/31/1996	16654258	17944632	18328744	18601246	18773948	18644319	18694761				
12/31/1997	15993825	16583799	17007219	17289781	17228606	17393311					
12/31/1998	15838572	16304563	16793139	17010883							
12/31/1999	15422860	15982772	16264681	16890137							
12/31/2000	15941953	17142256	17899122								
12/31/2001	14803232	15553943									
12/31/2002	12050534										

ACCIDENT YEAR	RATIOS										
	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111		
12/31/1991	1.046	0.990	1.014	1.009	0.998	1.000	0.997	0.996	1.000	1.000	
12/31/1992	1.101	1.028	1.013	0.991	1.002	0.999	0.997	1.000	1.000	0.999	
12/31/1993	1.105	1.038	1.005	0.984	0.995	1.000	1.002	1.005	1.000	0.999	
12/31/1994	1.068	0.986	1.019	0.991	0.998	1.003	0.999	1.000			
12/31/1995	1.051	1.018	1.017	1.016	1.003	0.999	0.990				
12/31/1996	1.077	1.021	1.015	1.009	0.993	1.003					
12/31/1997	1.037	1.026	1.017	0.996	1.010						
12/31/1998	1.029	1.030	1.013	1.005							
12/31/1999	1.036	1.018	1.038								
12/31/2000	1.075	1.044									
12/31/2001	1.051										
AVERAGE (best 3 of 5)	1.041	1.026	1.016	1.003	0.999	1.001	0.998	1.002	1.000		

SUMMARY OF FACTORS

123 To Ultimate	1.000										
111 To Ultimate	1.000										
99 To Ultimate	1.000										
87 To Ultimate	1.000										
75 To Ultimate	1.001										
63 To Ultimate	1.000										
51 To Ultimate	1.003										
39 To Ultimate	1.019										
27 To Ultimate	1.046										
15 To Ultimate	1.088										

NORTH CAROLINA
ISO VOLUNTARY AND FACILITY DATA
TOTAL LIMITS LOSS DEVELOPMENT
COMMERCIAL CARS - BODILY INJURY
INCURRED LOSSES AND EXPENSES

ACCIDENT YEAR	TOTAL LIMITS AMOUNTS AS OF:											111 MONTHS	123 MONTHS
	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS	123 MONTHS		
12/31/1991	30353107	35344678	37530020	38787331	39149936	38893519	39011405	38944850	38628349	38611997			
12/31/1992	25022979	29957484	32932949	33952958	33777098	33938628	33918488	34091591	34091302	34091302			
12/31/1993	28215002	34615218	37359946	38273407	37605653	37364651	37360051	37439734	37531545	37492891			
12/31/1994	27165668	32833079	34043938	35085147	35057169	34985054	35237808	35377797	35379068				
12/31/1995	28693598	32824042	34127749	34883841	34474115	34478726	34518303	34294931					
12/31/1996	27768395	35105570	37153950	38069552	38620141	38899819	38493761						
12/31/1997	26172050	29106430	32239680	33031320	32937879	33028590							
12/31/1998	29925526	34358141	37883292	40506003	41712322								
12/31/1999	26284162	32293814	34768615	38217257									
12/31/2000	23860126	31560925											
12/31/2001	28613360	35603073											
12/31/2002	21225588												

RATIOS

12/31/1991	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111		
12/31/1992	1.164	1.062	1.034	1.009	0.993	1.003	0.998	0.992	1.000		
12/31/1993	1.197	1.099	1.031	0.995	1.005	0.999	1.005	1.000	1.000		
12/31/1994	1.227	1.079	1.024	0.983	0.994	1.000	1.002	1.002	0.999		
12/31/1995	1.209	1.037	1.031	0.999	0.998	1.007	1.004	1.000			
12/31/1996	1.144	1.040	1.022	0.988	0.988	1.001	0.994				
12/31/1997	1.264	1.058	1.025	1.014	1.007	0.990					
12/31/1998	1.112	1.108	1.025	0.997	1.003						
12/31/1999	1.148	1.103	1.069	1.030							
12/31/2000	1.229	1.077	1.099								
12/31/2001	1.323	1.190									
12/31/2001	1.244										
AVERAGE (best 3 of 5)	1.207	1.096	1.040	1.003	1.000	1.000	1.001	1.001	1.000		

SUMMARY OF FACTORS

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

NORTH CAROLINA
ISO VOLUNTARY AND FACILITY DATA
BASIC LIMITS LOSS DEVELOPMENT
COMMERCIAL CARS - PROPERTY DAMAGE
INCURRED LOSSES AND EXPENSES

ACCIDENT YEAR	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
ENDED										
12/31/1991	11394109	11370159	11290304	11288876	11278932	11267221	11266967	11262448	11262448	11262448
12/31/1992	11525231	11392416	11387030	11376166	11370634	11346272	11350616	11352298	11347748	11347748
12/31/1993	12692905	12688661	12635568	12678346	12660625	12668396	12668520	12729965	12715320	12715320
12/31/1994	13971723	14010980	14039958	14070597	14065340	14062234	14078580	14052420	14052067	
12/31/1995	15955674	15916091	15902872	15922403	15905342	15908351	15885565			
12/31/1996	17696702	17829967	17902281	17821478	17861928	17792839	17865319			
12/31/1997	17141532	17408972	17498618	17540009	17493429	17609763				
12/31/1998	17160393	17170602	17261354	17269548						
12/31/1999	18299295	18514601	18589797	18797092						
12/31/2000	19188789	19449361	19455960							
12/31/2001	16430349	16526603								
12/31/2002	14098247									

BASIC LIMITS (\$15,000) AMOUNTS AS OF:

RATIOS

ENDED	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
12/31/1991	0.998	0.993	1.000	0.999	0.999	1.000	1.000	1.000	1.000
12/31/1992	0.988	1.000	0.999	1.000	0.998	1.000	1.000	1.000	1.000
12/31/1993	1.000	0.996	1.003	0.999	1.001	1.000	1.005	0.999	1.000
12/31/1994	1.003	1.002	1.002	1.000	1.000	1.001	0.998	1.000	
12/31/1995	0.998	0.999	1.001	0.999	1.000	0.999	1.000		
12/31/1996	1.008	1.004	0.995	1.002	0.996	1.004			
12/31/1997	1.016	1.005	1.002	0.997	1.007				
12/31/1998	1.001	1.005	1.000	1.005					
12/31/1999	1.012	1.004	1.011						
12/31/2000	1.014	1.000							
12/31/2001	1.006								
AVERAGE (best 3 of 5)	1.011	1.004	1.001	1.000	1.000	1.000	1.000	1.000	1.000

SUMMARY OF FACTORS

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

NORTH CAROLINA
ISO VOLUNTARY AND FACILITY DATA
TOTAL LIMITS LOSS DEVELOPMENT
COMMERCIAL CARS - PROPERTY DAMAGE
INCURRED LOSSES AND EXPENSES

ACCIDENT YEAR	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
ENDED										
12/31/1991	12126159	12166078	11957295	11862762	11852818	11841107	11840853	11836334	11836334	11836334
12/31/1992	12066303	11938115	11911106	11888875	11873343	11808980	11813324	11815006	11810456	11810456
12/31/1993	13273737	13310067	13266948	13525880	13327659	1335430	13335554	13444888	13430243	13430243
12/31/1994	14607591	14632237	14639438	14669760	14660603	14657497	14673843	14647683	14647330	14647330
12/31/1995	17134426	17070029	17059080	17056788	17024263	17027272	17004486	17004486		
12/31/1996	18752226	18819461	19040505	18940121	1895071	18925982	18998462			
12/31/1997	18104800	18372284	18455682	18595264	18451367	18557365				
12/31/1998	19178587	18813796	18862456	18879698	19005236					
12/31/1999	19556903	19682277	19754883	20088398						
12/31/2000	20786389	20883498	21213482							
12/31/2001	17624802	18084685								
12/31/2002	15545475									

TOTAL LIMITS AMOUNTS AS OF:

ACCIDENT YEAR	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
ENDED									
12/31/1991	1.003	0.983	0.992	0.999	0.999	1.000	1.000	1.000	1.000
12/31/1992	0.989	0.998	0.998	0.999	0.995	1.000	1.000	1.000	1.000
12/31/1993	1.003	0.997	1.020	0.985	1.001	1.000	1.008	0.999	1.000
12/31/1994	1.002	1.000	1.002	0.999	1.000	1.001	0.998	1.000	
12/31/1995	0.996	0.999	1.000	0.998	1.000	0.999	1.000		
12/31/1996	1.004	1.012	0.995	1.003	0.996	1.004			
12/31/1997	1.015	1.005	1.008	0.992					
12/31/1998	0.981	1.003	1.001	1.007					
12/31/1999	1.006	1.004	1.017						
12/31/2000	1.005	1.016							
12/31/2001	1.026								
AVERAGE (best 3 of 5)	1.009	1.007	1.003	1.000	1.000	1.000	1.000	1.000	1.000

SUMMARY OF FACTORS

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

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

POLICY YEAR ENDED	BASIC LIMITS (\$25,000/50,000) AMOUNTS AS OF:										
	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS	135 MONTHS	147 MONTHS
12/31/1992	1689474	1734889	1883763	1861740	1911816	1913431	1913431	1913431	1913431	1913431	1913431
12/31/1993	1860192	2054825	2048365	2015237	1998827	1998827	2005463	2005650	2005650	2005650	2005650
12/31/1994	2029923	2059941	2006353	1963967	1968553	1968553	1968553	1968553	1968553	1968553	1968553
12/31/1995	1532387	1683863	1650806	1649474	1649890	1649890	1649890	1649890	1649890	1649890	1649890
12/31/1996	1477579	1619658	1644253	1634600	1661236	1619077	1678518	1678518	1678518	1678518	1678518
12/31/1997	1226354	1379927	1361189	1380727	1384179	1383665	1383665	1383665	1383665	1383665	1383665
12/31/1998	989937	1046305	1019343	1067868	1066253	1066253	1066253	1066253	1066253	1066253	1066253
12/31/1999	477691	488881	533530	578454	578454	578454	578454	578454	578454	578454	578454
12/31/2000	593656	603522	641851	641851	641851	641851	641851	641851	641851	641851	641851
12/31/2001	524171	634710	634710	634710	634710	634710	634710	634710	634710	634710	634710
12/31/2002	517002	517002	517002	517002	517002	517002	517002	517002	517002	517002	517002

ACCIDENT YEAR

ENDED	RATIOS										
	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111	135:123	147:135	159:147
12/31/1992	1.027	1.086	0.988	1.027	1.001	1.000	1.11.99	1.000	1.000	1.000	1.000
12/31/1993	1.105	0.997	0.984	0.992	1.000	1.003	1.000	1.000	1.000	1.000	1.000
12/31/1994	1.015	0.974	0.979	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1995	1.099	0.980	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1996	1.096	1.015	0.994	1.016	0.975	1.000	1.037	1.000	1.000	1.000	1.000
12/31/1997	1.125	0.986	1.014	1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1998	1.057	0.974	1.048	0.998	0.998	0.998	0.998	0.998	0.998	0.998	0.998
12/31/1999	1.023	1.091	1.084	1.084	1.084	1.084	1.084	1.084	1.084	1.084	1.084
12/31/2000	1.017	1.064	1.064	1.064	1.064	1.064	1.064	1.064	1.064	1.064	1.064
12/31/2001	1.211	1.211	1.211	1.211	1.211	1.211	1.211	1.211	1.211	1.211	1.211

AVERAGE (best 3 of 5)

1.068	1.022	1.020	1.002	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000
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SUMMARY OF FACTORS

123 To Ultimate	1.000	(123:Ult.)=	1.000
111 To Ultimate	1.000	(123:111)(123:Ult.)=	1.000
99 To Ultimate	1.000	(123:111)(123:Ult.)=	1.000
87 To Ultimate	1.001	(111:99)(123:111)(123:Ult.)=	1.001
75 To Ultimate	1.001	(99:87)(111:99)(123:111)(123:Ult.)=	1.001
63 To Ultimate	1.003	(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.003
51 To Ultimate	1.023	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.023
39 To Ultimate	1.046	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.046
27 To Ultimate	1.117	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.117

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

ACCIDENT YEAR	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
ENDED										
12/31/1991	2377307	2556831	2555781	2667108	2663636	2646419	2645734	2645734	2645734	2645734
12/31/1992	2751277	2740770	2818142	2930499	2901608	2901111	2893129	2907050	2907574	2897397
12/31/1993	2177440	2339143	2354306	2498081	2496938	2472170	2472170	2475773	2474772	2474772
12/31/1994	2724398	2989678	2870092	2931554	2915488	2857225	2856921	2856769	2856769	2856769
12/31/1995	3158973	3364932	3488842	3651986	3673460	3668190	3667856	3667856	3667856	3667856
12/31/1996	2578859	2823104	2797512	2778595	2688417	2689448	2686553	2686553	2686553	2686553
12/31/1997	2193846	2459978	2239888	2484532	2479401	2479098	2479098	2479098	2479098	2479098
12/31/1998	2463250	2533557	2807284	2875318	2989003	2989003	2989003	2989003	2989003	2989003
12/31/1999	2602078	2666900	2780727	2773346	2773346	2773346	2773346	2773346	2773346	2773346
12/31/2000	2490964	2692468	2609736							
12/31/2001	2134110	2437363								
12/31/2002	1627332									

BASIC LIMITS (\$25,000/50,000) AMOUNTS AS OF:

RATIOS

ACCIDENT YEAR	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
ENDED									
12/31/1991	1.076	1.000	1.044	0.999	0.994	1.000	1.000	1.000	1.000
12/31/1992	0.996	1.028	1.040	0.990	1.000	0.997	1.005	1.000	0.996
12/31/1993	1.074	1.006	1.061	1.000	0.990	1.000	1.001	1.000	1.000
12/31/1994	1.097	0.960	1.021	0.995	0.980	1.000	1.000	1.000	1.000
12/31/1995	1.065	1.037	1.047	1.006	0.999	1.000	1.000	1.000	1.000
12/31/1996	1.095	0.991	0.993	0.968	1.000	0.999	1.000	1.000	1.000
12/31/1997	1.121	0.911	1.109	0.998	1.000	0.999	1.000	1.000	1.000
12/31/1998	1.029	1.108	1.024	1.040	1.000	1.000	1.000	1.000	1.000
12/31/1999	1.025	1.043	0.997						
12/31/2000	1.081	0.969							
12/31/2001	1.142								
AVERAGE (best 3 of 5)	1.077	1.001	1.023	1.000	0.996	1.000	1.000	1.000	0.999

SUMMARY OF FACTORS

123 To Ultimate										
111 To Ultimate										(123:Ult.)=
99 To Ultimate										(123:111)(123:Ult.)=
87 To Ultimate										(111:99)(123:111)(123:Ult.)=
75 To Ultimate										(99:87)(111:99)(123:111)(123:Ult.)=
63 To Ultimate										(87:75)(99:87)(111:99)(123:111)(123:Ult.)=
51 To Ultimate										(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=
39 To Ultimate										(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=
27 To Ultimate										(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=
15 To Ultimate										(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=
AVERAGE (best 3 of 5)										(27:15)(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=

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

ACCIDENT YEAR	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
ENDED	1865356	1841786	1851421	1848365	1845927	1846664	1846503	1846467	1846467	1846467
12/31/1991	1735702	1707155	1688920	1694294	1685819	1685244	1687287	1687287	1687287	1687287
12/31/1992	1992826	2005492	1990508	1995545	1994740	1997622	1995622	1996360	1990972	1990972
12/31/1993	1980550	1999630	1993828	1979893	1981534	1981534	1981746	1978693	1978693	1978693
12/31/1994	2427576	2388240	2390017	2393335	2388920	2394745	2370520	2370520	2370520	2370520
12/31/1995	2481558	2489254	2504231	2482066	2470994	2468107	2467535			
12/31/1996	2152143	2160322	2189042	2204683	2219615	2219615				
12/31/1997	2490126	2535946	2515323	2538455	2540263					
12/31/1998	2618091	2660839	2620770	2613893						
12/31/1999	2418127	2416827	2399356							
12/31/2000	2325718	2309982								
12/31/2001	2015815									

BASIC LIMITS (\$15,000) AMOUNTS AS OF:

RATIOS

ENDED	27.15	39.27	51.39	63.51	75.63	87.75	99.87	111.99	123.111
12/31/1991	0.987	1.005	0.998	0.999	1.000	1.000	1.000	1.000	1.000
12/31/1992	0.973	0.989	1.003	0.995	1.000	1.001	1.000	1.000	1.000
12/31/1993	1.006	0.993	1.003	1.000	1.000	0.999	1.000	0.997	1.000
12/31/1994	1.010	0.997	0.993	1.001	1.000	0.990	0.998	1.000	1.000
12/31/1995	0.984	1.001	1.001	0.998	1.002	0.990	1.000		
12/31/1996	1.003	1.006	0.991	0.996	0.999	1.000			
12/31/1997	1.004	1.013	1.007	1.007	1.000				
12/31/1998	1.018	0.992	1.009	1.007					
12/31/1999	1.016	0.985	0.997						
12/31/2000	0.999	0.993							
12/31/2001	0.993								
AVERAGE (best 3 of 5)	1.006	0.997	1.002	1.000	1.000	1.000	1.000	0.999	1.000

SUMMARY OF FACTORS

123 To Ultimate										
111 To Ultimate										(123:Ult.)=
99 To Ultimate										1.000
87 To Ultimate										1.000
75 To Ultimate										0.999
63 To Ultimate										0.999
51 To Ultimate										0.999
39 To Ultimate										0.999
27 To Ultimate										1.001
15 To Ultimate										0.998
										1.004

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

ACCIDENT YEAR	TOTAL LIMITS AMOUNTS AS OF:										
	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS	123 MONTHS
12/31/1991	2133365	2125544	2143847	2140791	2138353	2139090	2122929	2122893	2122893	2122893	2122893
12/31/1992	1756869	1710322	1692087	1697461	1688986	1688411	1690454	1690454	1690454	1690454	1690454
12/31/1993	2036280	2048946	2023628	2028665	2027860	2030742	2028742	2029480	2024092	2024092	2024092
12/31/1994	2022460	2029065	2023263	2009328	2010969	2010969	2011181	2008128	2008128	2008128	2008128
12/31/1995	2545048	2502757	2504534	2509335	2504920	2510745	2486520	2486520	2486520	2486520	2486520
12/31/1996	2533846	2543998	2568529	2546364	2535292	2532405	2531833				
12/31/1997	2224052	2217522	2392679	2408320	2512577	2512577					
12/31/1998	2633056	2684803	2667825	2731737	2726402						
12/31/1999	2681198	2802451	2755883	2737774							
12/31/2000	2570857	2527433	2503037								
12/31/2001	2432700	2371215									
12/31/2002	2074412										

ACCIDENT YEAR	RATIOS										
	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111	123:111	123:111
12/31/1991	0.996	1.009	0.999	0.999	1.000	0.992	1.000	1.000	1.000	1.000	1.000
12/31/1992	0.974	0.989	1.003	0.995	1.000	1.001	1.000	1.000	1.000	1.000	1.000
12/31/1993	1.006	0.988	1.002	1.000	1.001	0.999	1.000	0.997	1.000	1.000	1.000
12/31/1994	1.003	0.997	0.993	1.001	1.000	0.999	1.000	0.998	1.000	1.000	1.000
12/31/1995	0.983	1.001	1.002	0.998	1.002	1.000	0.998	1.000	0.998	1.000	1.000
12/31/1996	1.004	1.010	0.991	1.043	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1997	0.997	1.079	1.007	0.996	0.999	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1998	1.020	0.994	1.024	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1999	1.045	0.983	0.993								
12/31/2000	0.983	0.990									
12/31/2001	0.975										
AVERAGE (best 3 of 5)	1.000	0.998	1.001	0.999	1.000	1.000	1.000	0.999	1.000	1.000	1.000

SUMMARY OF FACTORS

123 To Ultimate	1.000										
111 To Ultimate	1.000										
99 To Ultimate	0.999										
87 To Ultimate	0.999										
75 To Ultimate	0.999										
63 To Ultimate	0.999										
51 To Ultimate	0.998										
39 To Ultimate	0.999										
27 To Ultimate	0.997										
15 To Ultimate	0.997										

Commercial Auto Liability
NORTH CAROLINA

BODILY INJURY TREND FACTORS

DATA EVALUATED AS OF	<u>12/31/03</u>
\$25,000 Limit	
12 Point - Paid Weighted Severity	+2.8%
24 Point - Paid Weighted Severity	+3.5%
12 Point - Paid NC Voluntary Severity	+5.8%
24 Point - Paid NC Voluntary Severity	+3.5%
12 Point - Incurred Weighted Severity	+2.2%
24 Point - Incurred Weighted Severity	+3.4%
12 Point - Incurred NC Voluntary Severity	+8.5%
24 Point - Incurred NC Voluntary Severity	+5.4%
Selected Severity Trend Factor	+3.0%
Selected Frequency Trend Factor	0.0%
Selected Combined Trend Factor	+3.0%
Total Limits	
12 Point - Paid Weighted Severity	+5.6%
24 Point - Paid Weighted Severity	+7.7%
12 Point - Paid NC Voluntary Severity	+7.9%
24 Point - Paid NC Voluntary Severity	+8.1%
12 Point - Incurred Weighted Severity	+ 6.1%
24 Point - Incurred Weighted Severity	+ 7.0%
12 Point - Incurred NC Voluntary Severity	+13.7%
24 Point - Incurred NC Voluntary Severity	+10.4%
Selected Severity Trend Factor	+6.0%
Selected Frequency Trend Factor	0.0%
Selected Combined Trend Factor	+6.0%

PROPERTY DAMAGE TREND FACTORS

DATA EVALUATED AS OF	<u>12/31/03</u>
Total Limits	
12 Point - Paid Weighted Severity	+4.6%
24 Point - Paid Weighted Severity	+4.8%
12 Point - Paid NC Voluntary Severity	+4.6%
24 Point - Paid NC Voluntary Severity	+4.0%
12 Point - Incurred Weighted Severity	+5.2%
24 Point - Incurred Weighted Severity	+5.0%
12 Point - Incurred NC Voluntary Severity	+6.1%
24 Point - Incurred NC Voluntary Severity	+4.9%
Selected Severity Trend Factor	+4.5%
Selected Frequency Trend Factor	0.0%
Selected Combined Trend Factor	+4.5%

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

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	NORTH CAROLINA				MULTISTATE*			
	BODILY INJURY (\$25000 LIMITS)		PROPERTY DAMAGE (TOTAL LIMITS)		BODILY INJURY (\$25000 LIMITS)		PROPERTY DAMAGE (TOTAL LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT
3/31/2001	6438.43	6348.28	2488.29	2442.96	8750.27	8830.67	2544.81	2559.54
6/30/2001	6483.91	6438.34	2484.98	2469.88	8839.85	8881.52	2567.89	2587.80
9/30/2001	6537.96	6529.69	2514.58	2497.82	8921.46	8932.66	2588.83	2616.38
12/31/2001	6534.31	6622.33	2527.56	2526.08	8999.41	8984.10	2627.27	2645.28
3/31/2002	6622.00	6716.28	2519.80	2554.65	9118.45	9035.83	2691.91	2674.49
6/30/2002	6771.59	6811.56	2524.96	2583.55	9115.30	9087.86	2740.74	2704.03
9/30/2002	6888.21	6908.20	2574.31	2612.77	9193.17	9140.19	2782.98	2733.89
12/31/2002	6952.50	7006.21	2631.28	2642.32	9296.31	9192.82	2813.76	2764.08
3/31/2003	7165.65	7105.61	2659.50	2672.21	9226.73	9245.75	2809.85	2794.61
6/30/2003	7248.82	7206.42	2671.79	2702.44	9301.18	9298.99	2827.40	2825.47
9/30/2003	7401.14	7308.66	2817.95	2733.01	9310.82	9352.54	2817.85	2856.67
12/31/2003	7373.32	7412.35	2789.53	2763.92	9318.42	9406.39	2839.18	2888.22

	<u>BODILY INJURY</u>	<u>PROPERTY DAMAGE</u>
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	5.8%	4.6%
(B) MULTISTATE	2.3%	4.5%
(10) CREDIBILITY	0.15	0.50
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	2.8%	4.6%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	2.8%	4.6%
(14) SELECTED ANNUAL PERCENT CHANGE IN LIABILITY	3.0%	4.5%

* 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 (\$25000 LIMITS)		PROPERTY DAMAGE (TOTAL LIMITS)		BODILY INJURY (\$25000 LIMITS)		PROPERTY DAMAGE (TOTAL LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT
3/31/1998	5960.96	5923.65	2282.22	2185.65	7915.64	7813.49	2174.97	2147.46
6/30/1998	5917.55	5975.07	2268.19	2207.15	7915.64	7813.49	2179.56	2176.31
9/30/1998	6113.66	6026.94	2221.07	2228.86	7926.85	7949.85	2203.06	2205.54
12/31/1998	6189.36	6079.26	2238.61	2250.78	7945.34	8018.93	2227.50	2235.17
3/31/1999	6183.16	6132.03	2248.17	2272.92	7992.94	8088.60	2243.73	2265.19
6/30/1999	6263.90	6185.26	2281.27	2295.28	8035.71	8158.87	2272.41	2295.62
9/30/1999	6268.25	6238.95	2300.48	2317.85	8112.50	8229.76	2295.02	2326.45
12/31/1999	6296.81	6293.11	2281.42	2340.65	8204.50	8301.26	2330.58	2357.70
3/31/2000	6391.17	6347.74	2304.27	2363.67	8330.54	8373.39	2365.22	2389.37
6/30/2000	6421.36	6402.85	2383.80	2386.92	8481.40	8446.14	2421.43	2421.47
9/30/2000	6416.85	6458.43	2389.54	2410.40	8583.72	8519.52	2474.27	2453.99
12/31/2000	6490.11	6514.49	2446.50	2434.11	8693.19	8593.54	2506.40	2486.95
3/31/2001	6438.43	6571.04	2488.29	2458.05	8750.27	8668.20	2544.81	2520.36
6/30/2001	6483.91	6628.09	2484.98	2482.23	8839.85	8743.52	2567.89	2554.21
9/30/2001	6537.96	6685.62	2514.58	2506.64	8921.46	8819.48	2588.83	2588.52
12/31/2001	6534.31	6743.66	2527.56	2531.30	8999.41	8896.11	2627.27	2623.29
3/31/2002	6622.00	6802.20	2519.80	2556.20	9118.45	8973.40	2691.91	2658.53
6/30/2002	6771.59	6861.25	2524.96	2581.34	9115.30	9051.37	2740.74	2694.24
9/30/2002	6888.21	6920.81	2574.31	2606.73	9193.17	9130.01	2782.98	2730.43
12/31/2002	6952.50	6980.89	2631.28	2632.37	9296.31	9209.33	2813.76	2767.11
3/31/2003	7165.65	7041.49	2659.50	2658.26	9226.73	9289.34	2809.85	2804.28
6/30/2003	7248.82	7102.61	2671.79	2684.41	9301.18	9370.05	2827.40	2841.94
9/30/2003	7401.14	7164.27	2817.95	2710.81	9310.82	9451.46	2817.85	2880.12
12/31/2003	7373.32	7226.46	2789.53	2737.48	9318.42	9533.58	2839.18	2918.81

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (24TH POINT / 20TH POINT)		
(A) NORTH CAROLINA	3.5%	4.0%
(B) MULTISTATE	3.5%	5.5%
(10) CREDIBILITY	0.15	0.50
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	3.5%	4.8%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	3.5%	4.8%
(14) SELECTED ANNUAL PERCENT CHANGE IN LIABILITY	3.0%	4.5%

* EXCLUDES MASSACHUSETTS AND PUERTO RICO

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

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	NORTH CAROLINA				MULTISTATE*			
	BODILY INJURY (TOTAL LIMITS)		PROPERTY DAMAGE (TOTAL LIMITS)		BODILY INJURY (TOTAL LIMITS)		PROPERTY DAMAGE (TOTAL LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT
3/31/2001	18114.15	17733.76	2488.29	2442.96	26328.23	26462.33	2544.81	2559.54
6/30/2001	18876.21	18073.01	2484.98	2469.88	26900.70	26797.23	2567.89	2587.80
9/30/2001	19042.73	18418.74	2514.58	2497.82	27142.65	27136.37	2588.83	2616.38
12/31/2001	18150.46	18771.08	2527.56	2526.08	27396.12	27479.79	2627.27	2645.28
3/31/2002	17665.35	19130.17	2519.80	2554.65	27887.36	27827.57	2691.91	2674.49
6/30/2002	18782.29	19496.13	2524.96	2583.55	28055.17	28179.74	2740.74	2704.03
9/30/2002	19195.99	19869.08	2574.31	2612.77	28675.89	28536.38	2782.98	2733.89
12/31/2002	20708.11	20249.17	2631.28	2642.32	29222.88	28897.52	2813.76	2764.08
3/31/2003	21147.48	20636.53	2659.50	2672.21	29171.72	28263.24	2809.85	2794.61
6/30/2003	21776.73	21031.30	2671.79	2702.44	29570.21	29633.58	2827.40	2825.47
9/30/2003	21908.54	21433.63	2817.95	2733.01	29880.73	30008.61	2817.85	2856.67
12/31/2003	21484.25	21843.65	2789.53	2763.92	30382.30	30388.39	2839.18	2888.22

	<u>BODILY INJURY</u>	<u>PROPERTY DAMAGE</u>
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	7.9%	4.6%
(B) MULTISTATE	5.2%	4.5%
(10) CREDIBILITY	0.15	0.50
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	5.6%	4.6%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	5.6%	4.6%
(14) SELECTED ANNUAL PERCENT CHANGE IN LIABILITY	6.0%	4.5%

* EXCLUDES MASSACHUSETTS AND PUERTO RICO

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

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	NORTH CAROLINA				MULTISTATE*			
	BODILY INJURY (TOTAL LIMITS)		PROPERTY DAMAGE (TOTAL LIMITS)		BODILY INJURY (TOTAL LIMITS)		PROPERTY DAMAGE (TOTAL LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT
3/31/1998	13981.81	14028.81	2282.22	2185.65	20809.46	20531.70	2174.97	2147.46
6/30/1998	13200.04	14303.68	2268.19	2207.15	20862.93	20910.88	2179.56	2176.31
9/30/1998	14177.08	14583.93	2221.07	2228.86	20817.61	21297.07	2203.06	2205.54
12/31/1998	15435.18	14869.67	2238.61	2250.78	21323.45	21690.38	2227.50	2235.17
3/31/1999	15584.56	15161.01	2248.17	2272.92	21565.52	22090.97	2243.73	2265.19
6/30/1999	16626.37	15458.05	2281.27	2295.28	21876.54	22498.95	2272.41	2295.62
9/30/1999	16498.93	15760.92	2300.48	2317.85	22619.67	22914.46	2295.02	2326.45
12/31/1999	15851.04	16069.72	2281.42	2340.65	23068.89	23337.65	2330.58	2357.70
3/31/2000	16247.89	16384.57	2304.27	2363.67	23744.23	23768.65	2365.22	2389.37
6/30/2000	15798.21	16705.59	2383.80	2386.92	24632.18	24207.61	2421.43	2421.47
9/30/2000	16815.71	17032.90	2389.54	2410.40	25231.59	24654.68	2474.27	2453.99
12/31/2000	17913.14	17366.62	2446.50	2434.11	25971.52	25110.01	2506.40	2486.95
3/31/2001	18114.15	17706.89	2488.29	2458.05	26328.23	25573.74	2544.81	2520.36
6/30/2001	18876.21	18053.81	2484.98	2482.23	26900.70	26046.04	2567.89	2554.21
9/30/2001	19042.73	18407.54	2514.58	2506.64	27142.65	26527.07	2588.83	2588.52
12/31/2001	18150.46	18768.19	2527.56	2531.30	27396.12	27016.97	2627.27	2623.29
3/31/2002	17665.35	19135.92	2519.80	2556.20	27887.36	27515.93	2691.91	2658.53
6/30/2002	18782.29	19510.84	2524.96	2581.34	28055.17	28024.09	2740.74	2694.24
9/30/2002	19195.99	19893.11	2574.31	2606.73	28675.89	28541.65	2782.98	2730.43
12/31/2002	20708.11	20282.88	2631.28	2632.37	29222.88	29068.76	2813.76	2767.11
3/31/2003	21147.48	20680.28	2659.50	2658.26	29171.72	29605.60	2809.85	2804.28
6/30/2003	21776.73	21085.46	2671.79	2684.41	29570.21	30152.36	2827.40	2841.94
9/30/2003	21908.54	21498.58	2817.95	2710.81	29880.73	30709.22	2817.85	2880.12
12/31/2003	21484.25	21919.80	2789.53	2737.48	30382.30	31276.37	2839.18	2918.81

	<u>BODILY INJURY</u>	<u>PROPERTY DAMAGE</u>
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (24TH POINT / 20TH POINT)		
(A) NORTH CAROLINA	8.1%	4.0%
(B) MULTISTATE	7.6%	5.5%
(10) CREDIBILITY	0.15	0.50
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	7.7%	4.8%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	7.7%	4.8%
(14) SELECTED ANNUAL PERCENT CHANGE IN LIABILITY	6.0%	4.5%

* EXCLUDES MASSACHUSETTS AND PUERTO RICO

LIABILITY
FREQUENCY TREND

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

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>
12/31/1997	1.3590		5.0748	
3/31/1998	1.3252		4.9524	
6/30/1998	1.2826		4.8948	
9/30/1998	1.2731		4.8300	
12/31/1998	1.2850	-5.4%&	4.7419	-6.6%&
3/31/1999	1.2771		4.7857	
6/30/1999	1.2724		4.7721	
9/30/1999	1.2798	+0.5%	4.7941	-0.7%
12/31/1999	1.2701		4.8243	
3/31/2000	1.2846		4.8801	
6/30/2000	1.3085		4.9573	
9/30/2000	1.3092	+2.3%	4.9806	+3.9%
12/31/2000	1.2917		5.0283	
3/31/2001	1.2928		4.9950	
6/30/2001	1.2797		4.8856	
9/30/2001	1.2640	-3.5%	4.8068	-3.5%
12/31/2001	1.2611		4.6909	
3/31/2002	1.2372		4.4842	
6/30/2002	1.2051		4.3918	
9/30/2002	1.1909	-5.8%	4.2785	-11.0%
12/31/2002	1.1763		4.1877	
3/31/2003	1.1625		4.1930	
6/30/2003	1.1756		4.0440	
9/30/2003	1.2042	+1.1%	3.9725	-7.2%

* EXCLUDES MASSACHUSETTS AND PUERTO RICO

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

@ CHANGE BASED ON YEARS ENDING 9/30/XXXX

& CHANGE BASED ON YEAR ENDING 12/31/1998 DIVIDED BY 12/31/1997

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>
12/31/1997	1.8271		5.2899	
3/31/1998	1.8046		5.0075	
6/30/1998	1.6816		4.7995	
9/30/1998	1.4958		4.6033	
12/31/1998	1.4819	-18.9%&	4.4494	-15.9%&
3/31/1999	1.3934		4.3428	
6/30/1999	1.4414		4.3097	
9/30/1999	1.5236	+1.9%	4.4624	-3.1%
12/31/1999	1.4980		4.5712	
3/31/2000	1.5289		4.7329	
6/30/2000	1.6280		4.9755	
9/30/2000	1.6802	+10.3%	5.0040	+12.1%
12/31/2000	1.6889		4.9299	
3/31/2001	1.7008		4.8547	
6/30/2001	1.5388		4.5083	
9/30/2001	1.4415	-14.2%	4.3008	-14.1%
12/31/2001	1.3523		4.1289	
3/31/2002	1.2849		3.9778	
6/30/2002	1.3039		4.0097	
9/30/2002	1.2853	-10.8%	3.9172	-8.9%
12/31/2002	1.3160		3.8383	
3/31/2003	1.3091		3.7381	
6/30/2003	1.2599		3.4101	
9/30/2003	1.3451	+4.7%	3.2299	-17.5%

CONSISTS OF THE FOLLOWING CLASSES WHICH ARE RATED ON A PER CAR BASIS:
TRUCKS, TRACTORS, TRAILERS, PRIVATE PASSENGER TYPES, BUSES AND PUBLICS
@ CHANGE BASED ON YEARS ENDING 9/30/XXXX
& CHANGE BASED ON YEAR ENDING 12/31/1998 DIVIDED BY 12/31/1997

COMMERCIAL AUTO LIABILITY
INCURRED CLAIM FREQUENCY

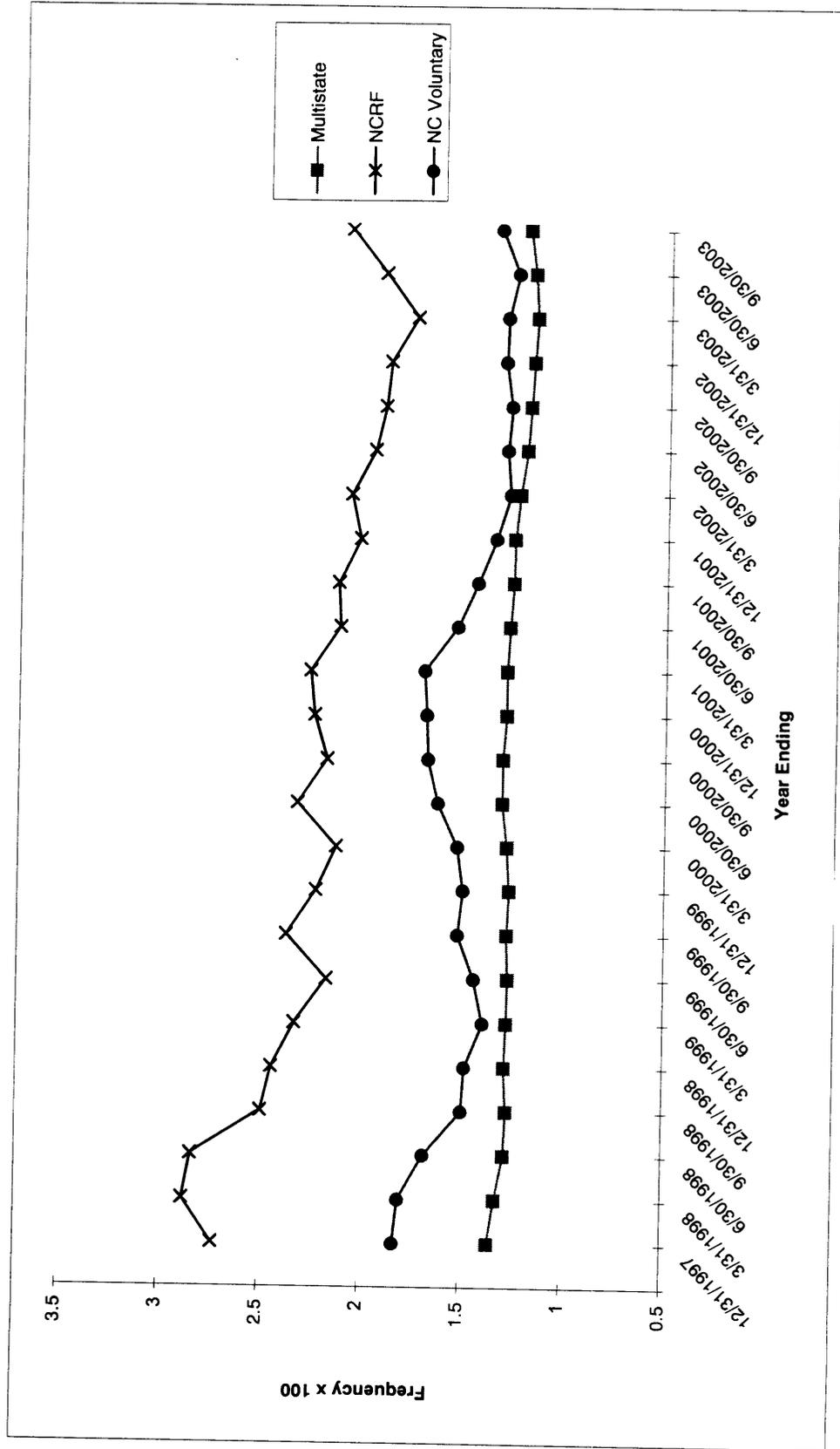
NORTH CAROLINA REINSURANCE FACILITY

ALL COMMERCIAL AUTOMOBILE CLASSES COMBINED#

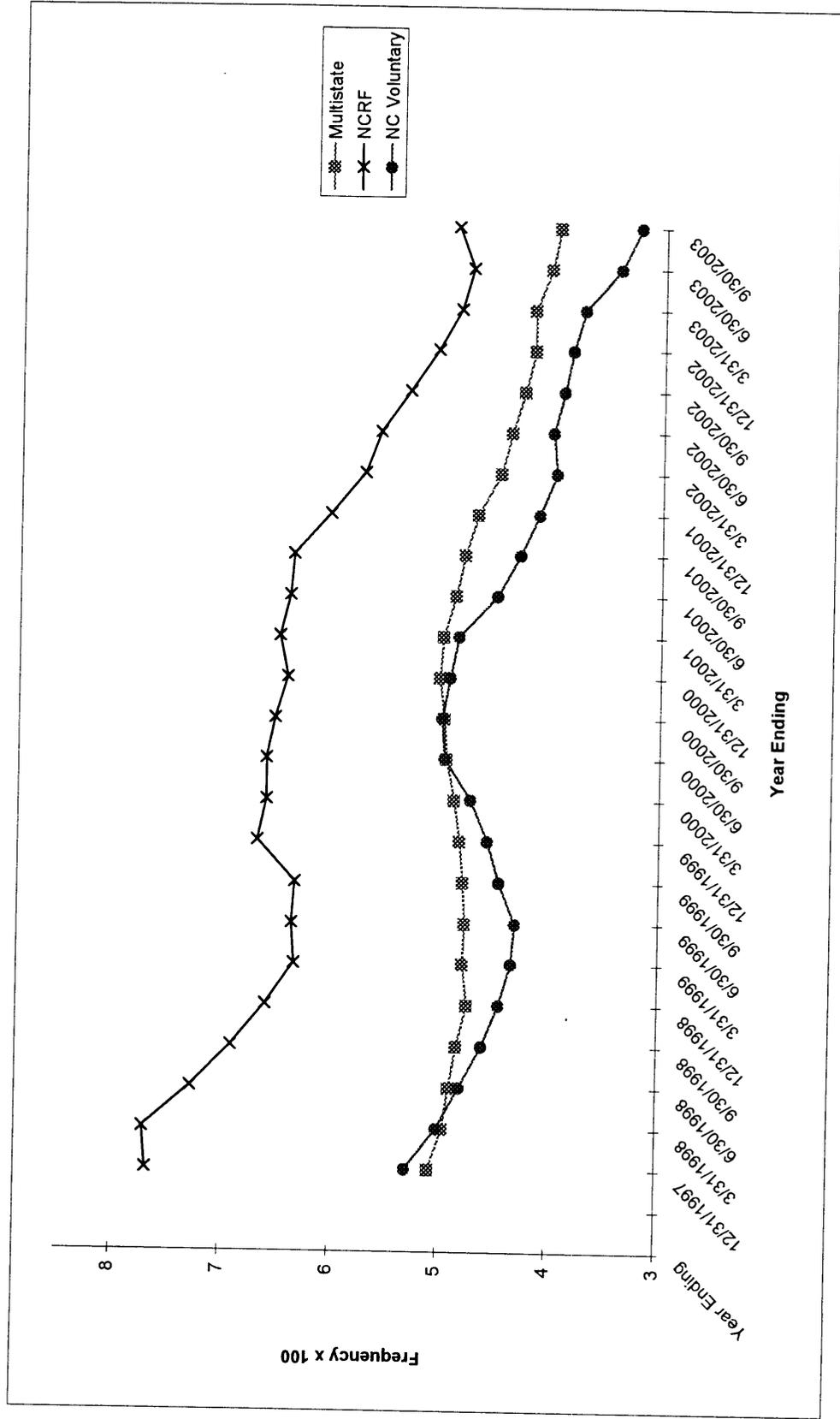
<u>YEAR ENDING</u>	<u>BODILY INJURY ACTUAL</u>	<u>BODILY INJURY ACTUAL CHANGE@</u>	<u>PROPERTY DAMAGE ACTUAL</u>	<u>PROPERTY DAMAGE ACTUAL CHANGE@</u>
12/31/1997	2.7287		7.6761	
3/31/1998	2.8773		7.7036	
6/30/1998	2.8373		7.2666	
9/30/1998	2.4935		6.9058	
12/31/1998	2.4426	-10.5%&	6.5946	-14.1%&
3/31/1999	2.3292		6.3398	
6/30/1999	2.1723		6.3646	
9/30/1999	2.3739	-4.8%	6.3371	-8.2%
12/31/1999	2.2294		6.6815	
3/31/2000	2.1308		6.6033	
6/30/2000	2.3248		6.6097	
9/30/2000	2.1805	-8.1%	6.5344	+3.1%
12/31/2000	2.2453		6.4223	
3/31/2001	2.2678		6.4982	
6/30/2001	2.1218		6.4074	
9/30/2001	2.1322	-2.2%	6.3791	-2.4%
12/31/2001	2.0275		6.0493	
3/31/2002	2.0733		5.7399	
6/30/2002	1.9600		5.5964	
9/30/2002	1.9098	-10.4%	5.3327	-16.4%
12/31/2002	1.8870		5.0763	
3/31/2003	1.7579		4.8702	
6/30/2003	1.9167		4.7665	
9/30/2003	2.0877	+9.3%	4.9044	-8.0%

CONSISTS OF THE FOLLOWING CLASSES WHICH ARE RATED ON A PER CAR BASIS:
TRUCKS, TRACTORS, TRAILERS, PRIVATE PASSENGER TYPES, BUSES AND PUBLICS
@ CHANGE BASED ON YEARS ENDING 9/30/XXXX
& CHANGE BASED ON YEAR ENDING 12/31/1998 DIVIDED BY 12/31/1997

Commercial Auto Liability
Actual BI Incurred Claim Frequency



Commercial Auto 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-00	168.8	
Feb-00	169.8	149.9
Mar-00	171.2	
Apr-00	171.3	
May-00	171.5	151.3
Jun-00	172.4	
Jul-00	172.8	
Aug-00	172.8	154.8
Sep-00	173.7	
Oct-00	174.0	
Nov-00	174.1	155.2
Dec-00	174.0	
Jan-01	175.1	
Feb-01	175.8	157.6
Mar-01	176.2	
Apr-01	176.9	
May-01	177.7	159.3
Jun-01	178.0	
Jul-01	177.5	
Aug-01	177.5	159.9
Sep-01	178.3	
Oct-01	177.7	
Nov-01	177.4	161.3
Dec-01	176.7	
Jan-02	177.1	
Feb-02	177.8	164.0
Mar-02	178.8	
Apr-02	179.8	
May-02	179.8	166.1
Jun-02	179.9	
Jul-02	180.1	
Aug-02	180.7	167.1
Sep-02	181.0	
Oct-02	181.3	
Nov-02	181.3	167.9
Dec-02	180.9	
Jan-03	181.7	
Feb-03	183.1	172.1
Mar-03	184.2	
Apr-03	183.8	
May-03	183.5	173.9
Jun-03	183.7	
Jul-03	183.9	
Aug-03	184.6	175.1
Sep-03	185.2	
Oct-03	185.0	
Nov-03	184.5	176.2
Dec-03	184.3	

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)	0.00%	4.42%	2.21%
(2) Annual Change in indices based on exponential curve of best fit for the latest 36 points (or 12 quarters)	1.89%	4.38%	3.14%
(3) Annual Change in indices based on exponential curve of best fit for the latest 24 points (or 8 quarters)	2.16%	4.43%	3.30%
(4) Annual Change in indices based on exponential curve of best fit for the latest 12 points (or 4 quarters)	1.32%	3.15%	2.23%
(5) Average Annual Index (D)			
Year Ended 6/30/2001	175.09	156.73	
Year Ended 12/31/2001	177.07	159.53	
Year Ended 6/30/2002	178.19	162.83	
Year Ended 12/31/2002	179.88	166.28	
Year Ended 6/30/2003	182.11	170.25	
Year Ended 12/31/2003	183.96	174.33	
(6) Current Cost Factor (Index Value Divided by Average Annual Index)			
Year Ended 6/30/2001	1.05	1.12	1.09
Year Ended 12/31/2001	1.04	1.10	1.07
Year Ended 6/30/2002	1.03	1.08	1.06
Year Ended 12/31/2002	1.02	1.06	1.04
Year Ended 6/30/2003	1.01	1.03	1.02
Year Ended 12/31/2003	1.00	1.01	1.01
Notes: (A) All items CPI index (urban). Source: Bureau of Labor Statistics.			
(B) Total Compensation Cost Index - Insurance Carriers, Agent Brokers, and Service. Source: Bureau of Labor Statistics.			
(C) Weighted Average determined as .50 (All items) + .50 (CCI).			
(D) Average year ended index for period shown.			
(7) Selected Expense Trend:	3.3%		

EXTERNAL EXPENSE TREND SUMMARY

AVERAGE ANNUAL RATES OF CHANGE
DATA ENDED DECEMBER 2003CONSUMER PRICE INDEX

	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
48 points	0.00%	0.00%	0.00%
36 points	1.83%	1.88%	1.89%
24 points	2.09%	2.14%	2.16%
12 points	1.30%	1.31%	1.32%

COMPENSATION COST INDEX

	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
16 points	4.00%	4.32%	4.42%
12 points	4.05%	4.29%	4.38%
8 points	4.18%	4.33%	4.43%
4 points	3.06%	3.10%	3.15%

EXTERNAL EXPENSE TREND SUMMARY
CORRELATION COEFFICIENTS
DATA ENDED DECEMBER 2003CONSUMER PRICE INDEX

	STRAIGHT LINE	EXPONENTIAL
48 points	0.98	0.98
36 points	0.97	0.97
24 points	0.96	0.96
12 points	0.77	0.77

COMPENSATION COST INDEX

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

NORTH CAROLINA COMMERCIAL AUTOMOBILE EXPENSE EXPERIENCE
Calendar Year 2003

<u>Item</u>	<u>Bodily Injury</u>	<u>Property Damage</u>	<u>Totals</u>
Premium Written *	487,202,912	93,757,641	580,960,553
Premium Earned *	470,124,726	92,582,072	562,706,798
Commission & Brokerage Expense	64,712,793	12,055,294	76,768,087
Other Acquisition Expense	23,134,963	4,808,973	27,943,936
General Expense	26,560,843	5,007,142	31,567,985
Taxes, Licenses, and Fees	12,003,378	2,296,281	14,299,659
Losses Incurred	264,861,547	65,832,558	330,694,105
Allocated Loss Adjustment Expense	20,719,165	1,117,030	21,836,195
Unallocated Loss Adjustment Expense	20,092,310	3,568,738	23,661,048

Ratios
B.I. & P.D. Combined

Commission & Brokerage Expense to Written Premium:	0.132 **
Other Acquisition Expense to Earned Premium:	0.050
General Expense to Earned Premium	0.056 ***
Taxes, etc. to Written Premium:	0.025

	<u>B.I.</u>	<u>P.D.</u>	<u>Total</u>
Allocated Loss Adjustment Expense to Incurred Losses:	0.078	0.017	0.066
Unallocated Loss Adjustment Expense to Incurred Losses + Allocated:	0.070	0.053	0.067

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

** Facility commission is limited to 10% for Commercial Cars, Private Passenger Types, and Garage Dealers.

*** 0.050 is used for Commercial Cars and Private Passenger Types;
0.080 selected for Garage Dealers.

Credibility Tables

Credibility for Statewide Loss Ratio*

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

Credibility for use with Trend Data**

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

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

Accident Year and/or Policy Year Weights

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

<u>Year Ending</u>	<u>Weights</u>
12/31/1998	.10
12/31/1999	.15
12/31/2000	.20
12/31/2001	.25
12/31/2002	.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 Commercial Cars and Private Passenger Types is based on P and K values of 90% and 5% respectively. For Garage Dealers, the P and K values are 95% and 7.5% respectively.

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

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

COMMERCIAL CARS AND PRIVATE PASSENGER TYPES

A. Unearned Premium Reserve	
1. Earned Premium for Calendar Year Ending 12/31/2002	<u>\$57,311,039</u>
2. Mean Unearned Premium Reserve: (1) x 0.415	<u>23,784,081</u>
3. Deduction for Prepaid Expenses	
Commission and Brokerage Expense	10.00%
83% of Taxes, Licenses and Fees	2.08%
50% of Other Acquisition Expense	2.50%
50% of Company Operating Expense	<u>2.50%</u>
Total	17.08%
4. (2) x (3)	<u>4,062,321</u>
5. Net Subject to Investment (2) - (4)	<u>19,721,760</u>
B. Delayed Remission of Premium (Agents' Balances)	
1. Direct Earned Premium (A-1)	<u>57,311,039</u>
2. Average Agents' Balance	0.201
3. Delayed Remission (1) x (2)	<u>11,519,519</u>
C. Loss Reserve	
1. Direct Earned Premium (A-1)	<u>57,311,039</u>
2. Expected Incurred Losses and Loss Adjustment Expenses (1) x 0.775	<u>44,416,055</u>
3. Expected Mean Loss Reserves (2) x 1.272	<u>56,497,222</u>
D. Net Subject to Investment (A-5) - (B-3) + (C-3)	<u>64,699,463</u>
E. Average Rate of Return	<u>4.17%</u>
F. Investment Earnings on Net Subject to Investment (D) x (E)	<u>2,697,968</u>
G. Average Rate of Return as a Percent of Direct Earned Premium (F) / (A-1)	<u>4.71%</u>

COMMERCIAL AUTOMOBILE INSURANCE
CEDED LIABILITY COVERAGE

Section D
Exhibit 6
Sheet 2

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

GARAGE DEALERS

A. Unearned Premium Reserve	
1. Earned Premium for Calendar Year Ending 12/31/2002	<u>\$57,311,039</u>
2. Mean Unearned Premium Reserve: (1) x 0.415	<u>23,784,081</u>
3. Deduction for Prepaid Expenses	
Commission and Brokerage Expense	10.00%
83% of Taxes, Licenses and Fees	2.08%
50% of Other Acquisition Expense	2.50%
50% of Company Operating Expense	<u>4.00%</u>
Total	18.58%
4. (2) x (3)	<u>4,419,082</u>
5. Net Subject to Investment (2) - (4)	<u>19,364,999</u>
B. Delayed Remission of Premium (Agents' Balances)	
1. Direct Earned Premium (A-1)	<u>57,311,039</u>
2. Average Agents' Balance	0.201
3. Delayed Remission (1) x (2)	<u>11,519,519</u>
C. Loss Reserve	
1. Direct Earned Premium (A-1)	<u>57,311,039</u>
2. Expected Incurred Losses and Loss Adjustment Expenses (1) x 0.745	<u>42,696,724</u>
3. Expected Mean Loss Reserves (2) x 1.272	<u>54,310,233</u>
D. Net Subject to Investment (A-5) - (B-3) + (C-3)	<u>62,155,713</u>
E. Average Rate of Return	<u>4.17%</u>
F. Investment Earnings on Net Subject to Investment (D) x (E)	<u>2,591,893</u>
G. Average Rate of Return as a Percent of Direct Earned Premium (F) / (A-1)	<u>4.52%</u>

COMMERCIAL AUTO LIABILITYESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
EXPLANATORY NOTESLine 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 countrywide ratio of the mean direct unearned premium reserve to the *direct earned premium* for the latest available calendar year for the line of business.

	<u>(In Thousands of Dollars)</u>
1. Direct Earned Premium for Calendar Year 2002	\$18,619,367
2. Direct Unearned Premium Reserve as of 12/31/01	7,126,990
3. Direct Unearned Premium Reserve as of 12/31/02	8,324,238
4. Mean Direct Unearned Premium Reserve = $\frac{1}{2}$ [(2) + (3)]	7,725,614
5. Ratio (4) / (1)	0.415

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.

Line B-2 (Cont'd)

The total of admitted and non-admitted agents' balances, or uncollected premiums due, amounts to 0.201 of net earned premiums for all companies as computed from A.M. Best's Property/Casualty Computer Tapes. The 0.201 is based on the following:

Section D
Exhibit 6
Sheet 4

	<u>(In Thousands of Dollars)</u>
1. Net Earned Premium for Calendar Year 2002	\$348,506,836
2. Net Agents' Balances as of 12/31/01	67,818,954
3. Net Agents' Balances as of 12/31/02	72,120,810
4. Mean Agents' Balances: $\frac{1}{2} [(2) + (3)]$	69,969,882
5. Ratio (4) / (1)	0.201

Line C-2

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

Line C-3

The *expected mean loss reserve* is determined by multiplying the expected incurred losses in line (C-2) by the average countrywide 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 all company data provided by the A.M. Best Company.

	<u>(In Thousands of Dollars)</u>
1. Incurred losses* for Calendar Year 2001	82,938,515
2. Incurred losses* for Calendar Year 2002	86,166,401
3. Loss Reserves* as of 12/31/00	101,774,192
4. Loss Reserves* as of 12/31/01	107,286,402
5. Loss Reserves* as of 12/31/02	113,819,074
6. Mean Loss Reserve 2001: $\frac{1}{2} [(3) + (4)]$	104,530,297
7. Mean Loss Reserve 2002: $\frac{1}{2} [(4) + (5)]$	110,552,738
8. Ratio (6) / (1)	1.260
9. Ratio (7) / (2)	1.283
10. $\frac{1}{2} [(8) + (9)]$	1.272

*Including all loss adjustment expenses.

NORTH CAROLINA
Bodily Injury
Unadjusted Experience

Section D
Exhibit 7
Sheet 1

Commercial Cars:

Accident Year	\$25,000/\$50,000	
<u>Ending</u>	<u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/1998	5,158,079	3,058,661
12/31/1999	5,285,106	4,287,218
12/31/2000	6,350,403	3,339,310
12/31/2001	6,202,903	6,509,702
12/31/2002	5,534,161	3,289,213

Garage Dealers:

Policy Year	\$25,000/\$50,000	
<u>Ending</u>	<u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/1998	2,223,121	826,320
12/31/1999	1,201,244	457,467
12/31/2000	1,625,296	203,000
12/31/2001	1,678,178	286,463
12/31/2002	1,507,719	110,500

Private Passenger Types:

Accident Year	\$25,000/\$50,000	
<u>Ending</u>	<u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/1998	38,091	0
12/31/1999	103,762	0
12/31/2000	163,702	185,000
12/31/2001	231,451	947,350
12/31/2002	147,665	18,594

*These losses are not developed, and include only allocated loss adjustment expenses. The evaluation date of losses is March 31, 2003.

NORTH CAROLINA
Property Damage
Unadjusted Experience

Section D
Exhibit 7
Sheet 2

Commercial Cars:

Accident Year	\$15000	
<u>Ending</u>	<u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/1998	5,393,623	165,275
12/31/1999	5,274,301	356,726
12/31/2000	6,844,364	512,232
12/31/2001	6,870,327	703,332
12/31/2002	6,091,746	387,054

Garage Dealers:

Policy Year	\$15000	
<u>Ending</u>	<u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/1998	1,650,761	69,357
12/31/1999	1,199,283	71,112
12/31/2000	1,442,911	41,678
12/31/2001	1,205,253	13,295
12/31/2002	1,243,241	2,763

Private Passenger Types:

Accident Year	\$15000	
<u>Ending</u>	<u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/1998	100,731	3,989
12/31/1999	104,632	0
12/31/2000	208,495	7,875
12/31/2001	130,748	0
12/31/2002	129,104	14,729

*These losses are not developed, and include only allocated loss adjustment expenses. The evaluation date of losses is March 31, 2003.

Bodily Injury
Adjusted Experience

Commercial Cars:

Accident Year Ending	\$25,000/\$50,000 Limits Earned Premium <u>at Present Rates</u>	\$25,000/\$50,000 <u>Incurred Losses*</u>
12/31/1998	7,000,751	7,003,589
12/31/1999	6,891,769	6,985,871
12/31/2000	8,712,796	8,276,810
12/31/2001	8,592,973	8,053,979
12/31/2002	8,727,254	7,259,902

Garage Dealers:

Policy Year Ending	Total Limits Earned Premium <u>at Present Rates</u>	Total Limits <u>Incurred Losses*</u>
12/31/1998	5,249,705	5,290,758
12/31/1999	5,013,888	2,745,715
12/31/2000	4,084,081	2,892,398
12/31/2001	4,205,137	3,003,855
12/31/2002	3,986,442	2,674,989

Private Passenger Types:

Accident Year Ending	\$25,000/\$50,000 Limits Earned Premium <u>at Present Rates</u>	\$25,000/\$50,000 <u>Incurred Losses*</u>
12/31/1998	117,535	51,462
12/31/1999	104,780	136,059
12/31/2000	279,528	213,152
12/31/2001	277,625	292,764
12/31/2002	215,250	195,315

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

NORTH CAROLINA
Property Damage
Adjusted Experience

Section D
Exhibit 7
Sheet 4

Commercial Cars:

Accident Year <u>Ending</u>	\$15,000 Limits Earned Premium <u>at Present Rates</u>	\$15,000 <u>Incurred Losses*</u>
12/31/1998	8,044,583	8,040,495
12/31/1999	7,919,180	7,529,144
12/31/2000	10,011,640	9,361,456
12/31/2001	9,873,575	9,033,585
12/31/2002	10,027,662	7,757,356

Garage Dealers:

Policy Year <u>Ending</u>	Total Limits Earned Premium <u>at Present Rates</u>	Total Limits <u>Incurred Losses*</u>
12/31/1998	3,126,959	2,621,208
12/31/1999	2,889,719	1,858,593
12/31/2000	2,137,855	2,098,039
12/31/2001	2,279,447	1,714,413
12/31/2002	2,130,616	1,678,239

Private Passenger Types:

Accident Year <u>Ending</u>	\$15,000 Limits Earned Premium <u>at Present Rates</u>	\$15,000 <u>Incurred Losses*</u>
12/31/1998	138,617	150,013
12/31/1999	123,594	149,214
12/31/2000	329,657	285,170
12/31/2001	327,501	170,720
12/31/2002	253,829	162,462

*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 -12.0% in total liability premium for bodily injury and -2.3% for property damage. In order to maintain consistency between limits, the overall filed property damage change is -2.1%. This document presents revised factors for the following increased limits tables:

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

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

Notes Pertaining to the Revision

- This revision is based upon North Carolina Reinsurance Facility experience. North Carolina and Countrywide Voluntary data has been considered when necessary to promote stability.
- Data for accident and policy years ending December 31, 1998 to December 31, 2002 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 7/1/2005.

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:

A. Light and Medium Trucks

	<u>Policy Limit</u>	<u>Indicated Factors</u>	<u>Current Factors</u>
\$	50,000/ 100,000	1.18	1.23
	100,000/ 300,000	1.52	1.65
	500,000/ 500,000	2.07	2.35
	1,000,000/ 1,000,000	2.56	2.97

B. Heavy Trucks and Truck-Tractors

\$	50,000/ 100,000	1.23	1.29
	100,000/ 300,000	1.63	1.79
	500,000/ 500,000	2.37	2.73
	1,000,000/ 1,000,000	3.04	3.58

C. Extra-Heavy Trucks and Truck-Tractors

\$	50,000/ 100,000	1.25	1.32
	100,000/ 300,000	1.70	1.88
	500,000/ 500,000	2.58	2.99
	1,000,000/ 1,000,000	3.39	4.02

D. All Other Risks (Including Private Passenger Types, Publics, Garages, Semi-trailers and Trailers)

\$	50,000/ 100,000	1.20	1.25
	100,000/ 300,000	1.53	1.67
	500,000/ 500,000	2.10	2.39
	1,000,000/ 1,000,000	2.62	3.04

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:

A. Light and Medium Trucks

	<u>Policy Limit</u>	<u>Indicated Factors</u>	<u>Current Factors</u>
\$	25,000	1.02	1.02
	50,000	1.04	1.05
	500,000	1.10	1.12
	1,000,000	1.12	1.15

B. Heavy Trucks and Truck-Tractors

\$	25,000	1.02	1.02
	50,000	1.04	1.05
	500,000	1.11	1.15
	1,000,000	1.14	1.19

C. Extra-Heavy Trucks and Truck-Tractors

\$	25,000	1.02	1.02
	50,000	1.04	1.05
	500,000	1.12	1.16
	1,000,000	1.15	1.20

D. All Other Risks (Including Private Passenger Types, Publics, Garages, Semi-trailers and Trailers)

\$	25,000	1.02	1.02
	50,000	1.04	1.04
	500,000	1.10	1.13
	1,000,000	1.13	1.17

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 (\$25,000/\$50,000 for bodily injury, \$15,000 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 1.52 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 July 1, 2005 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 -12.0% and -2.3% for bodily injury and property damage, respectively. In order to maintain consistency between limits, the overall filed property damage change is -2.1%.

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. Since basic limit

North Carolina Reinsurance Facility
Increased Limits Experience Review

Introduction (Cont'd)

paid claim data is not available for property damage, the basic limit trend factor was judgmentally chosen to be the same as the total limits trend factor of 1.045.

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 6/30/99 through 6/30/03.

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	\$25,000/\$50,000 Basic Limits Incurred Losses*	Total Limits Incurred Losses*	Indicated Average Increased Limits Factor (3)/(2)
Ending			
12/31/98	13,742,861	24,693,192	1.797
12/31/99	11,407,132	27,339,852	2.397
12/31/00	13,170,357	22,540,340	1.711
12/31/01	13,148,316	32,197,134	2.449
12/31/02	12,506,093	26,057,867	2.084
Total	63,974,759	132,828,385	2.076

(5) Present average increased limits factor based upon the present table and the policy limits distribution for bodily injury Reinsurance Facility business: 2.358

(6) Indicated change in bodily injury increased limits factors $(((4)/(5)) - 1) * 100$: -12.0%

* 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 7/1/2005 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	\$15,000 Basic Limit	Total Limits	Indicated Average Increased Limits Factor
<u>Ending</u>	<u>Incurred Losses*</u>	<u>Incurred Losses*</u>	<u>(3)/(2)</u>
12/31/98	12,719,008	13,267,352	1.043
12/31/99	11,476,349	12,090,941	1.054
12/31/00	13,403,073	14,194,156	1.059
12/31/01	13,291,128	15,802,514	1.189
12/31/02	11,504,957	12,133,721	1.055
Total	62,394,515	67,488,684	1.082

(5) Present average increased limits factor based upon the present table and the policy limits distribution for property damage Reinsurance Facility business: 1.107

(6) Indicated change in property damage increased limits factors $(((4)/(5)) - 1) * 100$: -2.3%

(7) Adjusted Indicated Change (adjusted to maintain consistency between limits): -2.1%

* Including allocated loss adjustment expense and developed to an ultimate basis. In addition, losses have been trended from the average date of accident to one year beyond an anticipated effective date of 7/1/2005 by an exponential projection of the annual paid claim cost trend factors for basic and total limits losses shown in Exhibit 2.
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COMMERCIAL AUTO LIABILITY
NORTH CAROLINA
BODILY INJURY AND PROPERTY DAMAGE TREND FACTORS*

Bodily Injury

\$25,000 Limit	
12 Point Fit - (NC only) Severity	5.8%
24 Point Fit - (NC only) Severity	3.5%
Selected Severity Trend Factor	3.0%
Selected Frequency Trend Factor	0.0%
Average Annual Change	3.0%
Total Limits	
12 Point Fit - (NC only) Severity	7.9%
24 Point Fit - (NC only) Severity	8.1%
Selected Severity Trend Factor	6.0%
Selected Frequency Trend Factor	0.0%
Average Annual Change	6.0%

Property Damage

Total Limits	
12 Point Fit - (NC only) Severity	4.6%
24 Point Fit - (NC only) Severity	4.0%
Selected Severity Trend Factor	4.5%
Selected Frequency Trend Factor	0.0%
Average Annual Change	4.5%

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

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

Section F
Exhibit 3

	<u>Bodily Injury</u>		<u>Property Damage</u>	
	25/50 <u>Losses</u>	Total Limits <u>Losses</u>	\$15,000 <u>Losses</u>	Total Limits <u>Losses</u>
<u>Commercial Cars</u>				
63 months to ult.	1.000	1.002	1.000	1.000
51 months to ult.	1.003	1.005	1.000	1.000
39 months to ult.	1.019	1.045	1.001	1.003
27 months to ult.	1.046	1.146	1.005	1.010
15 months to ult.	1.088	1.383	1.016	1.019
<u>Private Passenger Types</u>				
63 months to ult.	0.995	0.999	0.999	0.999
51 months to ult.	0.995	1.049	0.999	0.999*
39 months to ult.	1.018	1.084	1.001	1.001*
27 months to ult.	1.019	1.209	0.998	0.998*
15 months to ult.	1.097	1.531	1.004	1.004*
<u>Publics (All Except Buses)***</u>				
63 months to ult.	1.000	1.002	1.000	1.000
51 months to ult.	1.003	1.005	1.000	1.000
39 months to ult.	1.019	1.045	1.001	1.003
27 months to ult.	1.046	1.146	1.005	1.010
15 months to ult.	1.088	1.383	1.016	1.019
<u>Garages</u>				
75 months to ult.	1.001	1.001	1.000	1.000*
63 months to ult.	1.003	1.011	1.003	1.003*
51 months to ult.	1.023	1.023*	1.012	1.012*
39 months to ult.	1.046	1.046*	1.041	1.052
27 months to ult.	1.117	1.197	1.031	1.052
<u>Miscellaneous****</u>				
75 months to ult.	1.001	1.001	1.000	1.000*
63 months to ult.	1.003	1.011	1.003	1.003*
51 months to ult.	1.023	1.023*	1.012	1.012*
39 months to ult.	1.046	1.046*	1.041	1.052
27 months to ult.	1.117	1.197	1.031	1.052
<u>Buses****</u>				
75 months to ult.	1.001	1.001	1.000	1.000*
63 months to ult.	1.003	1.011	1.003	1.003*
51 months to ult.	1.023	1.023*	1.012	1.012*
39 months to ult.	1.046	1.046*	1.041	1.052
27 months to ult.	1.117	1.197	1.031	1.052

* These factors have been judgmentally selected.

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

*** Commercial Cars 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 ALLOCATED LOSS ADJUSTMENT EXPENSES

	<u>Evaluation*</u>	<u>Bodily Injury</u>		<u>Property Damage</u>	
		<u>25/50 Losses**</u>	<u>Total Limits Losses**</u>	<u>\$15,000 Losses**</u>	<u>Total Limits Losses**</u>
Commercial	98@63	5,158,079	8,216,740	5,393,623	5,558,898
Cars	99@51	5,285,106	9,572,324	5,274,301	5,631,027
	00@39	6,350,403	9,689,713	6,844,364	7,356,596
	01@27	6,202,903	12,712,605	6,870,327	7,573,659
	02@15	5,534,161	8,823,374	6,091,746	6,478,800
Private	98@63	38,091	38,091	100,731	104,720
Passenger	99@51	103,762	103,762	104,632	104,632
Types	00@39	163,702	348,702	208,495	216,370
	01@27	231,451	1,178,801	130,748	130,748
	02@15	147,665	166,259	129,104	143,833
Garages	97@75	2,223,121	3,049,441	1,650,761	1,720,118
	98@63	1,201,244	1,658,711	1,199,283	1,270,395
	99@51	1,625,296	1,828,296	1,442,911	1,484,589
	00@39	1,678,178	1,964,641	1,205,253	1,218,548
	01@27	1,507,719	1,618,219	1,243,241	1,246,004
Publics	98@63	936,942	962,942	739,372	800,611
(All Except Buses)	99@51	1,110,675	1,125,675	704,941	705,206
	00@39	985,867	1,132,835	686,805	704,892
	01@27	728,743	738,743	639,374	656,071
	02@15	750,168	918,309	446,598	447,016
Misc.	97@75	2,303,816	2,906,497	870,592	952,948
	98@63	1,454,161	5,323,029	975,127	995,256
	99@51	1,590,014	2,114,154	907,431	916,611
	00@39	1,786,566	4,571,735	1,347,908	1,480,905
	01@27	1,954,554	3,595,554	1,373,423	1,398,265
Buses	97@75	115,056	115,056	129,844	129,844
	98@63	52,857	52,857	116,954	118,004
	99@51	47,602	47,602	109,505	109,505
	00@39	167,129	167,129	254,434	1,241,584
	01@27	165,152	395,652	111,222	120,312

* Commercial Cars, 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. Copyright, ISO Properties, Inc., 2005

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

DEVELOPED LOSS AND ALLOCATED LOSS ADJUSTMENT EXPENSES

	Year	<u>Bodily Injury</u>		<u>Property Damage</u>	
		25/50 Losses**	Total Limits Losses**	\$15,000 Losses**	Total Limits Losses**
Commercial	12/31/98	5,158,079	8,233,173	5,393,623	5,558,898
Cars	12/31/99	5,300,961	9,620,186	5,274,301	5,631,027
	12/31/00	6,471,061	10,125,750	6,851,208	7,378,666
	12/31/01	6,488,237	14,568,645	6,904,679	7,649,396
	12/31/02	6,021,167	12,202,726	6,189,214	6,601,897
Private	12/31/98	37,901	38,053	100,630	104,615
Passenger	12/31/99	103,243	108,846	104,527	104,527
Types	12/31/00	166,649	377,993	208,703	216,586
	12/31/01	235,849	1,425,170	130,487	130,487
	12/31/02	161,989	254,543	129,620	144,408
Garages	12/31/98	2,225,344	3,052,490	1,650,761	1,720,118
	12/31/99	1,204,848	1,676,957	1,202,881	1,274,206
	12/31/00	1,662,678	1,870,347	1,460,226	1,502,404
	12/31/01	1,755,374	2,055,014	1,254,668	1,281,912
	12/31/02	1,684,122	1,937,008	1,281,781	1,310,796
Publics (All Except Buses)	12/31/98	936,942	964,868	739,372	800,611
	12/31/99	1,114,007	1,131,303	704,941	705,206
	12/31/00	1,004,598	1,183,813	687,492	707,007
	12/31/01	762,265	846,599	642,571	662,632
	12/31/02	816,183	1,270,021	453,744	455,509
Misc.	12/31/98	2,306,120	2,909,403	870,592	952,948
	12/31/99	1,458,523	5,381,582	978,052	998,242
	12/31/00	1,626,584	2,162,780	918,320	927,610
	12/31/01	1,868,748	4,782,035	1,403,172	1,557,912
	12/31/02	2,183,237	4,303,878	1,415,999	1,470,975
Buses	12/31/98	115,171	115,171	129,844	129,844
	12/31/99	53,016	53,438	117,305	118,358
	12/31/00	48,697	48,697	110,819	110,819
	12/31/01	174,817	174,817	264,866	1,306,146
	12/31/02	184,475	473,595	114,670	126,568

* Commercial Cars, 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.
Copyright, ISO Properties, Inc., 2005

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

DEVELOPED AND TRENDED LOSS AND ALLOCATED LOSS ADJUSTMENT EXPENSES

	Year Ending*	<u>Bodily Injury</u>		<u>Property Damage</u>	
		25/50 Losses**	Total Limits Losses**	\$15,000 Losses**	Total Limits Losses**
Commercial	12/31/98	6,534,100	13,122,427	7,670,275	7,905,312
Cars	12/31/99	6,519,513	14,465,203	7,177,595	7,663,050
	12/31/00	7,726,785	14,363,570	8,922,055	9,608,943
	12/31/01	7,521,645	19,496,133	8,604,486	9,532,539
	12/31/02	6,776,877	15,405,660	7,380,753	7,872,885
Private	12/31/98	48,012	60,651	143,106	148,773
Passenger	12/31/99	126,976	163,664	142,247	142,247
Types	12/31/00	198,988	536,190	271,786	282,051
	12/31/01	273,414	1,907,199	162,611	162,611
	12/31/02	182,320	321,355	154,574	172,209
Garages	12/31/98	2,860,972	5,009,035	2,399,787	2,500,614
	12/31/99	1,503,874	2,596,067	1,673,381	1,772,604
	12/31/00	2,014,884	2,731,557	1,943,909	2,000,058
	12/31/01	2,065,258	2,831,373	1,598,337	1,633,044
	12/31/02	1,923,716	2,517,722	1,562,562	1,597,932
Publics (All Except Buses)	12/31/98	1,186,890	1,537,853	1,051,461	1,138,549
	12/31/99	1,370,088	1,701,061	959,327	959,688
	12/31/00	1,199,543	1,679,261	895,293	920,707
	12/31/01	883,674	1,132,940	800,760	825,760
	12/31/02	918,621	1,603,372	541,098	543,203
Misc.	12/31/98	2,964,820	4,774,234	1,265,619	1,385,344
	12/31/99	1,820,507	8,331,131	1,360,611	1,388,699
	12/31/00	1,971,144	3,158,642	1,222,503	1,234,870
	12/31/01	2,198,647	6,588,628	1,787,518	1,984,644
	12/31/02	2,493,839	5,594,179	1,726,181	1,793,199
Buses	12/31/98	148,067	188,992	188,760	188,760
	12/31/99	66,174	82,726	163,188	164,653
	12/31/00	59,013	71,120	147,527	147,527
	12/31/01	205,678	240,861	337,416	1,663,916
	12/31/02	210,720	615,579	139,789	154,293

* Commercial Cars, 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 July 1, 2005.

NORTH CAROLINA REINSURANCE FACILITY

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

BODILY INJURY

<u>POLICY</u> <u>LIMIT</u>	<u>LIGHT &</u> <u>MEDIUM</u>	<u>HEAVY</u>	<u>EXTRA</u> <u>HEAVY</u>	<u>ALL</u> <u>OTHER</u>	<u>ALL</u> <u>TABLES</u> <u>COMBINED</u>
25/50	1.25%	0.45%	0.30%	6.11%	8.11%
30/60	0.00%	0.00%	0.00%	0.00%	0.00%
50/100	4.31%	0.47%	0.20%	7.94%	12.93%
50/250	0.00%	0.00%	0.00%	0.06%	0.06%
60/60	0.00%	0.00%	0.00%	0.00%	0.00%
65/65	0.03%	0.04%	0.17%	0.00%	0.24%
100/100	0.78%	0.11%	0.01%	0.13%	1.03%
100/300	12.14%	3.48%	4.10%	7.70%	27.41%
100/500	0.00%	0.00%	0.00%	0.00%	0.00%
150/150	0.00%	0.00%	0.00%	0.00%	0.00%
250/250	0.00%	0.00%	0.00%	0.00%	0.00%
250/500	0.00%	0.00%	0.00%	0.00%	0.00%
300/300	0.81%	0.12%	0.45%	0.60%	1.98%
400/400	0.18%	0.01%	0.00%	0.00%	0.20%
500/500	1.79%	0.29%	0.13%	0.20%	2.41%
500/1,000	0.01%	0.00%	0.00%	0.04%	0.06%
750/750	1.30%	2.26%	4.35%	0.16%	8.07%
1,000/1,000	16.01%	4.05%	6.78%	7.56%	34.40%
1,500/1,500	0.00%	0.00%	0.00%	1.50%	1.50%
2,000/2,000	0.16%	0.00%	0.00%	0.04%	0.20%
2,500/2,500	0.00%	0.00%	0.00%	0.00%	0.00%
<u>5,000/5,000</u>	<u>0.46%</u>	<u>0.00%</u>	<u>0.04%</u>	<u>0.91%</u>	<u>1.41%</u>
TOTAL	39.23%	11.28%	16.54%	32.95%	100.00%

* Data includes allocated loss adjustment expenses and uses losses incurred in the period from fiscal accident year ending 6/30/99 through fiscal accident year ending 6/30/03, as reported to ISO, for those risks assigned to the Facility.

NORTH CAROLINA REINSURANCE FACILITY

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

PROPERTY DAMAGE

<u>POLICY</u> <u>LIMIT</u>	<u>LIGHT &</u> <u>MEDIUM</u>	<u>HEAVY</u>	<u>EXTRA</u> <u>HEAVY</u>	<u>ALL</u> <u>OTHER</u>	<u>ALL</u> <u>TABLES</u> <u>COMBINED</u>
15	1.00%	0.28%	0.21%	2.39%	3.87%
20	0.00%	0.00%	0.00%	0.03%	0.03%
25	3.26%	0.62%	0.29%	6.51%	10.69%
30	0.00%	0.00%	0.01%	0.06%	0.07%
50	13.05%	3.22%	3.64%	10.40%	30.32%
60	0.00%	0.00%	0.00%	0.00%	0.00%
65	0.03%	0.02%	0.07%	0.05%	0.16%
100	0.44%	0.03%	0.07%	0.20%	0.73%
150	0.00%	0.00%	0.00%	0.01%	0.01%
250	0.01%	0.01%	0.00%	0.01%	0.03%
300	0.59%	0.13%	0.10%	0.31%	1.13%
400	0.04%	0.01%	0.00%	0.00%	0.05%
500	2.40%	0.46%	0.25%	0.34%	3.45%
750	1.76%	1.91%	4.36%	0.23%	8.25%
1000	18.15%	4.10%	7.92%	8.37%	38.54%
1500	0.03%	0.00%	0.00%	1.27%	1.30%
2000	0.37%	0.00%	0.00%	0.05%	0.42%
2500	0.24%	0.00%	0.00%	0.00%	0.24%
<u>5000</u>	<u>0.06%</u>	<u>0.00%</u>	<u>0.01%</u>	<u>0.66%</u>	<u>0.74%</u>
TOTAL	41.41%	10.79%	16.93%	30.88%	100.00%

* Data includes allocated loss adjustment expenses and uses losses incurred in the period from fiscal accident year ending 6/30/99 through fiscal accident year ending 6/30/03, as reported to ISO, for those risks assigned to the Facility.

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)					
	25/50	30/60	65/65	50/100	100/100	100/300
	Limit Codes					
	46	49	52	49	52	52
1. Light and Medium Trucks	1.00	1.06	1.17	1.18	1.31	1.52
2. Heavy Trucks and Truck Tractors	1.00	1.06	1.21	1.23	1.38	1.63
3. Extra-Heavy Trucks and Truck Tractors	1.00	1.06	1.23	1.25	1.42	1.70
4. Trucks, Tractors and Trailers Zone Rated	1.00	1.07	1.25	1.28	1.46	1.77
5. All Other Risks	1.00	1.06	1.17	1.20	1.31	1.53

NORTH CAROLINA REINSURANCE FACILITY
 COMMERCIAL AUTOMOBILE MANUAL

INCREASED LIABILITY LIMITS

PROPERTY DAMAGE FACTORS

Classification	Limits Identifier Code (3)				
	Limit of Liability (in 1000's)				
	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	1.04
2. Heavy Trucks and Truck Tractors	1.00	1.01	1.02	1.03	1.04
3. Extra-Heavy Trucks and Truck Tractors	1.00	1.01	1.02	1.03	1.04
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	1.04

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	1.62	1.78	1.86	1.94	1.65
300/300	64	1.79	1.98	2.12	2.21	1.81
250/500	61	1.86	2.09	2.24	2.34	1.88
400/400	68	1.94	2.20	2.36	2.49	1.97
500/500	68	2.07	2.37	2.58	2.72	2.10
750/750	73	2.35	2.74	3.01	3.20	2.39
1000/1000	73	2.56	3.04	3.39	3.61	2.62
1500/1500	74	2.90	3.54	3.99	4.25	2.96
2000/2000	75	3.19	3.95	4.50	4.80	3.25
2500/2500	76	3.40	4.30	4.94	5.27	3.50
5000/5000	79	4.26	5.60	6.59	7.07	4.38

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
65	9	1.05	1.05	1.05	1.06	1.05
100	10	1.06	1.06	1.06	1.07	1.06
300	14	1.08	1.09	1.10	1.11	1.08
400	15	1.09	1.10	1.11	1.13	1.09
500	16	1.10	1.11	1.12	1.14	1.10
750	17	1.11	1.13	1.14	1.16	1.12
1000	18	1.12	1.14	1.15	1.17	1.13
1500	19	1.13	1.15	1.16	1.19	1.14
2000	20	1.14	1.16	1.17	1.20	1.15
2500	21	1.15	1.17	1.18	1.21	1.16
5000	23	1.16	1.18	1.20	1.24	1.17

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 July 1, 2005 RENEWAL July 1, 2005

7. APPROXIMATE MARKET SHARE OF NORTH CAROLINA WRITTEN PREMIUM FOR LINE(S)
Commercial Auto
INVOLVED: LINE Liability 11.5 % LINE _____ %
+9.4% Basic Limits; -8.7% Increased Limits

8. AVERAGE RATE CHANGE PROPOSED: -0.1% Total Limits

The following are attached as part of the filing:

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

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

Signature of Company Officer/Filings Department Head

EXHIBIT 1

EFFECT OF THE PROPOSED FILING ON ACTIVE FILINGS

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

EXHIBIT 2

EXPECTED LOSS RATIO

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

2. Development of Expected Loss Ratio:

	Selected Provision	
	Cars and Types	Garages
A. Total Production Expense	15.0%	15.0%
B. General Expense	5.0%	8.0%
C. Taxes, Licenses & Fees	2.5%	2.5%
D. Underwriting Profit & Contingencies	0.0%	0.0%
E. Other (explain)		
F. TOTAL	22.5%	25.5%

3. Expected Loss Ratio (ELR=100-2F) .775 .745

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>
Commercial Cars	+12.1%	+ 8.3%	- 2.0%	+5.9%
Garages Dealers	+ 1.1%	+ 3.2%	- 8.2%	+2.4%
Private Passenger Types	+ 6.8%	+3.6%	- 7.0%	+0.6%

EXHIBIT 2A
Five Year Rate Filing History

<u>Effective Date</u>	<u>NCDOT File #</u>	<u>% Change</u>	<u>Reason for Filing</u>
11/01/2001		+0.8	Review of basic limits experience and increased limits factors
07/01/2000		+0.9%	Review of basic limits experience and increased limits factors
03/01/1999		+6.4%	Review of basic limits experience and increased limits factors

EXHIBIT 3

NORTH CAROLINA EXPERIENCE		<u>X</u> Direct	Net
	<u>1999</u>	<u>2000</u>	<u>2001</u>
(1) Written Premiums	<u>414,263,818</u>	<u>450,705,261</u>	<u>493,707,483</u>
(2) Earned Premiums	<u>406,442,222</u> 100.0%	<u>433,290,184</u> 100.0%	<u>463,622,027</u> 100.0%
(3) Inc. Loss and LAE	<u>352,098,764</u> 86.6%	<u>315,871,962</u> 72.9%	<u>374,936,814</u> 80.9%
(4) Total Prod. Expense	<u>78,766,350</u> 19.4%	<u>85,606,091</u> 19.8%	<u>93,843,837</u> 20.2%
(5) General Expense	<u>26,999,723</u> 6.6%	<u>29,481,847</u> 6.8%	<u>31,585,327</u> 6.8%
(6) Taxes, Lic. & Fees	<u>9,756,786</u> 2.4%	<u>11,278,257</u> 2.6%	<u>13,573,530</u> 2.9%
(7) Other			
	<u>2002</u>	<u>2003</u>	<u>5 Years Combined</u>
(1) Written Premiums	<u>555,710,325</u>	<u>580,960,553</u>	<u>2,495,347,440</u>
(2) Earned Premiums	<u>534,697,725</u> 100.0%	<u>562,706,798</u> 100.0%	<u>2,400,758,956</u> 100.0%
(3) Inc. Loss and LAE	<u>380,034,427</u> 71.1%	<u>376,191,348</u> 66.9%	<u>1,799,133,315</u> 74.9%
(4) Total Prod. Expense	<u>100,536,733</u> 18.8%	<u>104,712,023</u> 18.6%	<u>463,465,034</u> 19.3%
(5) General Expense	<u>29,703,900</u> 5.6%	<u>31,567,985</u> 5.6%	<u>149,338,782</u> 6.2%
(6) Taxes, Lic. & Fees	<u>13,585,583</u> 2.5%	<u>14,299,659</u> 2.5%	<u>62,493,815</u> 2.6%
(7) Other			

COUNTRYWIDE EXPERIENCE		<u>X</u> Direct	Net
(in thousands)			
	<u>1999</u>	<u>2000</u>	<u>2001</u>
(1) Written Premiums	<u>13,896,396</u>	<u>14,833,661</u>	<u>17,129,286</u>
(2) Earned Premiums	<u>13,858,844</u> 100.0%	<u>14,352,468</u> 100.0%	<u>15,963,376</u> 100.0%
(3) Inc. Loss and LAE	<u>12,662,705</u> 91.4%	<u>13,543,517</u> 94.4%	<u>15,136,317</u> 94.8%
(4) Total Prod. Expense	<u>2,791,883</u> 20.1%	<u>2,931,188</u> 20.4%	<u>3,274,161</u> 20.5%
(5) General Expense	<u>1,003,290</u> 7.2%	<u>979,776</u> 6.8%	<u>952,222</u> 6.0%
(6) Taxes, Lic. & Fees			
(7) Other			
	<u>2002</u>	<u>2003</u>	<u>5 Years Combined</u>
(1) Written Premiums	<u>20,280,924</u>	<u>21,897,715</u>	<u>88,037,982</u>
(2) Earned Premiums	<u>18,943,906</u> 100.0%	<u>20,840,803</u> 100.0%	<u>83,959,397</u> 100.0%
(3) Inc. Loss and LAE	<u>15,944,948</u> 84.2%	<u>15,247,286</u> 73.2%	<u>72,534,773</u> 86.4%
(4) Total Prod. Expense	<u>3,760,521</u> 19.9%	<u>3,984,178</u> 19.1%	<u>16,741,931</u> 19.9%
(5) General Expense	<u>1,066,220</u> 5.6%	<u>1,106,884</u> 5.3%	<u>5,108,392</u> 6.1%
(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 1-4.	
	<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 - 18
4. Trending factor development and application.	19
5. Changes in premium base resulting from rating exposure trends.	20
6. Limiting factor development and application.	21
7. Overhead expense development and application of commission and brokerage, other acquisition fees, general expenses, taxes, licenses and fees.	22
8. Percentage rate change.	23
9. Final proposed rates.	24
10. Investment earnings, consisting of investment income and realized plus unrealized capital gains, from loss, loss expense and unearned premium reserves.	25
11. Identification of applicable statistical plans and programs and a certification of compliance with them.	26
12. Investment earnings on capital and surplus.	27
13. Level of capital and surplus needed to support premium writings without endangering the solvency of member companies.	28

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>12/31/1998</u>	<u>12/31/1999</u>	<u>12/31/2000</u>
Commercial Cars Bodily Injury	8,084,008	7,804,948	9,328,475
Commercial Cars Property Damage	6,430,522	6,928,416	10,092,379
Garage Bodily Injury	4,625,291	4,367,498	3,339,396
Garages Property Damage	2,018,695	2,016,552	1,990,554
Private Passenger Types Bodily Injury	115,118	105,625	293,622
Private Passenger Types Property Damage	90,599	87,967	275,403

	<u>12/31/2001</u>	<u>12/31/2002</u>
Commercial Cars Bodily Injury	8,867,877	8,806,513
Commercial Cars Property Damage	10,537,433	10,295,341
Garage Bodily Injury	3,575,797	3,630,639
Garages Property Damage	2,328,342	2,245,117
Private Passenger Types Bodily Injury	286,211	217,424
Private Passenger Types Property Damage	300,460	247,638

Earned Premium at Current Level

	<u>12/31/1998</u>	<u>12/31/1999</u>	<u>12/31/2000</u>
Commercial Cars Bodily Injury	7,000,751	6,891,769	8,712,796
Commercial Cars Property Damage	8,044,583	7,919,180	10,011,640
Garage Bodily Injury	5,249,705	5,013,888	4,084,081
Garages Property Damage	3,126,959	2,889,719	2,137,855
Private Passenger Types Bodily Injury	117,535	104,780	279,528
Private Passenger Types Property Damage	138,617	123,594	329,657

	<u>12/31/2001</u>	<u>12/31/2002</u>
Commercial Cars Bodily Injury	8,592,973	8,727,254
Commercial Cars Property Damage	9,873,575	10,027,662
Garage Bodily Injury	4,205,137	3,986,442
Garages Property Damage	2,279,447	2,130,616
Private Passenger Types Bodily Injury	277,625	215,250
Private Passenger Types Property Damage	327,501	253,829

(a) For Commercial Cars and Private Passenger Types, premiums are at 25/50 level for Bodily Injury, 15,000 for Property Damage. For Garages, premiums are at Total Limits.

North Carolina

PAID/INCURRED LOSS AND LOSS ADJUSTMENT EXPENSE (a)

Paid Losses

	<u>12/31/1998</u>	<u>12/31/1999</u>	<u>12/31/2000</u>
Commercial Cars Bodily Injury	4,071,970	3,274,542	4,580,218
Commercial Cars Property Damage	2,304,827	2,427,072	4,109,242
Garage Bodily Injury	931,731	467,183	496,141
Garages Property Damage	765,755	482,320	575,379
Private Passenger Types Bodily Injury	26,902	58,056	102,212
Private Passenger Types Property Damage	73,309	74,651	187,908
	<u>12/31/2001</u>	<u>12/31/2002</u>	
Commercial Cars Bodily Injury	3,343,136	1,106,972	
Commercial Cars Property Damage	3,616,161	2,331,695	
Garage Bodily Injury	208,453	217,765	
Garages Property Damage	280,062	339,463	
Private Passenger Types Bodily Injury	813,801	48,514	
Private Passenger Types Property Damage	116,403	95,736	

Incurred Losses

	<u>12/31/1998</u>	<u>12/31/1999</u>	<u>12/31/2000</u>
Commercial Cars Bodily Injury	4,080,052	3,444,822	5,786,882
Commercial Cars Property Damage	2,325,107	2,433,737	4,113,691
Garage Bodily Injury	931,731	639,918	506,221
Garages Property Damage	765,755	482,320	584,448
Private Passenger Types Bodily Injury	26,902	58,056	331,022
Private Passenger Types Property Damage	73,309	74,651	189,455
	<u>12/31/2001</u>	<u>12/31/2002</u>	
Commercial Cars Bodily Injury	5,961,586	3,236,878	
Commercial Cars Property Damage	3,655,161	2,424,207	
Garage Bodily Injury	241,453	378,181	
Garages Property Damage	288,110	345,649	
Private Passenger Types Bodily Injury	868,656	81,365	
Private Passenger Types Property Damage	116,403	95,736	

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

North Carolina

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

<u>Coverages</u>	<u>3/1/1999</u>	<u>7/1/2000</u>	<u>11/01/2001</u>
Commercial Cars Bodily Injury	0.755	0.767	0.759
Commercial Cars Property Damage	0.755	0.767	0.759
Garages Bodily Injury	0.725	0.737	0.729
Garages Property Damage	0.725	0.737	0.729
Private Passenger Types Bodily Injury	0.755	0.767	0.759
Private Passenger Types Property Damage	0.755	0.767	0.759

(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 two areas:

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

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

Credibility factor application

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

In addition, credibility is applied in the statewide rate level calculations on Exhibits 1 - 3 of Section B of the filing 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 the filing RF-1:

Basic Limits (Voluntary and Facility data reported to ISO)

Commercial Cars - Section D, Exhibit 1, Sheets 1 and 3

Garages - Section D, Exhibit 1, Sheets 5 and 7

Private Passenger Types - Section D, Exhibit 1, Sheets 9 and 11

Total Limits (Voluntary and Facility data reported to ISO)

Commercial Cars - Section D, Exhibit 1, Sheets 2 and 4

Garages - Section D, Exhibit 1, Sheets 6 and 8

Private Passenger Types - Section D, Exhibit 1, Sheets 10 and 12

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

Application

Loss development is applied on Sheet 2 of Exhibits 1 - 3 in Section B of the filing RF-1.

See also the pre-filed testimony of Mark Whitman.

NORTH CAROLINA
BASIC LIMIT LOSS DEVELOPMENT
COMMERCIAL CARS - BODILY INJURY
PAID LOSSES AND EXPENSES

ISO VOLUNTARY AND FACILITY DATA

ACCIDENT YEAR	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1991	5380187	10020162	12796585	14422036	15423927	15830356	16010285	16023483	16026995	16036853
12/31/1992	5639128	10452823	13320093	14841742	15954153	16152315	16159774	16230680	16230680	16230680
12/31/1993	5472139	10389620	13313885	15336025	16467066	16600740	16693286	16745627	16795858	16797204
12/31/1994	5795871	11210933	14098868	15507550	16255189	16450308	16565721	16597519	16598790	
12/31/1995	5737362	11725702	14416561	16020688	17509993	17669775	17717192	17592185		
12/31/1996	6247819	11878849	15167605	17265279	18217214	18458313	18640430			
12/31/1997	6566658	11683705	14569635	16060528	16861098	17156460				
12/31/1998	5723742	11194660	13697990	15411102	16453762					
12/31/1999	5876398	11137898	13613180	15554398						
12/31/2000	5916663	11110080	14175137							
12/31/2001	5400209	10381888								
12/31/2002	4354315									

BASIC LIMIT AMOUNTS AS OF:

NORTH CAROLINA
BASIC LIMIT LOSS DEVELOPMENT
COMMERCIAL CARS - PROPERTY DAMAGE
PAID LOSSES AND EXPENSES

ISO VOLUNTARY AND FACILITY DATA

ACCIDENT YEAR	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1991	10559500	11091955	11188698	11235808	11252723	11258042	11257802	11257802	11257802	11257802
12/31/1992	10716022	11070772	11226987	11314099	11322142	11340297	11344421	11344421	11340508	11340508
12/31/1993	11754532	12418180	12501849	12611105	12650128	12655945	12655970	12714747	12715061	12715061
12/31/1994	13206215	13839658	13974540	14028464	14030355	14034230	14052067	14052067	14052067	
12/31/1995	15045816	15691766	15791979	15828297	15877032	15875953	15884565	15884565		
12/31/1996	16624439	17532283	17719424	17759161	17818399	17788141	17861451			
12/31/1997	16333807	17150627	17352914	17456257	17484379	17605577				
12/31/1998	16169821	16922477	17173276	17218944	17335342					
12/31/1999	17131886	18313311	18507799	18742831						
12/31/2000	18294034	19228536	19373940							
12/31/2001	15651222	16339973								
12/31/2002	13397607									

BASIC LIMIT AMOUNTS AS OF:

NORTH CAROLINA
CLAIM DEVELOPMENT
COMMERCIAL CARS - BODILY INJURY
PAID CLAIMS

ISO VOLUNTARY AND FACILITY DATA

ACCIDENT YEAR	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1991	1,615	2,114	2,270	2,349	2,383	2,397	2,403	2,404	2,404	2,404
12/31/1992	1,630	2,195	2,348	2,414	2,451	2,457	2,457	2,460	2,460	2,460
12/31/1993	1,567	2,072	2,239	2,328	2,369	2,372	2,376	2,376	2,376	2,376
12/31/1994	1,559	2,185	2,350	2,438	2,466	2,471	2,476	2,478	2,478	2,478
12/31/1995	1,414	2,047	2,231	2,305	2,339	2,346	2,348	2,350	2,350	2,350
12/31/1996	1,514	2,147	2,363	2,465	2,499	2,507	2,507	2,530	2,530	2,530
12/31/1997	1,504	2,062	2,248	2,329	2,363	2,390	2,390	2,390	2,390	2,390
12/31/1998	1,443	2,036	2,194	2,262	2,324	2,324	2,324	2,324	2,324	2,324
12/31/1999	1,379	1,956	2,150	2,275	2,275	2,275	2,275	2,275	2,275	2,275
12/31/2000	1,431	1,987	2,192	2,192	2,192	2,192	2,192	2,192	2,192	2,192
12/31/2001	1,218	1,686	2,192	2,192	2,192	2,192	2,192	2,192	2,192	2,192
12/31/2002	1,009									

PAID CLAIMS AS OF:

NORTH CAROLINA
CLAIM DEVELOPMENT
COMMERCIAL CARS - PROPERTY DAMAGE
PAID CLAIMS

ISO VOLUNTARY AND FACILITY DATA

ACCIDENT YEAR	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1991	7,544	7,769	7,790	7,800	7,803	7,807	7,807	7,807	7,807	7,807
12/31/1992	7,268	7,466	7,543	7,582	7,582	7,583	7,583	7,586	7,586	7,586
12/31/1993	7,655	7,899	7,929	7,905	7,909	7,910	7,910	7,910	7,910	7,910
12/31/1994	7,816	8,051	8,089	8,099	8,102	8,102	8,102	8,102	8,102	8,102
12/31/1995	7,560	7,795	7,834	7,846	7,853	7,853	7,853	7,854	7,854	7,854
12/31/1996	7,960	8,223	8,262	8,265	8,270	8,256	8,256	8,291	8,291	8,291
12/31/1997	7,058	7,280	7,339	7,350	7,352	7,408	7,408	7,408	7,408	7,408
12/31/1998	7,149	7,406	7,461	7,470	7,470	7,470	7,470	7,470	7,470	7,470
12/31/1999	7,233	7,577	7,618	7,681	7,681	7,681	7,681	7,681	7,681	7,681
12/31/2000	7,460	7,720	7,751	7,751	7,751	7,751	7,751	7,751	7,751	7,751
12/31/2001	6,130	6,332	6,332	6,332	6,332	6,332	6,332	6,332	6,332	6,332
12/31/2002	5,039									

PAID CLAIMS AS OF:

NORTH CAROLINA
CLAIM DEVELOPMENT
PRIVATE PASSENGER TYPES -BODILY INJURY
PAID CLAIMS

ISO VOLUNTARY AND FACILITY DATA

ACCIDENT YEAR	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1991	326	419	450	461	466	469	470	470	470	470
12/31/1992	402	554	588	604	609	612	613	613	613	615
12/31/1993	296	393	414	426	438	438	438	439	439	439
12/31/1994	279	371	404	423	428	431	431	431	431	431
12/31/1995	293	413	447	471	481	484	485	485	485	485
12/31/1996	238	355	389	401	408	408	408	408	408	408
12/31/1997	253	339	362	373	382	383	383	383	383	383
12/31/1998	240	323	346	367	373	373	373	373	373	373
12/31/1999	249	355	389	403	403	403	403	403	403	403
12/31/2000	247	317	342	342	342	342	342	342	342	342
12/31/2001	215	283	283	283	283	283	283	283	283	283
12/31/2002	180	180	180	180	180	180	180	180	180	180

PAID CLAIMS AS OF:

NORTH CAROLINA
CLAIM DEVELOPMENT
PRIVATE PASSENGER TYPES -PROPERTY DAMAGE
PAID CLAIMS

ISO VOLUNTARY AND FACILITY DATA

ACCIDENT YEAR	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1991	1230	1253	1256	1261	1262	1264	1264	1264	1264	1264
12/31/1992	1079	1104	1109	1119	1119	1119	1119	1120	1120	1120
12/31/1993	1101	1127	1131	1134	1134	1133	1133	1132	1132	1132
12/31/1994	1059	1089	1096	1097	1097	1097	1097	1097	1097	1097
12/31/1995	1051	1090	1096	1098	1097	1097	1097	1097	1097	1097
12/31/1996	1173	1229	1235	1232	1232	1231	1231	1231	1231	1231
12/31/1997	955	998	1002	1002	1002	1002	1002	1002	1002	1002
12/31/1998	1108	1153	1158	1164	1166	1166	1166	1166	1166	1166
12/31/1999	1150	1188	1189	1190	1190	1190	1190	1190	1190	1190
12/31/2000	1012	1044	1046	1046	1046	1046	1046	1046	1046	1046
12/31/2001	967	1006	1006	1006	1006	1006	1006	1006	1006	1006
12/31/2002	786	786	786	786	786	786	786	786	786	786

PAID CLAIMS AS OF:

NORTH CAROLINA
CLAIM DEVELOPMENT
COMMERCIAL CARS - BODILY INJURY
INCURRED CLAIMS

ISO VOLUNTARY AND FACILITY DATA														
ACCIDENT YEAR	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS	INCURRED CLAIMS AS OF:			
ENDED											87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1991	2,447	2,436	2,431	2,420	2,412	2,409	2,408	2,407	2,406	2,405				
12/31/1992	2,505	2,501	2,502	2,476	2,466	2,462	2,461	2,461	2,460	2,460				
12/31/1993	2,438	2,390	2,402	2,410	2,384	2,377	2,374	2,375	2,376	2,376				
12/31/1994	2,561	2,501	2,483	2,495	2,489	2,486	2,486	2,478	2,478	2,478				
12/31/1995	2,397	2,365	2,384	2,396	2,374	2,366	2,351	2,352						
12/31/1996	2,494	2,509	2,511	2,515	2,520	2,516	2,532							
12/31/1997	2,336	2,349	2,364	2,380	2,374	2,398								
12/31/1998	2,263	2,308	2,319	2,324	2,346									
12/31/1999	2,205	2,240	2,281	2,331										
12/31/2000	2,336	2,327	2,360											
12/31/2001	1,958													
12/31/2002	1,655													

NORTH CAROLINA
CLAIM DEVELOPMENT
COMMERCIAL CARS - PROPERTY DAMAGE
INCURRED CLAIMS

ISO VOLUNTARY AND FACILITY DATA														
ACCIDENT YEAR	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS	INCURRED CLAIMS AS OF:			
ENDED											87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1991	7,807	7,829	7,813	7,815	7,811	7,810	7,810	7,811	7,811	7,811				
12/31/1992	7,522	7,537	7,568	7,587	7,584	7,584	7,592	7,593	7,598	7,598				
12/31/1993	7,959	7,955	7,958	7,915	7,912	7,924	7,924	7,929	7,910	7,910				
12/31/1994	8,090	8,101	8,109	8,111	8,131	8,129	8,136	8,103	8,102	8,102				
12/31/1995	7,850	7,843	7,851	7,885	7,883	7,894	7,855	7,855						
12/31/1996	8,233	8,272	8,301	8,289	8,297	8,258	8,292							
12/31/1997	7,281	7,356	7,392	7,389	7,354	7,409								
12/31/1998	7,448	7,499	7,516	7,477	7,535									
12/31/1999	7,491	7,591	7,625	7,684										
12/31/2000	7,598	7,747	7,768											
12/31/2001	6,284	6,376												
12/31/2002	5,188													

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 the filing RF-1.

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

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

Application

The claim cost trend is applied on Sheet 2 of Exhibits 1 - 3 of Section B of the filing RF-1.

The expense trend is applied on Sheet 2 of Exhibits 1 - 3 of Section B of the filing 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 the filing RF-1 for the development of various expense components.

Application

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

See also the pre-filed testimony of Mark Whitman.

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

8. Percentage rate change.

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

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

9. Final proposed rates.

See Exhibit 2 (Sheets 3 - 9), Exhibit 3 (Sheet 3), and Exhibit 4 (Sheet 3) of Section C of the filing 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 the filing and the pre-filed testimony of Mark Whitman and Bob Schumacher.

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 2002

Insurance Expense Exhibits for 2003

Rate Bureau Call for 2003 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.

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.

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

MEMBERSHIP OBLIGATIONS

There is created pursuant to Article 25A of Chapter 56 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 motor 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;
- 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 Private Passenger Non-Fleet risks and all other eligible risks except as provided in paragraph B, 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

3. UNINSURED MOTORIST

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 in effect on the date of cession to the Facility, provided that where coverage is required to comply with financial responsibility requirements, additional coverage may be required.

4. ABILITY TO CEDE

- 1. \$250,000 Each Person; \$500,000 Each Accident for Bodily Injury
- 2. \$50,000 Each Accident for Property Damage

5. UNINSURED MOTORIST

- 1. \$100,000 Each Person; \$300,000 Each Accident for Bodily Injury
- 2. \$50,000 Each Accident for Property Damage

6. COMBINED LIMIT OF THE ABOVE COVERAGE FOR MOTORIST

Combined coverage shall be provided up to coverage limits subject to maximum coverage limit of \$100,000 Each Person and \$300,000 Each Accident for Bodily Injury and \$50,000 Each Accident for Property Damage (\$100 Deductible) and eligible for cession to the Facility.

- b. For eligible risks subject to financial responsibility requirements:

- 1. \$100,000 Each Person; \$300,000 Each Accident for Bodily Injury
- 2. \$50,000 Each Accident for Property Damage

where the only coverage is required to comply with financial responsibility requirements.

The following coverage shall be eligible:

motor vehicle insurance coverages up to the following limits shall be eligible for cession to the Facility:

5.0 UNINSURED MOTORIST

- ★ \$30,000 Each Person
- ★ \$60,000 Each Accident
- ★ See Note below.

6.0 UNINSURED MOTORIST

- ★ \$25,000 Each Person
- ★ See Note below.

7. 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 in effect on the date of cession to the Facility, provided that where coverage is required to comply with financial responsibility requirements, additional coverage

NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTOMOBILE MANUAL

under the Federal Motor Carrier Act of 1980, coverage up to the limit so required shall be eligible for cession to the Facility. (See Note below.)

4. MEDICAL PAYMENTS:

\$1,000 Each Person, except that this coverage shall not be available for motorcycles.

5. UNINSURED MOTORISTS:

★\$30,000 Each Person
\$60,000 Each Accident for Bodily Injury
\$25,000 Each Accident for Property Damage
(\$100 Deductible)❖

Note: If higher bodily injury liability or property damage liability limits are required to comply with the security or other financial responsibility requirements of the North Carolina Utilities Commission or the Interstate Commerce Commission, coverages up to such required limits 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 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

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL**

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

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 the ceded 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 property to classify and rate each exposure. The forms shall include at least the following:

1. The name, address, date of birth, occupation, phone number, and state of issue for the applicant and all operator residing in the applicant's household and any non-residents who are regular operators. It shall be the original date of licensing for an operator licensed for less than two years.

2. Identification of each of the specified risks 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 indicated by the approved classification plan and the place of principal garaging.

4. A record of all accidents and convictions of the applicant and all operators is 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 all commercial automobiles.

6. Any other information necessary to establish the correct rating and premium for the exposure to be ceded.

A statement of Eligibility for Cession or Higher Risk Form (NCRF-30) when coverage limits of 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 shall be retained in the ceding company file. The form must be completed for each initial cession and at least annually thereafter in conjunction with renewal cession.

c. Ceding at Renewal—The plan of operation requires each risk to have underwriting review and the Facility be notified of cession prior to the effective date of policy renewal if cession is to be effective on renewal effective date. This requirement applies to every renewal policy ceded whether or not the expiring policy was ceded. THE WILL INCLUDE, AS A MINIMUM, OBTAINING CURRENT MVR'S EVERY YEAR FOR ALL OPERATORS ON 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.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

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

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

GENERAL RULES

The phrase "Refer to Company" wherever it appears in this 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 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 12 months, the rate shall be as shown in the first table of the calendar month following the expiration of the 6-month period. Premiums for extended coverage shall be calculated at the rates shown above.

- 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 1.5, except that in the following circumstances the premium shall be calculated at rate:
 - a. When coverage is afforded to second or third party policy date with other coverage under the same plan.
 - b. When a policy is written for a period of 30 days to replace an auto liability policy that expires on the calendar date provided the new policy is written for the same rates and rates in effect at the time the replacement is made and shall be effective for a period equal to the unexpired term of the standing policy.
 - c. When a statutory policy is issued to a State or Municipality to expire on its exact date and the policy is written to expire on such date.

4. When coverage is afforded to second or third party policy date with other coverage under the same plan.

5. When a policy is written for a period of 30 days to replace an auto liability policy that expires on the calendar date provided the new policy is written for the same rates and rates in effect at the time the replacement is made and shall be effective for a period equal to the unexpired term of the standing policy.

6. When a statutory policy is issued to a State or Municipality to expire on its exact date and the policy is written to expire on such date.

- 7. Long Term Policies—If a policy is issued for a period of one year, compute the premium at the rates in effect on each anniversary date of the policy commencing from the annual period.

Rule 4. CANCELLATION

The following provisions apply when a form of coverage is cancelled:

If a policy or form of coverage is cancelled at the request of the insured, the return premium shall be calculated as 90% of the pro-rata unearned premium for the policy term, except that in the following cases the return premium shall be computed as follows:

- 1. If the insured has a spouse or child who has provided the insured takes out a new policy with the same company on another automobile to become effective within 30 days of the date of cancellation.
- 2. If the insured automobile is assessed a new rate under a financing agreement.
- 3. If an automobile is cancelled from a policy and the policy remains in force on other automobiles.
- 4. If the insured enters into a new truck or trailer policy in the States of America.
- 5. If the insured automobile is stolen or destroyed, or is 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.
- 6. If an insured who has been ceded to the Facility has rates higher than the insurer's voluntary rates.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

GENERAL RULES

tains insurance through another insurer who elects not to cede the policy to the Facility and the insured cancels the ceded policy within 45 days of the effective date of the ceded policy:

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

2. If 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	.....	<u>1981.512</u>
		.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	.....	<u>1981.956</u>
		.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	0.327	1	151	0.414
2	2	0.005	2	33	0.090	2	61	0.167	2	92	0.252	2	122	0.330	2	152	0.416
3	3	0.008	3	34	0.093	3	62	0.170	3	93	0.255	3	123	0.333	3	153	0.418
4	4	0.011	4	35	0.096	4	63	0.173	4	94	0.258	4	124	0.336	4	154	0.420
5	5	0.014	5	36	0.099	5	64	0.175	5	95	0.261	5	125	0.339	5	155	0.422
6	6	0.016	6	37	0.101	6	65	0.178	6	96	0.263	6	126	0.342	6	156	0.424
7	7	0.019	7	38	0.104	7	66	0.181	7	97	0.266	7	127	0.345	7	157	0.426
8	8	0.022	8	39	0.107	8	67	0.184	8	98	0.268	8	128	0.348	8	158	0.428
9	9	0.025	9	40	0.110	9	68	0.186	9	99	0.271	9	129	0.351	9	159	0.430
10	10	0.027	10	41	0.112	10	69	0.189	10	100	0.273	10	130	0.354	10	160	0.432
11	11	0.030	11	42	0.115	11	70	0.191	11	101	0.276	11	131	0.357	11	161	0.434
12	12	0.033	12	43	0.118	12	71	0.194	12	102	0.279	12	132	0.360	12	162	0.436
13	13	0.036	13	44	0.121	13	72	0.197	13	103	0.282	13	133	0.363	13	163	0.438
14	14	0.038	14	45	0.123	14	73	0.200	14	104	0.285	14	134	0.366	14	164	0.440
15	15	0.041	15	46	0.126	15	74	0.203	15	105	0.288	15	135	0.369	15	165	0.442
16	16	0.044	16	47	0.129	16	75	0.205	16	106	0.291	16	136	0.372	16	166	0.444
17	17	0.047	17	48	0.132	17	76	0.208	17	107	0.293	17	137	0.375	17	167	0.446
18	18	0.049	18	49	0.134	18	77	0.211	18	108	0.296	18	138	0.378	18	168	0.448
19	19	0.052	19	50	0.137	19	78	0.214	19	109	0.299	19	139	0.381	19	169	0.450
20	20	0.055	20	51	0.140	20	79	0.218	20	110	0.301	20	140	0.384	20	170	0.452
21	21	0.058	21	52	0.142	21	80	0.221	21	111	0.304	21	141	0.387	21	171	0.454
22	22	0.060	22	53	0.145	22	81	0.223	22	112	0.307	22	142	0.390	22	172	0.456
23	23	0.063	23	54	0.148	23	82	0.225	23	113	0.310	23	143	0.393	23	173	0.458
24	24	0.066	24	55	0.151	24	83	0.227	24	114	0.313	24	144	0.396	24	174	0.460
25	25	0.068	25	56	0.153	25	84	0.230	25	115	0.315	25	145	0.399	25	175	0.462
26	26	0.071	26	57	0.156	26	85	0.231	26	116	0.318	26	146	0.402	26	176	0.464
27	27	0.074	27	58	0.159	27	86	0.234	27	117	0.321	27	147	0.405	27	177	0.466
28	28	0.077	28	59	0.162	28	87	0.236	28	118	0.323	28	148	0.408	28	178	0.468
29	29	0.079	29			29	88	0.241	29	119	0.325	29	149	0.411	29	179	0.470
30	30	0.082	30			30	89	0.244	30	120	0.328	30	150	0.414	30	180	0.472
31	31	0.085	31			31	90	0.247	31			31	151	0.418	31		
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	243	0.668	1	274	0.751	1	304	0.827	1	334	0.908
2	183	0.501	2	214	0.586	2	244	0.671	2	275	0.753	2	305	0.829	2	335	0.910
3	184	0.504	3	215	0.589	3	245	0.674	3	276	0.756	3	306	0.832	3	336	0.912
4	185	0.507	4	216	0.592	4	246	0.677	4	277	0.759	4	307	0.835	4	337	0.914
5	186	0.510	5	217	0.595	5	247	0.679	5	278	0.762	5	308	0.838	5	338	0.916
6	187	0.511	6	218	0.597	6	248	0.681	6	279	0.764	6	309	0.841	6	339	0.918
7	188	0.515	7	219	0.600	7	249	0.685	7	280	0.767	7	310	0.844	7	340	0.920
8	189	0.518	8	220	0.603	8	250	0.688	8	281	0.770	8	311	0.847	8	341	0.922
9	190	0.521	9	221	0.605	9	251	0.690	9	282	0.773	9	312	0.850	9	342	0.924
10	191	0.523	10	222	0.608	10	252	0.693	10	283	0.775	10	313	0.853	10	343	0.926
11	192	0.526	11	223	0.611	11	253	0.696	11	284	0.778	11	314	0.856	11	344	0.928
12	193	0.529	12	224	0.614	12	254	0.699	12	285	0.781	12	315	0.859	12	345	0.930
13	194	0.532	13	225	0.616	13	255	0.701	13	286	0.784	13	316	0.862	13	346	0.932
14	195	0.534	14	226	0.619	14	256	0.704	14	287	0.786	14	317	0.865	14	347	0.934
15	196	0.537	15	227	0.622	15	257	0.707	15	288	0.789	15	318	0.868	15	348	0.936
16	197	0.540	16	228	0.625	16	258	0.710	16	289	0.792	16	319	0.871	16	349	0.938
17	198	0.542	17	229	0.627	17	259	0.712	17	290	0.795	17	320	0.874	17	350	0.940
18	199	0.545	18	230	0.630	18	260	0.715	18	291	0.797	18	321	0.877	18	351	0.942
19	200	0.548	19	231	0.633	19	261	0.718	19	292	0.800	19	322	0.880	19	352	0.944
20	201	0.551	20	232	0.636	20	262	0.721	20	293	0.803	20	323	0.883	20	353	0.946
21	202	0.553	21	233	0.638	21	263	0.723	21	294	0.806	21	324	0.886	21	354	0.948
22	203	0.556	22	234	0.641	22	264	0.726	22	295	0.809	22	325	0.889	22	355	0.950
23	204	0.559	23	235	0.644	23	265	0.729	23	296	0.812	23	326	0.892	23	356	0.952
24	205	0.562	24	236	0.647	24	266	0.732	24	297	0.814	24	327	0.895	24	357	0.954
25	206	0.564	25	237	0.649	25	267	0.734	25	298	0.816	25	328	0.898	25	358	0.956
26	207	0.567	26	238	0.652	26	268	0.737	26	299	0.819	26	329	0.901	26	359	0.958
27	208	0.570	27	239	0.655	27	269	0.740	27	300	0.822	27	330	0.904	27	360	0.960
28	209	0.573	28	240	0.658	28	270	0.742	28	301	0.825	28	331	0.907	28		
29	210	0.575	29	241	0.660	29	271	0.745	29	302	0.827	29	332	0.910	29		
30	211	0.578	30	242	0.663	30	272	0.748	30	303	0.830	30	333	0.913	30		
31	212	0.581	31	243	0.666	31			31	304	0.833	31	334	0.916	31		

Note: The indicated Pro Rata Table is also used for leap years as it is not customary to have a Pro Rata Table for a leap year 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.

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 the 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 or 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 for suspension of coverage required by statute.
- B. Compute return premium on the date used to compute the policy premium.
- C. Compute return premium pro rata and round to the next higher whole dollar when any coverage or expense is deleted or an amount of insurance is required.
- D. Waive return premium of \$5.00 or less. Grant a 5% return premium due if requested by the insured. This waiver only applies to cash exchange due on the original policy effective date.
- E. Retain the policy minimum, if applicable.

Rule 10. PREMIUM ROUNDING

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

Rule 11. MINIMUM PREMIUM

- A. The minimum annual premium charge is as follows, with 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 motorist coverage) even though coverage against other perils is included in the policy.
- B. The minimum premium shall be inclusive of additional charges imposed for additional hazards or conditions 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 the annual minimum premium shall be charged, subject to the conditions herein.
- D. This minimum premium shall apply to each policy certificate or declaration under a border.

Rule 12. DEDUCTIBLE INSURANCE

- A. Eligibility
 1. Bodily injury 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.
 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. In 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.

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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.
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 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.

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

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COMMON COVERAGES SECTION

NOTES

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COMMON COVERAGES

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	3
Medical Payments	500	4
	1,000	5
	2,000	8

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
660	1-10	\$5,500/50
6601	11-25	\$15,000/50
6602	26-50	\$25,000/50
6603	51-100	\$35,000/50
6604	101-250	\$45,000/50
6605	251-500	\$55,000/50
6606	501-1,000	\$65,000/50
6607	1,001-2,500	\$75,000/50
6608	2,501-5,000	\$85,000/50
6609	5,001-10,000	\$95,000/50
6610	10,001-25,000	\$105,000/50
6611	25,001-50,000	\$115,000/50
6612	50,001-100,000	\$125,000/50
6613	100,001-250,000	\$135,000/50
6614	250,001-500,000	\$145,000/50
6615	500,001-1,000,000	\$155,000/50
6616	1,000,001-2,500,000	\$165,000/50
6617	2,500,001-5,000,000	\$175,000/50
6618	5,000,001-10,000,000	\$185,000/50
6619	10,000,001-25,000,000	\$195,000/50
6620	25,000,001-50,000,000	\$205,000/50
6621	50,000,001-100,000,000	\$215,000/50
6622	100,000,001-250,000,000	\$225,000/50
6623	250,000,001-500,000,000	\$235,000/50
6624	500,000,001-1,000,000,000	\$245,000/50
6625	1,000,000,001-2,500,000,000	\$255,000/50
6626	2,500,000,001-5,000,000,000	\$265,000/50
6627	5,000,000,001-10,000,000,000	\$275,000/50
6628	10,000,000,001-25,000,000,000	\$285,000/50
6629	25,000,000,001-50,000,000,000	\$295,000/50
6630	50,000,000,001-100,000,000,000	\$305,000/50
6631	100,000,000,001-250,000,000,000	\$315,000/50
6632	250,000,000,001-500,000,000,000	\$325,000/50
6633	500,000,000,001-1,000,000,000,000	\$335,000/50
6634	1,000,000,000,001-2,500,000,000,000	\$345,000/50
6635	2,500,000,000,001-5,000,000,000,000	\$355,000/50
6636	5,000,000,000,001-10,000,000,000,000	\$365,000/50
6637	10,000,000,000,001-25,000,000,000,000	\$375,000/50
6638	25,000,000,000,001-50,000,000,000,000	\$385,000/50
6639	50,000,000,000,001-100,000,000,000,000	\$395,000/50
6640	100,000,000,000,001-250,000,000,000,000	\$405,000/50
6641	250,000,000,000,001-500,000,000,000,000	\$415,000/50
6642	500,000,000,000,001-1,000,000,000,000,000	\$425,000/50
6643	1,000,000,000,000,001-2,500,000,000,000,000	\$435,000/50
6644	2,500,000,000,000,001-5,000,000,000,000,000	\$445,000/50
6645	5,000,000,000,000,001-10,000,000,000,000,000	\$455,000/50
6646	10,000,000,000,000,001-25,000,000,000,000,000	\$465,000/50
6647	25,000,000,000,000,001-50,000,000,000,000,000	\$475,000/50
6648	50,000,000,000,000,001-100,000,000,000,000,000	\$485,000/50
6649	100,000,000,000,000,001-250,000,000,000,000,000	\$495,000/50
6650	250,000,000,000,000,001-500,000,000,000,000,000	\$505,000/50
6651	500,000,000,000,000,001-1,000,000,000,000,000,000	\$515,000/50
6652	1,000,000,000,000,000,001-2,500,000,000,000,000,000	\$525,000/50
6653	2,500,000,000,000,000,001-5,000,000,000,000,000,000	\$535,000/50
6654	5,000,000,000,000,000,001-10,000,000,000,000,000,000	\$545,000/50
6655	10,000,000,000,000,000,001-25,000,000,000,000,000,000	\$555,000/50
6656	25,000,000,000,000,000,001-50,000,000,000,000,000,000	\$565,000/50
6657	50,000,000,000,000,000,001-100,000,000,000,000,000,000	\$575,000/50
6658	100,000,000,000,000,000,001-250,000,000,000,000,000,000	\$585,000/50
6659	250,000,000,000,000,000,001-500,000,000,000,000,000,000	\$595,000/50
6660	500,000,000,000,000,000,001-1,000,000,000,000,000,000,000	\$605,000/50
6661	1,000,000,000,000,000,000,001-2,500,000,000,000,000,000,000	\$615,000/50
6662	2,500,000,000,000,000,000,001-5,000,000,000,000,000,000,000	\$625,000/50
6663	5,000,000,000,000,000,000,001-10,000,000,000,000,000,000,000	\$635,000/50
6664	10,000,000,000,000,000,000,001-25,000,000,000,000,000,000,000	\$645,000/50
6665	25,000,000,000,000,000,000,001-50,000,000,000,000,000,000,000	\$655,000/50
6666	50,000,000,000,000,000,000,001-100,000,000,000,000,000,000,000	\$665,000/50
6667	100,000,000,000,000,000,000,001-250,000,000,000,000,000,000,000	\$675,000/50
6668	250,000,000,000,000,000,000,001-500,000,000,000,000,000,000,000	\$685,000/50
6669	500,000,000,000,000,000,000,001-1,000,000,000,000,000,000,000,000	\$695,000/50
6670	1,000,000,000,000,000,000,000,001-2,500,000,000,000,000,000,000,000	\$705,000/50
6671	2,500,000,000,000,000,000,000,001-5,000,000,000,000,000,000,000,000	\$715,000/50
6672	5,000,000,000,000,000,000,000,001-10,000,000,000,000,000,000,000,000	\$725,000/50
6673	10,000,000,000,000,000,000,000,001-25,000,000,000,000,000,000,000,000	\$735,000/50
6674	25,000,000,000,000,000,000,000,001-50,000,000,000,000,000,000,000,000	\$745,000/50
6675	50,000,000,000,000,000,000,000,001-100,000,000,000,000,000,000,000,000	\$755,000/50
6676	100,000,000,000,000,000,000,000,001-250,000,000,000,000,000,000,000,000	\$765,000/50
6677	250,000,000,000,000,000,000,000,001-500,000,000,000,000,000,000,000,000	\$775,000/50
6678	500,000,000,000,000,000,000,000,001-1,000,000,000,000,000,000,000,000,000	\$785,000/50
6679	1,000,000,000,000,000,000,000,000,001-2,500,000,000,000,000,000,000,000,000	\$795,000/50
6680	2,500,000,000,000,000,000,000,000,001-5,000,000,000,000,000,000,000,000,000	\$805,000/50
6681	5,000,000,000,000,000,000,000,000,001-10,000,000,000,000,000,000,000,000,000	\$815,000/50
6682	10,000,000,000,000,000,000,000,000,001-25,000,000,000,000,000,000,000,000,000	\$825,000/50
6683	25,000,000,000,000,000,000,000,000,001-50,000,000,000,000,000,000,000,000,000	\$835,000/50
6684	50,000,000,000,000,000,000,000,000,001-100,000,000,000,000,000,000,000,000,000	\$845,000/50
6685	100,000,000,000,000,000,000,000,000,001-250,000,000,000,000,000,000,000,000,000	\$855,000/50
6686	250,000,000,000,000,000,000,000,000,001-500,000,000,000,000,000,000,000,000,000	\$865,000/50
6687	500,000,000,000,000,000,000,000,000,001-1,000,000,000,000,000,000,000,000,000,000	\$875,000/50
6688	1,000,000,000,000,000,000,000,000,000,001-2,500,000,000,000,000,000,000,000,000,000	\$885,000/50
6689	2,500,000,000,000,000,000,000,000,000,001-5,000,000,000,000,000,000,000,000,000,000	\$895,000/50
6690	5,000,000,000,000,000,000,000,000,000,001-10,000,000,000,000,000,000,000,000,000,000	\$905,000/50
6691	10,000,000,000,000,000,000,000,000,000,001-25,000,000,000,000,000,000,000,000,000,000	\$915,000/50
6692	25,000,000,000,000,000,000,000,000,000,001-50,000,000,000,000,000,000,000,000,000,000	\$925,000/50
6693	50,000,000,000,000,000,000,000,000,000,001-100,000,000,000,000,000,000,000,000,000,000	\$935,000/50
6694	100,000,000,000,000,000,000,000,000,000,001-250,000,000,000,000,000,000,000,000,000,000	\$945,000/50
6695	250,000,000,000,000,000,000,000,000,000,001-500,000,000,000,000,000,000,000,000,000,000	\$955,000/50
6696	500,000,000,000,000,000,000,000,000,000,001-1,000,000,000,000,000,000,000,000,000,000,000	\$965,000/50
6697	1,000,000,000,000,000,000,000,000,000,000,001-2,500,000,000,000,000,000,000,000,000,000,000	\$975,000/50
6698	2,500,000,000,000,000,000,000,000,000,000,001-5,000,000,000,000,000,000,000,000,000,000,000	\$985,000/50
6699	5,000,000,000,000,000,000,000,000,000,000,001-10,000,000,000,000,000,000,000,000,000,000,000	\$995,000/50
6700	10,000,000,000,000,000,000,000,000,000,000,001-25,000,000,000,000,000,000,000,000,000,000,000	\$1,000,000/50

★Garage Dealer Operations—Class Code 6680

Coverage is provided when the insured is an owner, lessee, or borrower of autos in the insured's shops, service stations, garage, driveway, and public parking areas. Refer to the Operator's Rate Table for General Liability Market Regime in Division 100 for the garage liability rate. Refer to the Operator's Rate Table for General Liability Market Regime in Division 100 for the garage liability rate.

When the insured is an owner, lessee, or borrower of autos in the insured's shops, service stations, garage, driveway, and public parking areas, refer to the Operator's Rate Table for General Liability Market Regime in Division 100 for the garage liability rate.

When the insured is an owner, lessee, or borrower of autos in the insured's shops, service stations, garage, driveway, and public parking areas, refer to the Operator's Rate Table for General Liability Market Regime in Division 100 for the garage liability rate.

- B. To extend the coverage provided to cover the individual liability of employees (including employees of garage service stations) while using their automobiles and their covered non-owned autos in the employee's business, compute the additional premium by multiplying the premium determined in accordance with preceding paragraphs by the factor (a) or (b) of Class Code 6671. See the Rates As Insureds—Employees, 14-93.

C. Non-Partnership—Individual Insured

When nonownership liability coverage is afforded, the coverage for nonownership liability for partnership risks is provided for the insured as an individual partner, who is not a partner in the insured's partnership.

Multiple private passenger type rates in the rate schedules by 10% for each active partner for the term of liability for partnership risks. Apply the rate base regardless of the type of liability used as the base for the 100%.

2. Social Service Agency Risks

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

- b. Charge an additional premium as follows:

Determine the total number of individuals 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, \$20,000/50,000 limits, and 3.7% property damage.

Example: 250 employees

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- \$15,000 limit per volunteer. The minimum premium 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

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 either

- elected to purchase combined uninsured and underinsured motorists coverage, or

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- specifically rejected in writing both uninsured motorists and combined uninsured and underinsured motorists coverages.

a. Basic Limits

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

Rate—Charge the following per registered auto:

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

Private Passenger Types	\$ 3
Other than Private Passenger Types	\$ 5

(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	\$ 3
Other than Private Passenger Types	\$ 5

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 coverage may be afforded. 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, add the appropriate rate shown below for each auto or set of dealer or transporter plates to the basic limits premium.

	Additional Charge		
	BI Limits	PP Types	Other than PP Types
\$ 50/100	\$ 2		\$ 5
100/200	4		
100/300	5		7
250/500	7		
300/300	8		
500/500	9		
500/1,000	10		
1,000/1,000	11		

- (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, add the rates shown 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		\$ 5
100/200	4		
100/300	5		7
250/500	7		
300/300	8		
500/500	9		
500/1,000	10		
1,000/1,000	11		

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

(3) Additional Persons

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

The charge for each additional person shall be subject to modification under the provisions of any rating plan or other Manual rule.

(4) Uninsured Motorists—Exclusion—(Other than Bodily Injury Only—Class Code R600)

Uninsured motorists coverage for a named person who does not own an automobile and is not afforded such coverage as provided 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	\$ 10
3 Year Policy	\$ 25

B. Combined Uninsured and Underinsured Motorists Coverage

Owners—Class Code R600—shall provide that:

Combined bodily injury and property damage uninsured and 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 either:

- specifically rejected this coverage or, when not elected to purchase, uninsured motorists coverage only;
- specifically rejected in writing both uninsured motorists and combined uninsured and underinsured motorists coverages.

a. Limits

Combined uninsured and underinsured motorist coverage limits are available only at bodily injury limits higher than \$30,000/60,000 and with property damage limits at \$25,000 or with a limit not to exceed the property damage liability limit afforded by the policy. The property damage coverage applies only on an uninsured motorists basis and is subject to an exclusion of the first \$100 of damage.

Refer to uninsured motorists coverage for \$30/60/25 limits.

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b. Rates

Combined bodily injury and property damage uninsured and underinsured motorists coverage is available at the following limits with rates per registered auto shown:

(1) Bodily Injury Liability

- (a) 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
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

- (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, 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
\$50,000	\$1	\$1

- (b) 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.

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:

- Property (Nonhazardous)
- 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.
- 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.
- 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

- Owned Autos
 - 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.
 - 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.
 - 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.
 - 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.
 - Where more than one class of pollutants is transported by a covered auto, apply the charge which develops the highest premium.
- Hired Autos

Charge an additional percentage of the otherwise applicable bodily injury and property damage premium for hired auto coverage. Such percentage is the highest one determined in accordance with 1 above for any covered auto. Where hired autos will transport more than one class of pollutants, apply the charge which develops the highest premium.

Rules 28–29. RESERVED FOR FUTURE USE

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TRUCKS, TRACTORS, AND TRAILERS SECTION

NOTES

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TRUCKS, TRACTORS, AND TRAILERS

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
- 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
- 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:
 - 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
- 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.
 - 2. Determine the primary rating factor from the Trucks, Tractors, and Trailers Classifications Rule 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 based on the special industry classifications.

- 4. Determine the additional rating factor, if any, by subtracting the secondary rating factor from the primary rating factor.
- 5. For tractors used with light trucks which regularly operate beyond a 200 mile radius, use the rating factor for the intermediate class, if any.

Premium Computation

Determine the liability base premium schedule and determine the liability base premium schedule for the radius class.

1. **Fleet—Non-Fleet**

Determine the fleet or non-fleet base premium from the liability base premium schedule for the radius class.

2. **Radius**—Multiply the fleet or non-fleet base premium by the rating factor.

3. **Medical Payments**—If any.

4. **Special Equipment**—If any.

5. **Trucks, Tractors, and Trailers**—Refer to the Trucks, Tractors, and Trailers Classifications Rule.

6. **Special**—Determine the special premium from the liability base premium schedule. For information, special rates are not applicable.

7. **Class Code**

8. **Final Premium**—Determine the base premium from the liability base premium schedule. For information not shown, refer to schedule.

9. **Final Premium**—Multiply the base premium by the final rating factor.

10. **Final Premium**—Refer to the Trucks, Tractors, and Trailers Classifications Rule.

11. **Uninsured and Underinsured Motorist**—If any.

12. **Medical Payments**—If any. Refer to the Trucks, Tractors, and Trailers Classifications Rule.

13. **Special**—Refer to the Trucks, Tractors, and Trailers Classifications Rule.

Rule 32. TRUCKS, TRACTORS, AND TRAILERS CLASSIFICATIONS

Classify trucks, tractors, and trailers. The rating factor is determined as follows:

Fleet—Non-Fleet Classifications

Classify as fleet the automobiles of any size and five or more self-propelled automobiles of any size 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 awarded under 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 trailer if the risk otherwise is classified as a fleet.

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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.

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 & PD	Intermediate 51 to 200 Miles BI & PD	Long Distance Over 200 Miles BI & PD
Light Trucks (0-10,000 lbs. GVW)	Service	Factor CD	014--	013	012
	Retail	Factor CD	024--	025	026
	Commercial	Factor CD	034--	035	036
ZONE RATED					
Medium Trucks (10,001-20,000 lbs. GVW)	Service	Factor CD	114--	113	112
	Retail	Factor CD	124--	125	126
	Commercial	Factor CD	134--	135	136
Heavy Trucks (20,001-45,000 lbs. GVW)	Service	Factor CD	214--	213	212
	Retail	Factor CD	224--	225	226
	Commercial	Factor CD	234--	235	236
Extra Heavy Trucks (Over 45,000 lbs. GVW)		Factor CD	404--	405	406
Heavy Truck-Tractors (0-45,000 lbs. GCW)	Service	Factor CD	344--	345	346
	Retail	Factor CD	354--	355	356
	Commercial	Factor CD	364--	365	366
Extra Heavy Truck-Tractors (Over 45,000 lbs. GCW)		Factor CD	504--	505	506
Trailer Types					
Semitrailers		Factor CD	674--	675	676
Trailers		Factor CD	684--	685	686
Service or Utility Trailer (0-2,000 lbs. Load Capacity)		Factor CD	694--	695	696

*

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NONFLEET

PRIMARY CLASSIFICATIONS—RATING FACTORS AND CLASSIFICATION DESIGNATORS

Size Class	Business Use Class	Factor CD	Radius Class		
			Local Up to 50 Miles BI & PD	Intermediate 51 to 200 Miles BI & PD	Long Distance Over 200 Miles BI & 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 (ZB) items.
2. Where more than one secondary rating factor applies, use the highest rated classification unless 60% of the use is 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 Digits 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	10	00
	intermediate	0.00	11	00
	long distance	0.00	12	00
b. Contract carriers (other than chemical or iron and steel haulers)	local	0.00	20	00
	intermediate	0.00	21	00
	long distance	0.00	22	00
c. Contract carriers hauling chemicals	local	0.00	30	00
	intermediate	0.00	31	00
	long distance	0.00	32	00
d. Contract carriers hauling iron and steel	local	0.00	40	00
	intermediate	0.00	41	00
	long distance	0.00	42	00
e. Exempt carriers (other than livestock haulers)	local	0.00	50	00
	intermediate	0.00	51	00
	long distance	0.00	52	00
f. Exempt carriers hauling livestock	local	0.00	60	00
	intermediate	0.00	61	00
	long distance	0.00	62	00
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	70	00
	intermediate	0.00	71	00
	long distance	0.00	72	00
h. Tow trucks for-hire	local	0.00	80	00
	intermediate	0.00	81	00
	long distance	0.00	82	00
i. All other	local	0.00	90	00
	intermediate	0.00	91	00
	long distance	0.00	92	00

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	00	40
b. Fish and sea food	0.00	00	40
c. Frozen food	0.00	00	40
d. Fruit and vegetable	0.00	00	40
e. Meat or poultry	0.00	00	40
f. All other	0.00	00	40

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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 Automob- iles	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	2000	00
b. Building—private dwellings	2001	00
c. Electrical, plumbing, masonry, plastering, and other repair or service	2002	00
d. Excavating	2003	00
e. Street and road	2004	00
f. All other	2005	00
Not otherwise specified		
a. Logging and lumbering	2006	00
b. All other	2007	00

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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.
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.

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.
 - b. Determine the primary rating factor from the Trucks, Tractors, and Trailers Classifications Rule.
 - c. Determine the secondary classifications code from the Trucks, Tractors, and Trailers Classifications Rule.
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 175%.
 - c. Multiply the base premium by the long distance rating factor from the primary classification table in the Trucks, Tractors, and Trailers Classifications Rule.
3. Medical Payments
 - a. Determine the fleet or nonfleet \$500 medical payments premiums of the zone combination from the zone rating table.

b. Medical payments overheads apply to the rating tables. For limits not shown, refer to the Supplementary Rating Section.

Primary and secondary rating factors apply.

4. Uninsured and Underinsured Motorists Coverage

a. Primary and secondary rating factors apply.

b. Refer to Rule 20 of the contract for details. See Section of this Manual.

3. Long Distance Zone Definitions

Metropolitan Zones

01. ATLANTA Zone includes Clayton and Cobb Counties and Atlanta, Georgia territories.
02. BALTIMORE—WASHINGTON Zone includes Baltimore, Baltimore Suburban, and Outer Suburban, Montgomery County Suburban and Outer Suburban, and Prince Georges County Suburban and Outer Suburban, Maryland territories; the entire District of Columbia; and Alexandria, DC, Arlington, and Chantilly, and Arlington, Alexandria, Suiteville, Virginia territories.
03. BOSTON Zone includes all of Essex, Middlesex, Norfolk, and Suffolk, Massachusetts territories.
04. BUFFALO Zone includes Erie County, Buffalo, Buffalo Semi-Suburban, Buffalo Suburban, Niagara Falls, and Niagara Falls Suburban, New York territories.
05. CHARLOTTE Zone includes Charlotte and Mecklenburg County, North Carolina territories.
06. CHICAGO Zone includes all of Cook and DuPage County territories; Lake County, (Baldwin), Waukegan—North Chicago and all Chicago, DuPage territories; and East Chicago, Indiana territories.
07. CINCINNATI Zone includes Cincinnati, Hamilton—Middletown, and Cincinnati, Covington—Newport, Kentucky territories.
08. CLEVELAND Zone includes all of Cuyahoga and Medina County territories; Portage, Geauga (excluding the village of Mogadore), all Cleveland, and Painesville, Ohio territories.
09. DALLAS—FORT WORTH Zone includes all of Tarrant and Tarrant, Texas Counties.
10. DENVER Zone includes Denver and North Denver, Colorado territories.
11. DETROIT Zone includes all of Detroit, Warren, and Pontiac, Michigan territories.
12. HARTFORD Zone includes all of Hartford and all of Haverhill Counties, and Bridgeport and Fairfield—Stratford, Connecticut territories.
13. HOUSTON Zone includes all of Tarrant and Galveston and Harris, Texas Counties.
14. INDIANAPOLIS Zone includes all of Hamilton County, Indiana territory.

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15. JACKSONVILLE Zone includes all of Jacksonville, Florida territory.
16. KANSAS CITY Zone includes all of Kansas City, Kansas; and Independence and all Kansas City, Missouri territories.
17. LITTLE ROCK Zone includes all of Pulaski County, Arkansas territory.
18. LOS ANGELES Zone includes all of Los Angeles and Orange Counties and also Riverside and San Bernardino, California territories.
19. LOUISVILLE Zone includes all of Jefferson County, Kentucky; and New Albany and Jeffersonville, Indiana territories.
20. MEMPHIS Zone includes all of Shelby County, Tennessee territory.
21. MIAMI Zone includes Miami and Miami Beach, Florida territories.
22. MILWAUKEE Zone includes Kenosha, Milwaukee Metropolitan, 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	\$318
\$15,000 P.D.	405	388
\$500 Med. Pay.	60	50

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"> <thead> <tr> <th colspan="2">Liability Fleet and Non-Fleet</th> </tr> </thead> <tbody> <tr> <td>\$25,000/50,000 Bodily Injury</td> <td>\$400 BI</td> </tr> <tr> <td>\$15,000 Property Damage</td> <td>300 PD</td> </tr> <tr> <td>\$500 Medical Payments</td> <td>70 MP</td> </tr> <tr> <td>Zone Combination Code</td> <td>12345</td> </tr> </tbody> </table>	Liability Fleet and Non-Fleet		\$25,000/50,000 Bodily Injury	\$400 BI	\$15,000 Property Damage	300 PD	\$500 Medical Payments	70 MP	Zone Combination Code	12345
Liability Fleet and Non-Fleet											
\$25,000/50,000 Bodily Injury	\$400 BI										
\$15,000 Property Damage	300 PD										
\$500 Medical Payments	70 MP										
Zone Combination Code	12345										

Commercial Statistical Plan (CSP) coding instructions for zone combinations:

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

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**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 Indiana- 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	S1014 BI 1092 PD 209 MP	13 Houston	S1371 BI 1477 PD 283 MP	25 New Orleans	S1369 BI 1475 PD 282 MP	37 Tampa	S1371 BI 1477 PD 283 MP
	**901		**913		**925		**937
02 Balt.- Wash.	1286 BI 1386 PD 265 MP	14 Indiana- polis	1125 BI 1211 PD 232 MP	26 N.Y. City	1286 BI 1386 PD 265 MP	40 Pacific	1286 BI 1386 PD 265 MP
	**902		**914		**926		**938
03 Boston	1419 BI 1527 PD 293 MP	15 Jackson- ville	1014 BI 1092 PD 209 MP	27 Okla. City	1071 BI 1477 PD 283 MP	41 Moun- tain	1014 BI 1092 PD 209 MP
	**903		**915		**927		**939
04 Buffalo	1286 BI 1386 PD 265 MP	16 Kansas City	1391 BI 1499 PD 287 MP	28 Omana	1391 BI 1499 PD 287 MP	42 Mid- West	1286 BI 1386 PD 265 MP
	**904		**916		**928		**940
05 Charlotte	1014 BI 1092 PD 209 MP	17 Little Rock	1371 BI 1477 PD 283 MP	29 Phoenix	1371 BI 1477 PD 283 MP	43 South West	1014 BI 1092 PD 209 MP
	**905		**917		**929		**941
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
	**906		**918		**930		**942
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	1125 BI 1211 PD 232 MP
	**907		**919		**931		**943
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 South	1125 BI 1211 PD 232 MP
	**908		**920		**932		**944
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	1371 BI 1477 PD 283 MP
	**909		**921		**933		**945
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	1819 BI 1959 PD 375 MP
	**910		**922		**934		**946
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	1125 BI 1211 PD 232 MP
	**911		**923		**935		**947
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	1419 BI 1527 PD 293 MP
	**912		**924		**936		**948

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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 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
	**201		**213		**225		**237
02 Balt.- Wash.	678 BI 1070 PD 140 MP	14 Indiana- 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
	**202		**214		**226		**240
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
	**203		**215		**227		**241
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
	**204		**216		**228		**242
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
	**205		**217		**229		**243
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
	**206		**218		**230		**244
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
	**207		**219		**231		**245
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
	**208		**220		**232		**246
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
	**209		**221		**233		**247
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
	**210		**222		**234		**248
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
	**211		**223		**235		**249
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
	**212		**224		**236		**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.

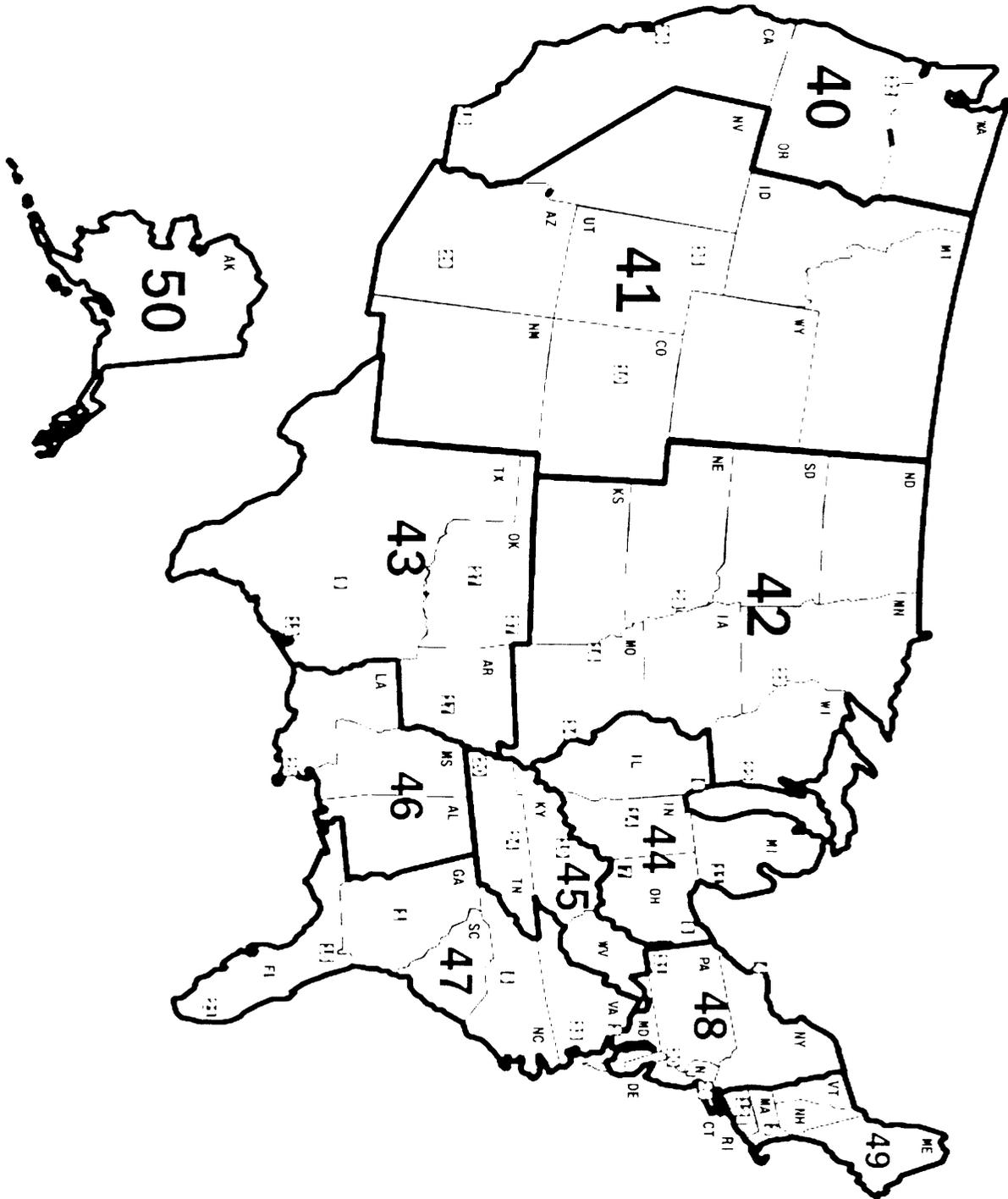
Zone	Liability Fleet and Nonfleet	Zone	Liability Fleet and Nonfleet	Zone	Liability Fleet and Nonfleet	Zone	Liability Fleet and Nonfleet
01 Atlanta	5628 BI 1008 PD 130 MP	13 Houston	5587 BI 941 PD 121 MP	25 New Or- leans	5678 BI 1070 PD 140 MF	37 Tulsa	5547 BI 901 PD 121 MF
	**901		**913		**925		**937
02 Balt.- Wash.	678 BI 1070 PD 140 MP	14 India- napolis	548 BI 866 PD 113 MP	26 N.Y. City	578 BI 1070 PD 140 MF	38 Pacific	547 BI 909 PD 130 MF
	**902		**914		**926		**938
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 MF	39 Moun- tain	557 BI 901 PD 121 MF
	**903		**915		**927		**939
04 Buffalo	678 BI 1070 PD 140 MP	16 Kansas City	587 BI 941 PD 121 MP	28 Omaha	587 BI 941 PD 121 MF	40 Mid- West	557 BI 901 PD 121 MF
	**904		**916		**928		**940
05 Charlotte	628 BI 1008 PD 130 MP	17 Little Rock	587 BI 941 PD 121 MF	29 Phoenix	587 BI 941 PD 121 MF	41 South West	557 BI 901 PD 121 MF
	**905		**917		**929		**941
06 Chicago	548 BI 866 PD 113 MP	18 Los Angeles	628 BI 1008 PD 130 MP	30 Philadel- phia	578 BI 1070 PD 140 MF	42 North Central	547 BI 909 PD 130 MF
	**906		**918		**930		**942
07 Cincin- nati	548 BI 866 PD 113 MP	19 Louisville	628 BI 1008 PD 130 MP	31 Pitts- burgh	578 BI 1070 PD 140 MF	43 Mid- East	528 BI 1008 PD 130 MF
	**907		**919		**931		**943
08 Cleveland	548 BI 866 PD 113 MP	20 Memphis	628 BI 1008 PD 130 MP	32 Portland	628 BI 1008 PD 130 MF	44 Mid- West	578 BI 1070 PD 140 MF
	**908		**920		**932		**944
09 Dallas Fort Worth	587 BI 941 PD 121 MP	21 Miami	628 BI 1008 PD 130 MF	33 Rich- mond	628 BI 1008 PD 130 MF	45 South- East	528 BI 1008 PD 130 MF
	**909		**921		**933		**945
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 MF	46 Eastern	528 BI 1008 PD 130 MF
	**910		**922		**934		**946
11 Detroit	548 BI 866 PD 113 MP	23 Minn.- St. Paul	587 BI 941 PD 121 MF	35 Salt Lake City	587 BI 941 PD 121 MF	47 New England	528 BI 1008 PD 130 MF
	**911		**923		**935		**947
12 Hartford	628 BI 1008 PD 130 MP	24 Nashville	628 BI 1008 PD 130 MF	36 San Fran.	628 BI 1008 PD 130 MF	48 Alaska	527 BI 909 PD 128 MF
	**912		**924		**936		**948

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Long distance zone map

This map is for reference purposes only.



Rules 35–44. RESERVED FOR FUTURE USE

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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.

Size Class	Seating Capacity
1	1-15
2	16-25
3	26-35
4	36-45
5	46-55
6	56-65
7	66-75
8	76-85
9	86-95
10	96-105
11	106-115
12	116-125
13	126-135
14	136-145
15	146-155
16	156-165
17	166-175
18	176-185
19	186-195
20	196-205
21	206-215
22	216-225
23	226-235
24	236-245
25	246-255
26	256-265
27	266-275
28	276-285
29	286-295
30	296-305
31	306-315
32	316-325
33	326-335
34	336-345
35	346-355
36	356-365
37	366-375
38	376-385
39	386-395
40	396-405
41	406-415
42	416-425
43	426-435
44	436-445
45	446-455
46	456-465
47	466-475
48	476-485
49	486-495
50	496-505
51	506-515
52	516-525
53	526-535
54	536-545
55	546-555
56	556-565
57	566-575
58	576-585
59	586-595
60	596-605
61	606-615
62	616-625
63	626-635
64	636-645
65	646-655
66	656-665
67	666-675
68	676-685
69	686-695
70	696-705
71	706-715
72	716-725
73	726-735
74	736-745
75	746-755
76	756-765
77	766-775
78	776-785
79	786-795
80	796-805
81	806-815
82	816-825
83	826-835
84	836-845
85	846-855
86	856-865
87	866-875
88	876-885
89	886-895
90	896-905
91	906-915
92	916-925
93	926-935
94	936-945
95	946-955
96	956-965
97	966-975
98	976-985
99	986-995
100	996-1005

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.

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.
2. Determine the primary rating factor from the Public Automobile Classifications Rule 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 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 from the territory definitions based on the highest rated territory where the public automobile is operated.
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:

a. If a bus is rated as public automobile, determine the size class from the seating capacity.

Seating Capacity	Size Class
1-15	1
16-25	2
26-35	3
36-45	4
46-55	5
56-65	6
66-75	7
76-85	8
86-95	9
96-105	10
106-115	11
116-125	12
126-135	13
136-145	14
146-155	15
156-165	16
166-175	17
176-185	18
186-195	19
196-205	20
206-215	21
216-225	22
226-235	23
236-245	24
246-255	25
256-265	26
266-275	27
276-285	28
286-295	29
296-305	30
306-315	31
316-325	32
326-335	33
336-345	34
346-355	35
356-365	36
366-375	37
376-385	38
386-395	39
396-405	40
406-415	41
416-425	42
426-435	43
436-445	44
446-455	45
456-465	46
466-475	47
476-485	48
486-495	49
496-505	50
506-515	51
516-525	52
526-535	53
536-545	54
546-555	55
556-565	56
566-575	57
576-585	58
586-595	59
596-605	60
606-615	61
616-625	62
626-635	63
636-645	64
646-655	65
656-665	66
666-675	67
676-685	68
686-695	69
696-705	70
706-715	71
716-725	72
726-735	73
736-745	74
746-755	75
756-765	76
766-775	77
776-785	78
786-795	79
796-805	80
806-815	81
816-825	82
826-835	83
836-845	84
846-855	85
856-865	86
866-875	87
876-885	88
886-895	89
896-905	90
906-915	91
916-925	92
926-935	93
936-945	94
946-955	95
956-965	96
966-975	97
976-985	98
986-995	99
996-1005	100

b. For a unit that includes a motorized unit, refer to the rating factor for a unit that includes a motorized unit with one or more trailers or semitrailers in the Common Coverages Section of this Manual to determine the rating factor.

Rule 47. PUBLIC AUTOMOBILE CLASSIFICATIONS

Classify public automobiles as follows:

a. If an automobile has a use class and radius class that is not a zone rated classification, classify a NE or N of the use class as zone rated activity. In that case, use the zone rated activity definition.

b. Fleet—Non-fleet—Public—Other

Classify as fleet the automobiles of any risk that have five or more self-propelled automobiles of any type that are under one ownership. Do not include public automobiles owned by, allied or subsidiary interests, unless the insured holds a majority financial interest.

Do not include mobile equipment, insured under a general liability policy, in determining if the risk is a fleet.

1. Do not include trailers in determining if the risk is a fleet, but apply the fleet classification to the trailer if the risk otherwise is classified as a fleet.

2. Classify the automobiles of any other risk as non-fleet.

3. 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 reinsured in accordance with the Cancellation Rule.

Seating Capacity

1. Use the seating capacity specified by the manufacturer of the automobile, unless a public authority says otherwise.

2. Do not include the conductor seat when determining seating capacity.

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PUBLIC TRANSPORTATION

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.
 - 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.

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l. 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

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 on 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.
- (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.

Rate unless flow of the Manual indicates otherwise.

g) All Other—Automobiles which do not meet the requirements of paragraph (1).

g) Excess liability coverage may be provided to cover automobiles not owned or leased by the agency while being used in to social service transportation activities. This coverage may be extended to cover the agency's liability only or the liability of each of the agency and, on a blanket basis, the individual liability of agency employees or volunteer donors or owners of the automobile. For automobiles hired, loaned, leased or furnished, refer to Rule 21. For privately non-owned automobiles, refer to 21.3.

h) Public Automobile Not Otherwise Classified

This classification includes, but is not limited to, automobiles such as country club, base, airport, buses, motor cycle, development, school, courtesy, house, and church and utility, utility base.

See Primary Classifications - Rating Code and Classifier Designator tables.

k) Secondary Classifications—These classifications apply to taxicabs, limousines (except airport), school 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	01

Seating Capacity	Rating Code	Classifier Designator
of 4 to 8	01	01
of 9 to 20	02	01
of 21 to 60	03	01
of over 60	04	01
All Other—not Secondary Rated	05	01

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FLEET PRIMARY CLASSIFICATIONS—RATING FACTORS AND STATISTICAL CODES

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
Inter-City 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 Automobile Employee-Operated	Factor Code	.55 648—	.65 649—	.95 6409
Social Service Automobile All Other	Factor Code	.50 658—	.60 659—	.95 6509
Bus N.O.C.	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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NON-FLEET PRIMARY CLASSIFICATIONS—RATING FACTORS AND STATISTICAL CODES

Taxicabs and Limousines	Factor Code	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	Factor Code	Local Up to 50 Miles	Intermediate 51 to 200 Miles	Long Distance Over 200 Miles
School Bus Owned by Political Subdivision or School District	Factor Code	1.20 515--	.40 516--	.50 517--
Other School Bus	Factor Code	1.50 625--	1.75 626--	.90 627--
Church Bus	Factor Code	1.00 635--	1.15 636--	.25 637--

Other Buses	Factor Code	Local Up to 50 Miles	Intermediate 51 to 200 Miles	Long Distance Over 200 Miles
Urban Bus	Factor Code	.80 515--	.90 516--	

ZONE RATED

Airport Bus or Airport Limousine	Factor Code	.70 525--	.80 526--	1.30 527--
Inter-City Bus	Factor Code	1.05 535--	1.20 536--	1.85 537--
Charter Bus	Factor Code	1.00 545--	1.15 546--	1.85 547--
Sightseeing Bus	Factor Code	.75 555--	.85 556--	1.65 557--
Trans. of Athletes and Entertainers	Factor Code	.45 565--	.50 566--	1.00 567--
Social Service Automobile Employee-Operated	Factor Code	.55 645--	.65 646--	.95 647--
Social Service Automobile All Other	Factor Code	.50 655--	.60 656--	.95 657--
Bus N.O.C.	Factor Code	.55 585--	.65 586--	.95 587--

Van Pools	Factor Code	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	1.20 4123	1.25 4124



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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.
 - b. Determine the primary rating factor from the Public Automobile Classifications Rule.
 - 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.
 - 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

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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	7343
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:

Class I—employees including car wash employees. Multiply the number of Class I employees worked by an average of less than 20, multiply by fees on Table 1001, determine the number of rating units.

a. Motorists (with or without franchise) business, used to exchange automobiles with service manager, or employee without car but, five or the operator of automobile, or who is furnished a garage automobile. Compute the number of rating units by multiplying the number of these employees by 1.0.

b. All other employees (including car wash) rating units by multiplying the number of employees by 1.0.

c. Class II—employees (with auxiliary vehicle) 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 1.0.

★ Franchised and nonfranchised dealer's driver. Multiply the rates on the state rate schedules by the number of employees (including the driver) by 18.0.

The minimum premium is the dealer's rate plus the state rate schedules for the highest class of risk provided by 1001.

B. **Liability—Unlimited Coverage for Customers**

Liability coverage only for unlimited coverage for unlimited customer coverage.

Multiply the total number of vehicles by the premium liability on:

a. Automobiles furnished for regular use to other individuals or for Class II operators, for example welcome wagon automobiles furnished as driver training program. Compute the premiums for each coverage for each of these automobiles as follows:

Private passenger automobiles (Class I) only. Charge private passenger rate premium.

b. Trucks, tractors, and trailers (Class II) only. Charge the premiums developed by the tables for trucks, tractors, or trailers classification.

C. **Pick Up or Delivery of Automobiles (Class Code 010)**

In the exposure for nonfranchised dealer vehicles, the pick up or delivery of automobiles beyond a 20 mile radius of the limits of the city or town where operations are conducted. Rate each driver per mile for pick up or delivery operations as follows:

	Per Driver Trip Rate	Body Injury	Property Damage
Mileage		\$25/50	\$15
51-200 miles			
Over 200 miles			

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GARAGES

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❖

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SPECIAL TYPES AND OPERATIONS SECTION

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NORTH CAROLINA REINSURANCE FACILITY
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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)

1. **Eligibility.** This rule applies to automobiles that:
 - a. are at least 25 years old;
 - b. are not used for hire;
 - c. are not used for commercial purposes, including activities related to the automobile's operation, maintenance, or display;
 - d. are not used for racing or other motorsports.
2. **Premium Computation.**
Liability. Multiply the private passenger type rates regardless of the type of automobile. There is a minimum premium of \$14, \$25,000/50,000 bodily injury, and \$6, \$15,000 property damage, per automobile.

Rule 76. AUTOMOBILE BODY MANUFACTURERS AND INSTALLERS (Class Code 7924)

1. Compute the premium on private automobiles and automobiles and employee nonownership liability in usual manner.
2. Compute the premium on the liability coverage rates by multiplying the appropriate fleet or nonfleet truck, tractor, or trailers base premium for each automobile engaged in these operations by 2.00.

Rule 77. DRIVER TRAINING PROGRAMS, EDUCATIONAL INSTITUTIONS, COMMERCIAL DRIVING SCHOOLS, AND AUTOMOBILE REPAIR TRAINING

1. **Driver Training Programs—Educational Institutions (Class Code 7926)**
 1. **Eligibility.** This Section applies to private passenger automobiles used for driver training at a school or school curriculum.
 2. **Premium Computation.**
 - a. For automobiles not equipped with dual controls, multiply the private passenger type rates by 1.50. There must be dual premium liability coverage limits.
 - b. For automobiles not equipped with dual controls, multiply the private passenger type rates by 2.00.
 - c. For other coverages, charge private passenger type rates.
 3. A policy covering automobiles used by multiple driver training programs may be written for an annual term for liability coverages with premium pro-rata 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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SPECIAL TYPES

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.
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	\$14
1,000	2	16
2,000	3	18

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).
- Charge 15% of the rates for private passenger type.
 - A minimum premium of \$14 bodily injury, \$25,000/50,000 limits and \$6 property damage \$15,000 limit shall apply.
 - 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**
- This Rule applies to automobiles used by government law enforcement agencies or police departments.
 - The policy must exclude coverage for bodily injury to any volunteer worker engaged in rescue squad or ambulance corps operations.
 - 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**
- Private passenger automobiles (Class Code 7911). Charge private passenger type rates.
 - Motorcycles (Class Code 7942). Rate according to the Motorcycle Rule in this Section.
 - Trailer types. Classify and rate according to the Trucks, Tractors, and Trailers Rules.
 - 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**
- This Rule applies to new, well-kept, off-lease, off-hire, and automobiles to others without drivers. For automobiles leased or rented with drivers, refer to the Trucks, Trailers, and Trailers Rule or the Public Automobile Class Code 7911. This Rule does not apply to trucks, tractors, and trailers. For a detailed description of the concern to truckers and buses, leased or rented, refer to the concern to bus-risk. Refer to appropriate rules.
- B. Premium Computation.** When computing the premium, use the territory where the automobiles are primarily garaged.
- Specified Car Basis**
- Long-term (60-day or more) lease or rental (more than 30 days):
 - Liability coverage. Under this section, the automobile is in the classification 7911 of the Manual that apply to the lessee.
 - Contingent coverage (Class Code 7911). Contingent liability coverage may be provided on a non-rated basis covering the leasing concern on a rated premium basis is provided by the lessee. Multiple classification rate of the Manual that apply to the lessee to .50.
 - Short-term (automobiles rented for more than 30 days):
 - Trucks, tractors, and trailers, including tractors, tractors, and trailers base premiums, and the following factor:

Category	Liability	Medical Payments
Trucks	1.60	1.00
Tractors	1.60	1.00
Trailers, Semitrailers and Service Trailers	1.60	1.00

Private passenger automobiles (Class Code 7911)

Liability: Multiply the private passenger type rates by 1.00.

C. Special Types (Class Code 7911)

Automobiles - Enclosed, excluding snowmobiles and other vehicles.

Multiply the rates developed in the Motorcycles Rule by the following factor:

Liability	Medical Payments
1.00	1.00

(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 by the following factor:

Liability	Medical Payments
1.00	1.00

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SPECIAL TYPES

- d. Nondealers garage risks—customer rental (Class Code 7216). For private passenger automobiles rented to customers while their automobiles are temporarily left with named insured 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 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 non-fleet 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)—\$10, \$25,000/50,000 limits
 Bodily Injury (including the passenger hazard)—\$6, \$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

Eligibility: This section applies to vehicles in any of the following categories:

1. Specialized equipment that consists of a power shovel, claw, derrick, grapple, rollers, cranes, street sweepers or blowers, excavators, diggers, forklifts, pumps, generators, presses, presses, lifts, and other similar equipment.
2. Vehicles maintained solely and exclusively for permanent attached specialized equipment.
3. Vehicles of equipment used in the operation of automobiles used solely on the insured's premises or that part of the road or other accesses that adjoin the premises.

B. Premium Computations

1. Refer to manual for general liability rules.
2. For nonfleet trucks, tractors, and trailers, other than farm equipment, the applicable general liability insurance charge for special fleet or nonfleet trucks, tractors, and trailers, also premium.

B. Farm Equipment (Class Code 7907)

Eligibility: This section applies to farm tractors, harvesting combines, power driven lawn mowers, and other self-propelled farm equipment, and farm tractors.

C. Premium Computations

1. **Specialty Charge**
 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 shall apply at no additional charge to tractors, farm wagons, and farm implements used with six wheel automobiles. The coverage shall apply to the operation of farm machinery.

Rules 91–93. RESERVED FOR FUTURE USE

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MISCELLANEOUS SECTION

NOTES

MISCELLANEOUS

**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)
Coverage	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 x 97 = 1.44	\$ 892.80
PD	380	1.25	3.0%	1.25 x 97 = 1.21	459.80
					<u>\$1,352.60</u>

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.

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EXPERIENCE RATING PLAN SECTION

NOTES

NORTH CAROLINA REINSURANCE FACILITY
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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.

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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:

$$\frac{\text{Adjusted Expected Loss Ratio} - \text{Actual Loss Ratio}}{\text{Adjusted Expected Loss Ratio}} \times \text{Credibility} \Rightarrow \text{Experience Modification}$$

(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:

$$\frac{\text{Actual Loss Ratio} - \text{Adjusted Expected Loss Ratio}}{\text{Adjusted Expected Loss Ratio}} \times \text{Credibility} \Rightarrow \text{Experience Modification}$$

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 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 .95, such higher experience modification must be applied as the tentative experience modification for the current term.

Whenever a tentative experience modification is applied, endorse the policy (1) noting application of tentative experience modification and (2) to provide subsequent application of any experience modification determined in accordance with this Plan.

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

Suppose that we have an insured with 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	P.AID AND OUTSTANDING LOSSES
(1992 B.I.) =	\$ (5,000) X (.570) X (.020) +	\$1,800 =
(1992 P.D.) =	(2,000) X (.570) X (.007) +	700 =
(1993 B.I.) =	(5,000) X (.570) X (.051) +	2,000 =
(1993 P.D.) =	(3,500) X (.570) X (.009) +	200 =
(1994 B.I.) =	(7,000) X (.570) X (.121) +	600 =
(1994 P.D.) =	(3,000) X (.570) X (.012) +	300 =
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	496	521	100	100
1158- 1948	.02	486	511	100	100
1949- 2756	.03	513	486	100	100
2757- 3581	.04	527	492	100	100
3582- 4423	.05	535	501	100	100
4424- 5283	.06	542	507	100	100
5284- 6162	.07	548	512	100	100
6163- 7060	.08	551	515	100	100
7061- 7977	.09	557	521	100	100
7978- 8916	.10	560	524	100	100
8917- 9875	.11	564	527	100	100
9876-10857	.12	567	531	100	100
10858-11861	.13	571	536	100	100
11862-12888	.14	574	539	100	100
12889-13940	.15	577	542	100	100
13941-15017	.16	580	545	100	100
15018-16121	.17	583	548	100	100
16122-17251	.18	586	551	100	100
17252-18409	.19	589	554	100	100
18410-19597	.20	591	556	100	100
19598-20815	.21	594	559	100	100
20816-22064	.22	597	562	100	100
22065-23346	.23	599	565	100	100
23347-24662	.24	601	567	100	100
24663-26013	.25	605	571	100	100
26014-27401	.26	608	574	100	100
27402-28827	.27	610	576	100	100
28828-30293	.28	611	577	100	100
30294-31801	.29	614	580	100	100
31802-33352	.30	618	583	100	100
33353-34948	.31	621	587	100	100
34949-36592	.32	621	587	100	100
36593-38285	.33	625	591	100	100
38286-40030	.34	627	593	100	100
40031-41829	.35	629	595	100	100
41830-43685	.36	631	597	100	100
43686-45600	.37	634	601	100	100
45601-47577	.38	636	603	100	100
47578-49619	.39	638	605	100	100
49620-51731	.40	640	607	100	100
51732-53914	.41	642	609	100	100
53915-56173	.42	644	611	100	100
56174-58513	.43	646	613	100	100
58514-60936	.44	648	615	100	100
60937-63449	.45	650	617	100	100
63450-66056	.46	652	619	100	100
66057-68761	.47	654	621	100	100
68762-71572	.48	656	623	100	100
71573-74495	.49	657	624	100	100
74496-77535	.50	658	625	100	100

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

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

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EXPERIENCE RATING PLAN

SUPPLEMENT TO THE LIABILITY EXPERIENCE RATING PLAN

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 of 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 re-valued. The loss development factors applicable at the time of the most recent valuation must be used in subsequent ratings as long as current 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 re-apply the experience in subsequent ratings, factors must be applied which project nine (or six) months of losses to a complete year on an ultimate paid basis. 6, 9, 12 and 15 month basic limits loss development factors are included in this supplement.

The existence of these supplementary loss development factors does not alter the requirements set forth in the original Experience Rating Plan.

BASIC LIMITS LOSS DEVELOPMENT FACTORS		
	Six Month Maturity	Nine Month Maturity
Automobile Liability—B.I.; 25/50 Automobile Liability—P.D.	0.27 0.10	0.31 0.11
	12 Month Maturity	15 Month Maturity
Automobile Liability—B.I.; 25/50 Automobile Liability—P.D.	0.34 0.16	0.37 0.17

Note: These factors are to be applied to the product of the AELR and the premium for the particular coverage being rated 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 at 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.

EXPERIENCE RATING PLAN SUPPLEMENT

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

(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

NOTES

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	1.78	1.98	2.09	1.94	1.82
300/300	64	2.00	2.24	2.41	2.21	2.02
250/500	61	2.09	2.38	2.56	2.34	2.11
400/400	68	2.19	2.52	2.72	2.49	2.23
500/500	68	2.35	2.73	2.99	2.72	2.39
750/750	73	2.71	3.20	3.54	3.20	2.76
1000/1000	73	2.97	3.58	4.02	3.61	3.04
1500/1500	74	3.40	4.21	4.78	4.25	3.48
2000/2000	75	3.76	4.72	5.42	4.80	3.84
2500/2500	76	4.03	5.16	5.97	5.27	4.16
5000/5000	79	5.12	6.80	8.05	7.07	5.27

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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	2	3	4	5
		Light and Medium Trucks	Heavy Trucks and Truck-Tractors	Extra Heavy Trucks and Truck-Tractors	TRUCKS, Tractors, and Trailers Zone Rated	All Other Risks
65	9	1.06	1.07	1.08	1.09	1.10
100	10	1.07	1.08	1.09	1.10	1.11
300	14	1.10	1.12	1.13	1.14	1.15
400	15	1.11	1.13	1.14	1.15	1.16
500	16	1.12	1.15	1.16	1.17	1.18
750	17	1.14	1.17	1.18	1.19	1.20
1000	18	1.15	1.19	1.20	1.21	1.22
1500	19	1.17	1.20	1.21	1.22	1.23
2000	20	1.18	1.21	1.22	1.23	1.24
2500	21	1.19	1.22	1.23	1.24	1.25
5000	23	1.21	1.25	1.26	1.27	1.28

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

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TERRITORIES SECTION

NOTES

TERRITORY DEFINITIONS

	Territory Code	Remainder of State
ALAMANCE COUNTY see Burlington-Graham and Remainder of State		
ASHEVILLE territory comprises the entire city of Asheville and all territory in Buncombe County included in the townships of Asheville, Limestone and Lower Hominy, including all of the following towns, cities or places	022	
Acton	Craggy	New Bridge
Arden	Emma	Oakley
Asheville School	Enka	Oteen
Biltmore Forest	Haw Creek	Shiloh
Boswell	Hominy	Skyland
Buena Vista	Luthers	Woodfin
Busbee		
BEAUFORT COUNTY territory comprises all territory in Beaufort County	023	
BERTIE COUNTY territory comprises all territory in Bertie County	024	
BLADEN COUNTY territory comprises all territory in Bladen County	025	
BRUNSWICK COUNTY territory comprises all territory in Brunswick County not included in Wilmington territory	026	
BUNCOMBE COUNTY territory comprises all territory in Buncombe County not included in Asheville territory	027	
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	028	
Elon College	Haw River	Lake Latham
Gibsonville	Kirkpatrick	Ossipee
Glen Raven	Heights	Richmond Hill
CABARRUS COUNTY see Concord-Kannapolis-Salisbury and Remainder of State		
CAMDEN COUNTY territory comprises all territory in Camden County	029	
CAMP LEJEUNE territory comprises all territory in the Camp Lejeune Marine Base	030	
CARTERET COUNTY territory comprises all territory in Carteret County	031	
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	032	
Alexanders Store	Griffith	Oakhurst
Carson	Hahn	Paw Creek
Chadwick-	Hickory Grove	Pinoca
Hoskins Mills	homestead	Ridgeview
Croft	Hutchinson	Selwyn Park
Denta	Newell	Thrift
CHERRY POINT territory comprises all territory in the Cherry Point Marine Air Base		
CHOWAN COUNTY territory comprises all territory in Chowan County	033	
COLUMBUS COUNTY territory comprises all territory in Columbus County	034	
CONCORD-KANNAPOLIS-SALISBURY territory comprises the entire cities of Concord, Kannapolis and Salisbury, territory in Cabarrus County included in Townships 1 (Poplar River) 2 (Poplar Tent), 4 (Kannapolis) and 10 (Salisbury) (Baptist Church) and 12 (Concord) and territory in Rowan County included in the townships of China Grove, Fairview, Litaka and Salisbury, including all of the following towns, cities or places		
Brown-Norcut	China Grove	Rocky Ridge
Malis	Hamlet	Salisbury
China Grove	Hamlet	Salisbury
Books Crossing	Jackson Park	Spooky Ridge
East Spencer	Lenoir	Wendell
Faggarts	Maple	Wendell
Crossroads	Mount Airy	Wendell
Wendell	Wendell	Wendell
Craven County territory comprises all territory in Craven County not included in the Wilmington territory	035	
CUMBERLAND COUNTY territory comprises all territory in Cumberland County not included in the Raleigh and Tri-City territories	036	
CURRITUCK COUNTY territory comprises all territory in Currituck County	037	
DARE COUNTY territory comprises all territory in Dare County	038	
DAVIDSON COUNTY see Concord-Kannapolis-Salisbury and Remainder of State		
DUPLIN COUNTY territory comprises all territory in Duplin County	039	
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		
Bethesda	Clayton	Wendell
Bilboa	Hope Valley	Wendell
Few	Wendell	Wendell
DURHAM COUNTY territory comprises all territory in Durham County not included in Durham territory	040	
EDGECOMBE COUNTY territory comprises all territory in Edgecombe County not included in Rocky Mount territory	041	

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

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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		
Beard	Lakedale	Shaws	
Bonnie Doone	Linden	Slocomb	
Clifdale	Manchester	South Fayetteville	
Cumberland	Milan	Spring Lake	
Fenix	Myrtle Hill	Tokay	
Gardners Chapel	Owens	Victory	
Hope Mills	Roslin	Wade	
FORSYTH COUNTY territory comprises all territory in Forsyth County not included in Winston Salem territory	022		
FORT BRAGG territory comprises all territory in the Fort Bragg Military Reservation in Cumberland and Hoke Counties	019		
FRANKLIN COUNTY territory comprises all territory in Franklin County	023		
GASTON COUNTY see Gastonia and Remainder of State.			
GASTONIA territory comprises the entire city of Gastonia and all territory in Gaston County included in the townships of Crowder Mountain, Dallas, Gastonia, River Bend and South Point including all of the following towns, cities or places	022		
Abbey	Duke Power Village	Mount View	
Alexis	East Gastonia	North Belmont	
Arlington	Goshen	Ragan	
Beattie	Groves	Ranlo	
Belmont	Hardins	Ridge	
Bessemer City	High Shoals	Smyre	
Boogertown	Lowell	South Gastonia	
Convent	Lucia	Spencer Mountain	
Cramerton	McAdenville	Stanley	
Crowders	Mountain Island	Victory	
Dallas	Mount Holley		
GATES COUNTY territory comprises all territory in Gates County	023		
GOLDSBORO territory comprises the entire city of Goldsboro and all territory in Wayne County included in Goldsboro township	021		
GREENE COUNTY territory comprises all territory in Greene County	023		
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		
Battle Bround	Four Mile	Hill Top	
Bessemer	Hamtown	Pomona	
GREENVILLE territory comprises the entire town of Greenville and all territory in Pitt County included in Greenville township, including the following towns, cities or places	021		
House	James Mill	Staton	
GUILFORD COUNTY territory comprises all territory in Guilford County not included in either Greensboro-Hamilton Lakes territory or High Point territory	022		
HALIFAX COUNTY territory comprises all territory in Halifax County	023		
HARNETT COUNTY territory comprises all territory in Harnett County	023		
HERTFORD COUNTY territory comprises all territory in Hertford 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		
HOKE COUNTY territory comprises all territory in Hoke County not included in Fort Bragg territory	023		
HYDE COUNTY territory comprises all territory in Hyde County	023		
JOHNSTON COUNTY territory comprises all territory in Johnston County	023		
JONES COUNTY territory comprises all territory in Jones County	023		
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	021		
Georgetown	Hines Junction		
LENOIR COUNTY territory comprises all territory in Lenoir County not included in Kinston territory	023		
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	022		
Archdale	Fraziers	Trinity	
Arnold	Glen Anna Lake	Welcome	
Cedar Lodge			
MARTIN COUNTY territory comprises all territory in Martin County	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.

TERRITORY DEFINITIONS

ONslow COUNTY territory comprises all territory in Onslow County not included in Camp LeJeune territory 023

ORANGE COUNTY see Burlington-Graham and Remainder of State.

PAMLICO COUNTY territory comprises all territory in Pamlico County 022

PASQUOTANK COUNTY territory comprises all territory in Pasquotank County 023

PENDER COUNTY territory comprises all territory in Pender County 022

PERQUIMANS COUNTY territory comprises all territory in Perquimans County 023

PITT COUNTY territory comprises all territory in Pitt County not included in Greenville territory 023

RALEIGH territory comprises the entire city of Raleigh and territory in Wake County included in the townships of Cary, House Creek, Meredith, Neuse River, Raleigh, St. Mary's, St. Matthews and Swift Creek and the entire town of Knightdale in St. Matthews and Marks Creek townships, including all of the following towns, cities or places 023

Asbury	College View	Milburne
Auburn	Edgeton	Millbrook
Boushell	Fetner	Neuse
Camp Polk	Garner	Oakdale
Caraleigh	Macedonia	South Raleigh
Carolina Pines	McCullers	Westover
Cary	Method	Wilders Grove

RANDOLPH COUNTY see Lexington, Thomasville, and Remainder of State

ROBESON COUNTY territory comprises all territory in Robeson County 023

ROCKY MOUNT territory comprises the entire city of Rocky Mount, all territory in Nash County included in Rocky Mount and Stony Creek townships, all territory in Edgecombe County included in Township 12 (Rocky Mount), and the entire town of Sharpsburg in Edgecombe, Nash and Wilson Counties including all of the following towns, cities or places 023

Armstrong	Dortches	Winstead
Brake		Chapel

ROWAN COUNTY see Concord-Kannapolis-Salisbury and Remainder of State

SAMPSON COUNTY territory comprises all territory in Sampson County

SCOTLAND COUNTY territory comprises all territory in Scotland County

SEYMOUR JOHNSON AIR FORCE BASE territory includes all territory in Seymour Johnson Air Force Base in Wayne County

TYRRELL COUNTY territory comprises all territory in Tyrrell County

VANCE COUNTY territory comprises all territory in Vance County

WAKE COUNTY territory comprises all territory in Wake County not included in Raleigh territory 023

WARREN COUNTY territory comprises all territory in Warren territory

WASHINGTON COUNTY territory comprises all territory in Washington County

WAYNE COUNTY territory comprises all territory in Wayne County not included in Goldstone or Seymour Johnson Air Force Base territories

WILMINGTON territory comprises all of New Hanover County and in addition the following towns, cities or places 023

Berville	Clayton	Georgetown
Clairmont	East	Forestburg
El Paso		

WILSON territory comprises the entire town of Winton and all territory in Wilson County included in the townships of Wilson

WILSON COUNTY territory comprises all territory in Wilson County not included in the Rocky Mount and Winton territories

WINSTON-SALEM territory comprises all territory in Winston-Salem and all territory in Forsyth County included in the townships of Broadbay, Middle Fork, Old Law, Old Law Fork and Winston, including all of the following towns, cities or places 023

Aispaugh	Fronts	Reynolds
Atwood	Hanes	Tiretown
Darsy	Ogburn	Tarkenton
Fishersville	Oldias	

REMAINDER OF STATE

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

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City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
Gibsonville, Guilford & Alamance	022			Mountain Park, Burke	023
Glass, Cabarrus	022	Kannapolis, Cabarrus & Rowan	022	Mountainside, Wake	023
Glen Anna, Davidson	022			Mountain View, Guilford	022
Glen Raven, Alamance	022	Kenly, Johnston	022	Mount Airy, Surry	022
Goldsboro, Wayne	021	Kernersville, Forsyth	022	Mount Airy, Surry	022
Gorman, Durham	013	Kings Mountain, Cleveland	024	Mount Airy, Surry	022
Goshen, Gaston	022	Kinston, Lenoir	022	Mount Airy, Surry	022
Graham, Alamance	022	Kirkpatrick Heights, Alamance	022	Mount Airy, Surry	022
Granite Falls, Caldwell	024			Mount Pleasant, Cabarrus	022
Granite Quarry, Rowan	024	Knightdale, Wake	014	Mount View, Gaston	024
Greenleaf, Wayne	021			Murfreesboro, Hertford	022
Greensboro, Guilford	014			Murphy, Cherokee	022
Greenville, Pitt	021			Myrtle Hill, Cumberland	022
Griffith, Mecklenburg	012	La Grange, Lenoir	024		
Grifton, Pitt	023	Lake, Davidson	022		
Grimesland, Pitt	023	Lakedale, Cumberland	020	Nashville, Nash	022
Grovermont, Buncombe	022	Lake Latham, Alamance	022	Navassa, Brunswick	022
Groves, Gaston	022	Landis, Rowan	022	Neuse, Wake	022
Guilford, Guilford	022	Lanvale, Brunswick	022	New Bern, Clarendon	022
Guilford College, Guilford	022	Laurinburg, Scotland	023	New Bridge, Buncombe	022
		Leaksville, Rockingham	024	Newell, Mecklenburg	022
H		Leicester, Buncombe	022	Newfound, Buncombe	022
Hahn, Mecklenburg	012	Leland, Brunswick	017	Newland, Avery	022
Halifax, Halifax	023	Lenoir, Caldwell	024	New Leasville, Rockingham	022
Hamilton Lakes, Guilford	014	Lewisville, Forsyth	022	Newton, Catawba	022
Hamlet, Richmond	024	Lexington, Davidson	022	North Belmont, Gaston	022
Hamtown, Guilford	014	Liberty, Randolph	024	North Durham, Durham	022
Hanes, Forsyth	018	Lillington, Harnett	023	North Wilkesboro, Wilkes	022
Hardins, Gaston	022	Lincolnton, Lincoln	024	North Wilkesboro, Wilkes	022
Harkers Island, Carteret	023	Linden, Cumberland	020	North Wilkesboro, Wilkes	022
Harrisburg, Cabarrus	022	Littleton, Halifax & Warren	022	North Wilkesboro, Wilkes	022
Haw Creek, Buncombe	011	Longhurst, Person	024	North Wilkesboro, Wilkes	022
Haw River, Alamance	022	Longview, Catawba	024	North Wilkesboro, Wilkes	022
Hayesville, Clay	024	Longwood Park, Richmond	024	North Wilkesboro, Wilkes	022
Hazelwood, Haywood	024	Louisburg, Franklin	023	North Wilkesboro, Wilkes	022
Henderson, Vance	023	Lowell, Gaston	022	North Wilkesboro, Wilkes	022
Hendersonville, Henderson	024	Lucama, Wilson	023	North Wilkesboro, Wilkes	022
Hertford, Perquimans	023	Lucia, Gaston	023	North Wilkesboro, Wilkes	022
Hickory, Catawba	024	Lumberton, Robeson	023	North Wilkesboro, Wilkes	022
Hickory Grove, Mecklenburg	012	Luthers, Buncombe	011	North Wilkesboro, Wilkes	022
High Point, Guilford	015			Oakdale, Wake	024
High Shoals, Gaston	022	M		Oak Grove, Durham	023
Hillsboro, Orange	024	MacClesfield, Edgecombe	023	Oakhurst, Mecklenburg	022
Hill Top, Guilford	014	Macedonia, Wake	016	Oakley, Buncombe	022
Hines Junction, Lenoir	021	Madison, Rockingham	024	Oakridge, Guilford	022
Holly Ridge, Onslow	023	Maiden, Catawba	024	Ogburntown, Forsyth	022
Holly Springs, Wake	021	Majolica, Rowan	022	Oldtown, Forsyth	022
Homestead, Mecklenburg	012	Manchester, Cumberland	020	Ossipee, Alamance	022
Hominy, Buncombe	011	Marion, McDowell	024	Oteen, Buncombe	022
Hope Mills, Cumberland	020	Marshall, Madison	024	Owens, Cumberland	022
Hope Valley, Durham	013	Mars Hill, Madison	024	Oxford, Grantville	022
House, Pitt	021	Marshville, Union	024		
Huntersville, Mecklenburg	022	Matthews, Mecklenburg	022	Haw Creek, Mecklenburg	022
Hutchinson, Mecklenburg	012	Maxton, Robeson	023	Pembroke, Robeson	022
		Mayodan, Rockingham	024	Pharrs Mill, Cabarrus	022
J		McAdenville, Gaston	022	Phillipsville, Haywood	022
Jackson, Northampton	023	McCullers, Wake	016	Pikeville, Wayne	022
Jackson Park, Cabarrus	022	Mebane, Alamance & Orange	022	Pilot Mountain, Surry	022
Jacksons Creek, Randolph	024			Pinehurst, Moore	022
Jacksonville, Onslow	023	Method, Wake	016	Pinetops, Edgecombe	022
James Mill, Pitt	021	Middlesex, Nash	023	Pineville, Mecklenburg	022
Jamestown, Guilford	022	Midway Park, Onslow	023	Pinkney, Gaston	022
Jefferson, Ashe	024	Milan, Cumberland	020	Pinola, Mecklenburg	022
Jonesville, Yadkin	024	Milburnie, Wake	016	Pioneer Mills, Cabarrus	022
Joyland, Durham	013	Millbrook, Wake	016	Pittsboro, Chatham	022
Juno, Buncombe	022	Mocksville, Davie	024	Pleasant Garden, Guilford	022
Jupiter, Buncombe	022	Monroe, Union	024	Plymouth, Washington	022
		Montreat, Buncombe	022	Pomona, Guilford	022
		Mooreville, Iredell	024		
		Morehead City, Carteret	023	Radiola, Wake	022
				Ragan, Gaston	022
				Raleigh, Wake	022
				Ramseur, Rutherford	022
				Randleman, Randolph	022

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City and County	Territory Code	City and County	Territory Code	City and County	Territory Code		
Ranlo, Gaston	022	South Gastonia, Gaston	022	Wake Forest, Wake	021		
Red Springs, Robeson	023	Southmont Davidson	024	Walkertown, Forsyth	018		
Redwood, Durham	013	Southport Brunswick	023	Wallace, Duplin	023		
Reidsville, Rockingham	024	South Raleigh, Wake	016	Walnut Cove, Stokes	024		
Reynolda, Forsyth	018	South River, Rowan	022	Warrenton, Warren	023		
Richmond Hill, Alamance	022	South Rosemary, Halifax	023	Warsaw, Duplin	023		
Ridge, Gaston	022	Sparta, Alleghany	024	Washington, Beaufort	023		
Ridgecrest, Buncombe	022	Spencer, Rowan	022	Waynesville, Haywood	024		
Ridgeview, Mecklenburg	012	Spencer Mountain, Gaston	022	Weaverville, Buncombe	022		
Roanoke Rapids, Halifax	023	Spindale, Rutherford	024	Welcome, Davidson	022		
Robbins, Moore	024	Spray, Rockingham	024	Weldon, Halifax	023		
Robbinsville, Graham	024	Spring Hope, Nash	023	Wendell, Wake	021		
Robersonville, Martin	023	Spring Lake, Cumberland	020	Wentworth, Rockingham	024		
Roberta Mills, Cabarrus	022	Spruce Pine, Mitchell	024	Westend, Guilford	015		
Rockingham, Richmond	024	Stanley, Gaston	022	Westover, Wake	016		
Rockwell, Rowan	024	Stantonsburg, Wilson	023	Whitakers, Edgecombe			
Rocky Mount, Edgecombe & Nash	021	Stassessville, Iredell	024	& Nash	023		
Rocky Ridge, Cabarrus	022	Staton, Pitt	021	Whiteville, Columbus	023		
Rocky River, Cabarrus	022	Stedman, Cumberland	023	Whitnel, Caldwell	024		
Rolesville, Wake	021	Stokedale, Guilford	022	Wilders Grove, Wake	016		
Roseboro, Sampson	023	Stony Point, Alexander	024	Wilkesboro, Wilkes	024		
Roslin, Cumberland	020	Summerfield, Guilford	022	Williamston, Martin	023		
Rougemont, Durham	022	Sunnyside, Gaston	024	Wilmington, New Hanover	017		
Rowland, Robeson	023	Swannanoa, Buncombe	022	Wilson, Wilson	021		
Roxboro, Person	024	Swanquarter, Hyde	023	Windsor, Bertie	023		
Rural Hall, Forsyth	022	Sweepsonville, Alamance	024	Winnabow, Brunswick	023		
Rutherfordton, Rutherford	024	Sylva, Jackson	024	Winsteads Chapel, Nash	021		
S						Winston-Salem, Forsyth	018
Saint Pauls, Robeson	023	T				Winterville, Pitt	023
Salisbury, Rowan	022	Tabor City, Columbus	023	Woodburn, Brunswick	017		
Sanford, Lee	024	Tarboro, Edgecombe	023	Woodfin, Buncombe	011		
Saratoga, Wilson	023	Taylorsville, Alexander	024	Worthville, Randolph	024		
Saxaphaw, Alamance	024	Terra Cotta, Guilford	022	Y			
Scotland Neck, Halifax	023	Thomasville, Davidson	022	Yadkin Junction, Rowan	022		
Selma, Johnston	023	Thrift, Mecklenburg	012	Yadkinville, Yadkin	024		
Selwyn Park, Mecklenburg	012	Tiretown, Forsyth	018	Yanceyville, Caswell	024		
Seymour Johnson A.F.B., Wayne	019	Toast, Surry	024	Yost, Rowan	022		
Shalotte, Brunswick	023	Tokay, Cumberland	020	Youngs Springs, Wilson	021		
Sharpsburg, Edgecombe, Nash & Wilson	021	Trenton, Jones	023	Z			
Shaws, Cumberland	020	Trinity, Randolph	022	Zebulon, Wake	021		
Shelby, Cleveland	024	Troy, Montgomery	024				
Shiloh, Buncombe	011	Tryon, Polk	024				
Siler City, Chatham	024	V					
Skyland, Buncombe	011	Valdese, Burke	024				
Slocomb, Cumberland	020	Valmead, Caldwell	024				
Smithfield, Johnston	023	Victory, Cumberland	020				
Smyre, Gaston	022	Victory, Gaston	022				
Snowhill, Greene	023	W					
Southern Pines, Moore	024	Wade, Cumberland	020				
South Fayetteville, Cumberland	020	Wadesboro, Anson	024				

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

NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTOMOBILE MANUAL

COMMERCIAL AUTOMOBILE LIABILITY RATES SECTION

NOTES

**INCREASED LIABILITY LIMITS
 BODILY INJURY FACTORS**

Classification	Limits Identifier Code (3)					
	Limit of Liability (in 1000s.)					
	25/50	30/60	65/65	50/100	100/100	100/300
	Limit Codes					
	46	49	52	49	52	55
1. Light and Medium Trucks	1.00	1.00	1.00	1.00	1.00	1.00
2. Heavy Trucks and Truck-Tractors	1.00	1.00	1.20	1.00	1.00	1.00
3. Extra Heavy Trucks and Truck-Tractors	1.00	1.00	2.00	1.00	1.00	1.00
4. Trucks, Tractors, and Trailers Zone Rated	1.00	1.00	1.25	1.00	1.00	1.00
5. All Other Risks	1.00	1.00	1.20	1.00	1.00	1.00

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	1.04

NORTH CAROLINA REINSURANCE FACILITY-
COMMERCIAL AUTOMOBILE MANUAL

(State Code 12)

COMMERCIAL AUTOMOBILE LIABILITY RATES

LIGHT AND MEDIUM TRUCKS

T e r r i t o r y	Class	Bodily Injury Limit			Property Damage Limit			Medical Payments Limit
		25/50	50/100	100/300	15	25	50	
		46	49	52	55	57	60	
11	Non-Fleet	177	218	292	203	227	251	50
	Fleet	195	240	322	223	247	271	50
12	Non-Fleet	280	344	462	337	377	500	50
	Fleet	308	379	508	353	396	522	50
13	Non-Fleet	200	240	350	229	249	269	50
	Fleet	220	277	363	252	272	292	50
14	Non-Fleet	232	283	383	266	291	316	50
	Fleet	255	314	421	293	318	343	50
15	Non-Fleet	196	247	323	228	253	278	50
	Fleet	216	266	356	248	273	303	50
16	Non-Fleet	258	317	426	296	321	346	50
	Fleet	284	349	469	326	351	376	50
17	Non-Fleet	224	276	377	258	283	308	50
	Fleet	246	303	406	284	309	334	50
18	Non-Fleet	184	226	304	211	236	261	50
	Fleet	202	248	333	233	258	283	50
19	Non-Fleet	144	177	238	166	191	216	50
	Fleet	158	194	267	183	208	233	50
20	Non-Fleet	201	247	332	237	262	287	50
	Fleet	221	272	366	254	279	304	50
21	Non-Fleet	183	225	300	217	242	267	50
	Fleet	201	247	332	237	262	287	50
22	Non-Fleet	184	226	304	211	236	261	50
	Fleet	202	248	333	232	257	282	50
23	Non-Fleet	144	177	238	166	191	216	50
	Fleet	158	194	267	183	208	233	50
24	Non-Fleet	136	167	224	158	183	208	50
	Fleet	150	185	248	172	197	222	50

HIRED CAR	Bodily Injury 25/50	Property Damage 15
All Territories	\$0.25	\$0.5

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

HEAVY TRUCKS AND TRUCK-TRACTORS

T e r	Class	Bodily Injury Limit			Property Damage Limit			Medical Payments Limit		
		25/50	50/100	100/300	15	25	50	500	1000	2000
		46	49	52	03	05	08	Limit Code		
							1	3	4	
11	Non-Fleet	177	228	317	203	207	213	55	66	72
	Fleet	195	252	349	223	227	234			
12	Non-Fleet	280	361	501	321	327	337	87	104	114
	Fleet	308	397	551	353	360	371			
13	Non-Fleet	200	258	358	229	234	240	62	74	81
	Fleet	220	284	394	252	257	265			
14	Non-Fleet	232	299	415	266	271	279	72	86	94
	Fleet	255	329	456	293	299	308			
15	Non-Fleet	196	253	351	225	230	236	61	73	80
	Fleet	216	279	387	248	253	260			
16	Non-Fleet	258	333	462	296	302	311	80	96	105
	Fleet	284	366	508	326	333	342			
17	Non-Fleet	224	289	401	258	263	271	69	83	91
	Fleet	246	317	440	284	290	298			
18	Non-Fleet	184	237	329	212	216	223	57	68	75
	Fleet	202	261	362	233	238	245			
19	Non-Fleet	144	186	258	166	169	174	44	53	59
	Fleet	158	204	283	183	187	192			
20	Non-Fleet	201	259	360	231	236	243	62	75	82
	Fleet	221	285	396	254	259	267			
21	Non-Fleet	183	236	328	210	214	221	57	68	74
	Fleet	201	259	360	231	236	243			
22	Non-Fleet	184	237	329	211	215	222	57	68	75
	Fleet	202	261	362	232	237	244			
23	Non-Fleet	144	186	258	166	169	174	44	53	59
	Fleet	158	204	283	183	187	192			
24	Non-Fleet	136	175	243	156	159	164	42	50	55
	Fleet	150	194	269	172	175	181			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 30)

COMMERCIAL AUTOMOBILE LIABILITY RATES

EXTRA HEAVY TRUCKS AND TRUCK-TRACTORS

T e r r	Class	Bodily Injury Limit			Property Damage Limit			Annual Rate
		25/50	50/100	100/300	25	50	100	
11	Non-Fleet	177	234	333	203	257	356	27
	Fleet	195	257	357	223	277	376	27
12	Non-Fleet	280	370	526	321	407	562	37
	Fleet	308	407	579	353	450	605	37
13	Non-Fleet	206	264	376	229	304	416	27
	Fleet	220	290	414	252	327	439	27
14	Non-Fleet	232	305	436	265	347	469	27
	Fleet	255	337	479	290	389	511	27
15	Non-Fleet	196	259	368	225	301	405	27
	Fleet	216	285	406	248	323	427	27
16	Non-Fleet	258	341	485	296	390	521	37
	Fleet	284	375	534	326	430	561	37
17	Non-Fleet	224	296	421	258	341	452	27
	Fleet	246	325	462	284	376	487	27
18	Non-Fleet	184	249	348	217	282	371	27
	Fleet	202	267	380	233	308	397	27
19	Non-Fleet	144	190	271	166	212	283	27
	Fleet	158	209	297	183	239	310	27
20	Non-Fleet	201	265	378	231	306	407	27
	Fleet	221	292	415	254	339	440	27
21	Non-Fleet	183	242	344	210	274	363	27
	Fleet	201	265	378	231	306	407	27
22	Non-Fleet	184	249	348	217	282	371	27
	Fleet	202	267	380	232	308	397	27
23	Non-Fleet	144	190	271	166	212	283	27
	Fleet	158	209	297	183	239	310	27
24	Non-Fleet	136	180	256	156	200	261	27
	Fleet	150	198	282	172	216	277	27

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	46	49	52	03	05	08	Limit Code		
				1	3	4			
11	160	200	267	189	193	197	16	21	24
12	219	274	366	258	263	268	23	29	33
13	179	224	299	210	214	218	18	24	27
14	180	225	301	212	216	220	19	24	27
15	185	231	309	218	222	227	19	25	28
16	212	265	354	250	255	260	22	28	32
17	191	239	319	225	230	234	20	25	29
18	179	224	299	210	214	218	18	24	27
19	148	185	247	175	179	182	15	20	22
20	189	236	316	223	227	232	19	25	29
21	149	186	249	176	180	183	15	20	22
22	164	205	274	193	197	201	17	22	25
23	148	185	247	175	179	182	15	20	22
24	150	188	251	177	181	184	15	20	23

NORTH CAROLINA REINSURANCE FACILITY -
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(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

TAXIS AND LIMOUSINES

T e r	Class	Bodily Injury Limit			Property Damage Limit			Medical Payments Limit		
		25/50	50/100	100/300	15	25	50	100	250	500
		46	49	52	55	58	61	64	67	70
11	Non-Fleet	1221	1526	2039	556	667	878	121	151	201
	Fleet	1343	1679	2243	612	724	935	127	157	207
12	Non-Fleet	1934	2418	3230	867	984	1297	177	227	307
	Fleet	2127	2659	3552	954	1071	1404	191	241	321
13	Non-Fleet	1381	1726	2306	631	744	955	125	155	205
	Fleet	1519	1899	2537	694	807	1018	137	167	217
14	Non-Fleet	1604	2005	2679	717	830	1041	133	163	213
	Fleet	1764	2205	2946	789	902	1113	145	175	225
15	Non-Fleet	1352	1690	2256	608	721	932	121	151	201
	Fleet	1487	1859	2483	669	782	993	133	163	213
16	Non-Fleet	1781	2226	2974	799	912	1123	151	181	231
	Fleet	1959	2449	3271	879	992	1203	163	193	243
17	Non-Fleet	1546	1933	2561	707	820	1031	137	167	217
	Fleet	1701	2126	2841	778	891	1102	149	179	229
18	Non-Fleet	1271	1591	2126	581	694	905	121	151	201
	Fleet	1400	1750	2338	639	752	963	133	163	213
19	Non-Fleet	995	1244	1661	448	561	772	91	121	171
	Fleet	1095	1369	1829	493	606	817	103	133	183
20	Non-Fleet	1388	1735	2316	624	737	948	125	155	205
	Fleet	1521	1909	2560	686	799	1010	137	167	217
21	Non-Fleet	1264	1580	2111	567	680	891	117	147	197
	Fleet	1390	1736	2321	624	737	948	129	159	209
22	Non-Fleet	1271	1591	2126	577	690	901	121	151	201
	Fleet	1400	1750	2337	628	741	952	133	163	213
23	Non-Fleet	995	1244	1661	416	529	740	81	111	161
	Fleet	1095	1369	1829	458	571	782	87	117	167
24	Non-Fleet	939	1174	1558	390	503	714	81	111	161
	Fleet	1033	1291	1725	429	542	753	87	117	167

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

SCHOOL AND CHURCH BUSES

T e r r	Class	Bodily Injury Limit			Property Damage Limit			Medical Payments Limits		
		25/50	50/100	100/300	15	25	50	500	1000	2000
		46	49	52	03	05	08	Limit Code 1 3 4		
11	Non-Fleet	176	220	294	146	149	152	42	50	57
	Fleet	194	243	324	161	164	167			
12	Non-Fleet	277	346	463	231	236	240	66	78	90
	Fleet	305	381	509	254	259	264			
13	Non-Fleet	198	248	331	165	168	172	47	56	64
	Fleet	218	273	364	182	186	189			
14	Non-Fleet	230	288	384	192	196	200	55	65	75
	Fleet	253	316	423	211	215	219			
15	Non-Fleet	194	243	324	162	165	168	46	55	63
	Fleet	213	266	356	178	182	185			
16	Non-Fleet	256	320	428	212	216	220	61	72	83
	Fleet	282	353	471	233	238	242			
17	Non-Fleet	221	276	369	186	190	193	53	62	72
	Fleet	243	304	406	205	209	213			
18	Non-Fleet	183	229	306	153	156	159	44	52	59
	Fleet	201	251	336	168	171	175			
19	Non-Fleet	142	178	237	120	122	125	34	40	46
	Fleet	156	195	261	132	135	137			
20	Non-Fleet	199	249	332	167	170	174	48	56	64
	Fleet	219	274	366	184	188	191			
21	Non-Fleet	181	226	302	151	154	157	43	51	59
	Fleet	199	249	332	166	169	173			
22	Non-Fleet	182	228	304	151	154	157	43	51	59
	Fleet	200	250	334	166	169	173			
23	Non-Fleet	142	178	237	120	122	125	34	40	46
	Fleet	156	195	261	132	135	137			
24	Non-Fleet	134	168	224	113	115	118	32	38	43
	Fleet	147	184	245	124	126	129			

NORTH CAROLINA REINSURANCE FACILITY
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(State Code 10)

COMMERCIAL AUTOMOBILE LIABILITY RATES

ALL OTHER BUSES

T e r r	Class	Bodily Injury Limit			Property Damage Limit			Separate Limits	
		25/50	50/100	100/300	5	25	50	100	250
		46	49	52	55	57	60	65	70
11	Non-Fleet	1751	2189	2924	512	522	532	542	552
	Fleet	1926	2408	3216	563	574	584	594	604
12	Non-Fleet	2772	3465	4629	809	820	830	840	850
	Fleet	3049	3811	5092	890	901	911	921	931
13	Non-Fleet	1980	2475	3307	577	588	598	608	618
	Fleet	2176	2723	3637	635	646	656	666	676
14	Non-Fleet	2298	2873	3838	674	685	695	705	715
	Fleet	2528	3160	4222	738	749	759	769	779
15	Non-Fleet	1940	2425	3240	567	578	588	598	608
	Fleet	2134	2668	3564	624	635	645	655	665
16	Non-Fleet	2554	3193	4265	746	757	767	777	787
	Fleet	2809	3511	4691	821	832	842	852	862
17	Non-Fleet	2213	2773	3704	651	662	672	682	692
	Fleet	2440	3050	4075	716	727	737	747	757
18	Non-Fleet	1822	2278	3040	535	546	556	566	576
	Fleet	2004	2505	3341	589	600	610	620	630
19	Non-Fleet	1425	1781	2380	418	429	439	449	459
	Fleet	1568	1960	2615	460	471	481	491	501
20	Non-Fleet	1991	2489	3325	582	593	603	613	623
	Fleet	2190	2738	3657	640	651	661	671	681
21	Non-Fleet	1811	2264	3024	530	541	551	561	571
	Fleet	1992	2490	3327	585	596	606	616	626
22	Non-Fleet	1823	2279	3044	531	542	552	562	572
	Fleet	2005	2506	3348	584	595	605	615	625
23	Non-Fleet	1427	1784	2383	419	430	440	450	460
	Fleet	1570	1963	2622	461	472	482	492	502
24	Non-Fleet	1346	1683	2248	393	404	414	424	434
	Fleet	1481	1851	2473	432	443	453	463	473

NORTH CAROLINA REINSURANCE FACILITY
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COMMERCIAL AUTOMOBILE LIABILITY RATES

VAN POOLS

T e r r	Class	Bodily Injury Limit			Property Damage Limit			Medical Payments Limits		
		25/50	50/100	100/300	15	25	50	500	1000	2000
		46	49	52	03	05	08	1	3	4
11	Non-Fleet	142	178	237	162	165	168	44	53	58
	Fleet	156	195	261	178	182	185			
12	Non-Fleet	224	280	374	257	262	267	69	83	91
	Fleet	246	308	411	283	289	294			
13	Non-Fleet	160	200	267	183	187	190	49	59	65
	Fleet	176	220	294	201	205	209			
14	Non-Fleet	186	233	311	213	217	222	57	69	76
	Fleet	205	256	342	234	239	243			
15	Non-Fleet	157	196	262	180	184	187	49	58	64
	Fleet	173	216	289	198	202	206			
16	Non-Fleet	206	258	344	237	242	246	64	76	84
	Fleet	227	284	379	261	266	271			
17	Non-Fleet	179	224	299	206	210	214	55	66	73
	Fleet	197	246	329	227	232	236			
18	Non-Fleet	147	184	245	170	173	177	45	55	60
	Fleet	162	203	271	187	191	194			
19	Non-Fleet	115	144	192	133	136	138	36	43	47
	Fleet	127	159	212	146	149	152			
20	Non-Fleet	161	201	269	185	189	192	50	60	66
	Fleet	177	221	296	204	208	212			
21	Non-Fleet	146	183	244	168	171	175	45	54	59
	Fleet	161	201	269	185	189	192			
22	Non-Fleet	147	184	245	169	172	176	45	55	60
	Fleet	162	203	271	186	190	193			
23	Non-Fleet	115	144	192	133	136	138	36	43	47
	Fleet	127	159	212	146	149	152			
24	Non-Fleet	109	136	182	125	128	130	34	40	44
	Fleet	120	150	200	138	141	144			

NORTH CAROLINA REINSURANCE FACILITY
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COMMERCIAL AUTOMOBILE LIABILITY RATES

GARAGES

Territory	Class	Bodily Injuri Limit			Property Damage Limit		
		25/50	50/100	100/300	25/50	50/100	100/300
		Rate Code					
		46	49	50			
11	Dealers	450	363	357	32	31	31
	Services	2.94	1.98	4.9	1.24	1.27	1.24
12	Dealers	715	494	119.	32	31	31
	Services	4.67	2.84	1.87	1.27	1.24	1.24
13	Dealers	511	336	85.	32	31	31
	Services	3.34	4.18	5.58	1.24	1.24	1.24
14	Dealers	592	740	989	32	31	31
	Services	3.87	4.84	6.46	1.27	1.27	1.27
15	Dealers	501	306	337	32	31	31
	Services	3.27	1.09	5.46	1.24	1.24	1.24
16	Dealers	660	325	710.	32	31	31
	Services	4.31	1.39	1.26	1.26	1.27	1.27
17	Dealers	573	718	957	32	31	31
	Services	3.74	4.68	6.25	1.34	1.27	1.27
18	Dealers	471	389	747	32	31	31
	Services	3.08	2.80	1.14	1.27	1.27	1.27
19	Dealers	369	441	417	32	31	31
	Services	2.41	1.71	4.62	1.24	1.27	1.24
20	Dealers	514	743	858	32	31	31
	Services	3.36	4.20	3.67	1.27	1.26	1.27
21	Dealers	468	385	730	32	31	31
	Services	3.06	2.84	3.77	1.24	1.27	1.24
22	Dealers	469	388	737	32	31	31
	Services	3.06	1.52	1.74	1.24	1.27	1.24
23	Dealers	369	401	511	32	31	31
	Services	2.41	1.01	4.32	1.24	1.24	1.24
24	Dealers	348	435	58	32	31	31
	Services	2.27	1.84	3.79	1.24	1.27	1.27

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PRE-FILED TESTIMONY
OF
Raymond F. Evans, Jr., CPCU

February, 2005

2005 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 February 3, 2005?
- A. Yes. This is a portion of a filing ("Filing") that is dated February 3, 2005, submitted by the Facility to the Honorable James E. Long, Commissioner of Insurance, with respect to revised commercial automobile liability insurance rates in North Carolina for ceded business. The entire Filing is comprised of Exhibits RF-1 through RF-5.
- Q. Do you know how the expense data underlying the Filing were compiled?
- A. Yes. The underwriting expense provisions included in the Filing were derived on the basis of a special call for expense experience that is issued on an annual basis to all member companies of the Facility. The responses received from that special call were compiled, checked and furnished to Insurance Services Office ("ISO") for incorporation into the Filing. The expense data were checked, reconciled and edited before they were sent to ISO for use in the Filing.
- Q. Was the special call information which was furnished to ISO in connection with the Filing correct and accurate to the best of your knowledge, information and belief?
- A. Yes.
- Q. Can you identify the document (Exhibit RF-2) entitled the North Carolina Reinsurance Facility Commercial Automobile Manual of Rules and Rates?
- A. Yes. The North Carolina Reinsurance Facility Commercial Automobile Manual of Rules and Rates is a manual of the rules, rates and classifications used to write commercial automobile liability insurance ceded to the Facility. This manual and any approved amendments are on file with the North Carolina Department of Insurance and a copy is maintained at the offices of the Facility.
- Q. Does the Facility have actuaries on its staff?

- A. No.
- Q. To the extent that actuarial expertise was necessary in the preparation of this Filing, where did the Facility obtain that expertise?
- A. Actuarial expertise was obtained from ISO. 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 effective on or after July 1, 2005.
- 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

January, 2005

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 made up of employees of the member companies of the Facility.

Q. What is the nature of this filing labeled Exhibits RF-1 through RF-5?

A. The Reinsurance Facility's filing is identified as Exhibits RF-1 through RF-5. The ratemaking experience is reflected in Exhibit RF-1 and is, in general, supplied by the individual companies. The data are submitted to one of the two statistical organizations (either ISO or PCI). The two statistical organizations subject the data that are reported to them to a series of verification edits and then consolidate the data. The PCI then transmits its consolidated data to ISO for further consolidation with the ISO data, and after that is completed ISO produces the combined data in a format and detail necessary for ratemaking.

This filing revises the North Carolina Reinsurance Facility basic limit rates and increased limits factors for Commercial Automobile bodily injury liability, property damage liability and medical payments. Separate filed amounts are determined for Commercial Cars, Garages, and Private Passenger Types. The filed amounts by coverage, as shown on page a of Exhibit RF-1, are:

<u>Major Class</u>	Basic Limits	Increased Limits	<u>Combined</u>
	Filed	Filed	
	<u>Change</u>	<u>Change</u>	
Commercial Cars Liability			
Bodily Injury	12.1%	-12.6%	-2.0%
Property Damage	8.3%	-2.2%	5.9%
Combined	10.8%	-9.1%	0.7%
Garage Liability			

Bodily Injury	1.1%	-9.2%	-8.2%
Property Damage	3.2%	-0.8%	2.4%
Combined	1.8%	-6.3%	-4.6%
Private Passenger Types			
Bodily Injury	6.8%	-12.9%	-7.0%
Property Damage	3.6%	-2.9%	0.6%
Combined	5.7%	-9.6%	-4.4%
Grand Total			
Bodily Injury	10.4%	-12.0%	-2.9%
Property Damage	7.4%	-2.1%	5.1%
Combined	9.4%	-8.7%	-0.1%

- Q. Mr. Whitman, what is the assumed effective date which was used in the preparation of the present filing?
- A. The actuarial calculations assume an effective date of July 1, 2005. This is the effective date proposed for the filing.
- Q. What data are utilized in Exhibit RF-1?
- A. With respect to Exhibit RF-1, the supporting data for the basic 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 Commercial Cars, Garages, and Private Passenger Types coverages in Section B. The years are the latest available.

For the Commercial Cars 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, 1998 to December 31, 2002. For example, the losses for the accident year ended December 31, 1998 consist of all losses caused by accidents which occurred during the one year period ended December 31, 1998. If an accident occurred

December 31, 1998 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, 1998. The test for assigning losses to accident years is the date the accident occurred.

For Garages liability, the experience used in the filing is what we call "policy year" experience. The five years of experience used in the filing are the policy years ending December 31, 1998 to December 31, 2002. These five policy year-ending periods are sometimes referred to as policy years 1997 to 2001, as they consist of the policies issued in 1997 through 2001. For example, policy year 1997 experience consists of the experience for all policies issued from January 1, 1997 to December 31, 1997; the term policy year-ending 12/31/1998 comes from the fact that the expiration of these policies is one year after issue, so a policy issued on December 31, 1997 expires on December 31, 1998. Policy year compiles the experience based on the year the applicable policy was issued rather than the year the accident occurred.

Policy year experience is used for Garage liability since that coverage involves auditing of the exposure base. Accident year experience is used for the Commercial Cars and Private Passenger Types classes in the interest of responsiveness and since exposure audits are less of a concern.

Q. How is Exhibit RF-1 arranged?

A. The filing is divided into seven sections. Sections A and B display the exhibits where the rate level changes are determined. Exhibit 1 of Section A shows the overall calculation of the basic limit rate level changes by major class and coverage. Exhibits 1, 2, and 3 of Section B display the adjustment of the losses and calculation of the rate level loss ratios for Commercial Cars, Garages, and Private Passenger Types, respectively. Section C presents the exhibits of revised rates. Section D provides the supporting exhibits for loss development, trend, expenses, credibility and investment income. Sections E, F, and G contain the analysis of Increased Limits Factors.

Q. Mr. Whitman, please turn to the exhibit labeled Section B, Exhibit 1 of Exhibit RF-1. Would you explain what that exhibit is?

- A. This exhibit consists of two sheets - 1&2 - which display the loss and premium data for the Commercial Cars 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 Commercial Cars 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 Commercial Cars 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 Commercial Cars 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 "25/50/15". What does that mean?

- A. These were the minimum bodily injury and property damage liability policy limits which were needed to comply with the financial responsibility laws in North Carolina during much of the experience period. 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 (including the current financial responsibility limits of 30/60/25). 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 25/50 basic limits. The unadjusted losses which are shown in row 1 of this exhibit, sheet 2 would include only \$25,000 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 \$8,727,254 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 Commercial Cars bodily injury coverage for accident year ending 12/31/2002 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 Commercial Cars property damage, and Private Passenger Types bodily injury and property damage are calculated in the same manner. The earned premiums at present rates for Garages are on a total limits basis.

Q. Turning to row 1 on Sheet 2 of this exhibit under the bodily injury column, what are "incurred losses and allocated loss adjustment expenses"?

A. The incurred losses in row 1 are the losses resulting from accidents which occurred during the one year period ending December 31, 2002 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 25/50. 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 Commercial Cars, the losses as they are reported to ISO and PCI cover all accidents which occurred during the year-ended periods 12/31/1998 to 12/31/2002. When they are reported they are evaluated as of March 31, 2003. 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 the filing and explain how the loss development factors for Commercial Cars bodily injury were calculated?

A. The Commercial Cars bodily injury loss development factors are calculated on the top half of Sheet 1 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. These link ratio averages are then multiplied to produce loss development factors to ultimate settlement. The ultimate settlement is assumed to be 123 months. The data used includes both voluntary and Facility data wherever available.

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 volume of loss development data for the Facility is approximately 11% of the total North Carolina Commercial Automobile loss volume. The combined 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 Commercial Cars bodily injury coverage?
- A. Yes, except that the Garages risks incurred losses are adjusted by loss development factors based on policy year experience. However, the concepts underlying the adjustments are the same.
- Q. Do you have an opinion as to whether the incurred losses for all the classes and coverages in the filing which are shown in row 2 of sheet 2 of Exhibits 1, 2, & 3 of Section B accurately represent the ultimate value of liability losses and allocated loss adjustment expense?
- A. Yes, I do.
- Q. What is that opinion?
- A. I believe that the losses and allocated loss adjustment expenses shown on row 2 of Sheet 2 of Exhibits 1, 2, & 3 of Section B do accurately represent the expected ultimate value of those losses.
- Q. Please refer to row 3 of section B, Exhibit 1, Sheet 2. With reference to the column headed "Bodily Injury", please tell us what the figure \$421,482 represents.
- A. These are the unallocated loss adjustment expenses associated with accidents that occurred in the accident year ended December 31, 2002. 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 7.0% 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, 2003 were 7.0% of incurred losses and allocated loss adjustment expenses for the same period. Thus it is reasonable and appropriate to use the same 7.0% figure to arrive at the unallocated loss adjustment expense in row 3 of this Exhibit.

- Q. Have you reviewed the compilation of the expense data furnished by the Facility's member companies in response to the special call?
- A. Yes, I have. When we get the expense information from the Reinsurance Facility, we routinely review it for reasonableness.
- Q. Are loss adjustment expenses for property damage coverages calculated in the same manner that you testified with respect to the bodily injury coverages?
- A. The same procedures are utilized. Again, the appropriate factor for each coverage is utilized in the filing. These factors are set forth in footnote (B) of Sheet 2 of Section B, Exhibits 1, 2, & 3.
- Q. Do you have an opinion as to the reasonableness and reliability of the loss adjustment expenses set forth in row 3 of Section B, Exhibits 1, 2, & 3, Sheet 2?
- A. Yes, I do.
- Q. What is that opinion?
- A. In my opinion the figures shown in row 3 for each of the classes and coverages and years in the filing are reasonable and reliable.
- Q. Referring again to Section B, Exhibit 1, Sheet 2, please explain what is meant by row 4 -- Average Annual Change in Loss Ratios.
- A. Using the assumed July 1, 2005 effective date, what we are doing in the filing is making rates to cover policies issued during the period July 1, 2005 to June 30, 2006. 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 12/31/1998 to 12/31/2002. 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 7/1/05 - 6/30/06 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 +3.0% per year. In order to apply that annual trend to policies to be written under the new rates, the trend is applied over a period from 8.00 years for the 12/31/1998 experience to 4.00 years for the 12/31/2002 experience, as shown in footnote (C). Mathematically, this is done by raising the factor of 1.030 to the 8.00 power, or the power for the appropriate year. This gives you the total amount of the trend projection.

Q. What components does the average annual change in losses include?

A. The average annual change in losses, which is also known as the average annual change in "pure premium," can be divided into two components. The first is the average annual change in claim frequency, and the second is the average annual change in claim cost.

Q. What are the changes in these two components which have been used for the bodily injury liability coverage in the filing?

A. For the bodily injury liability coverage, the filing uses an average annual change in claim cost of 3.0% for basic limits and 6.0% for total limits, and an average annual change in claim frequency of 0.0%. These percentages are shown in Section D, Exhibit 2 of the filing.

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. For example, for the Multistate bodily injury coverage, the annual change in claim frequency for the year ending 12/31/1998 (change based on 12/31/1998 divided by 12/31/1997) is -5.4%. Three quarters later, the annual change in frequency is +0.5% for the year ending 9/30/1999. This is then followed by an annual change of +2.3% for year ending 9/30/2000, -3.5% for year ending 9/30/2001, and -5.8% for year ending 9/30/2002. However, supporting the historic cyclic nature of the data, the latest year ending point of 9/30/2003 indicates an increase in frequency of +1.1%. As a result, an exponential curve like the one used for severity trend does not fit the data well over the long term. Frequency trend is being selected to be 0.0% to reflect the difficulty in predicting turning points and rates of change. The claim cost and claim frequency data are shown in Section D, Exhibit 2.

Q. What else was considered in selecting the trends which are included in the filing?

A. In addition to the internal trend data, external information was also reviewed in order to get insight into prospective trends. Specifically, relevant government indices such as the Consumer Price Index for medical care and services were used for the bodily injury severity trend.

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 +3.3% 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 +3.3% factor in row 5?

A. The +3.3% factor is based on an analysis of the latest average annual change in the All Items CPI, and the Compensation Cost Index. 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 +3.3% 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 7/1/2005 to 6/30/2006. 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 Commercial Cars 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 Commercial Cars 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 Commercial Cars 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 2003 data. We used the expense ratios collected under the special call with two exceptions. For commissions, a 10% provision is used for Commercial Cars, 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 Commercial Cars bodily injury in row 10 of Section B, Exhibit 1, Sheet 1?
- A. The figure of 0.926 means that losses and loss adjustment expenses will be lower than premium income by 7.4%. This means the Facility would make 7.4 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 2.50 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 +3.3%. Earlier in my testimony, I explained the derivation of this trend factor.

Q. What is the significance of the ratio 1.034 shown on row 3 for Commercial Cars bodily injury of Section A, Exhibit 1?

A. This ratio means that the Facility would lose 3.4 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 0.875 on row 4 labeled "expected loss ratio + expected fixed expense ratio"?

A. This ratio represents the percentage of the premium dollar available to cover losses, loss adjustment expenses, other acquisition costs and general expenses. Mathematically, it is calculated as 1.00 minus the provision for commissions (which is 10%) and taxes, licenses and fees (2.5%).

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 4.71%, the derivation of which I will discuss later in my testimony. Mathematically, this investment income provision of 4.71% is added to the expected loss and fixed expense provision of 87.5% to obtain a provision of 92.21% available to cover losses and fixed expenses. The indicated rate level changes reflecting investment income result

from the comparison of the projected loss and fixed expense ratio on row 3 to this provision of 92.21%. For Commercial Cars bodily injury, the projected loss & fixed expense ratio of 1.034 is greater than 0.9221 and thus indicates a rate level change (after reflecting investment income) of + 12.1%.

Q. Are the remaining calculations for the other classes and coverages on Section A, Exhibit 1, performed in essentially the same manner as the 25/50 Commercial Cars bodily injury coverage?

A. Yes.

Q. What is the effect of investment income on the indications?

A. The reflection of the 4.71% investment income provision decreased the indicated rate level need for Commercial Cars bodily injury liability by 6.1 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, 2002. 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 2002. In this case, the mean unearned premium reserve is 41.5% of the earned premium. You must then deduct prepaid expenses since these prepaid dollars would not be available to earn investment income.

For Commission and Brokerage expense, 100% of the expense provision is considered pre-paid. For Taxes, Licenses and Fees, 83% is considered pre-paid, and for Other Acquisition expense and Company Operating expense, one-half is considered pre-paid.

Line A-5 shows the amount of unearned premium reserves that were available for investment.

Part B calculates the impact that the delayed remission associated with the lag in the transfer of funds to the companies has on funds available for investment. The average agents balance is 20.1% of premiums. The calculation of this 20.1% 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 2001 and 2002 ratios of mean loss reserves to incurred losses.

Part D adds up the unearned premium reserves subject to investment and the loss reserves subject to investment and backs out the amount that is not invested due to delayed remissions. This gives you the total amount of unearned premium reserves and loss and loss expense reserves available for investment.

Once you have determined how much is available for investment, you then apply the average investment return to determine total investment earnings. This estimate was provided to us by the Facility. Line E shows an average rate of return of 4.17%.

Applying the yield in line E to the net subject to investment in line D gives you the total investment earnings in North Carolina. Line G merely relates the total earnings to the earned premium in line A-1 to show a yield of 4.71% 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 Commercial Cars and related classes. Exhibit 3 refers to the Garages classes, and Exhibit 4 refers to the Private Passenger Types classes. The first two sheets of each of these exhibits present the calculations of the revised territory base rates. Sheet 1 derives the territory base rates for 25/50 bodily injury coverage; Sheet 2 derives the territory base rates for \$15,000 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 Commercial Cars 25/50 bodily injury liability coverage. The revised Facility base rates are based

upon the voluntary territory relationships that became effective on 7/1/2004. We base the revised Facility rates on the voluntary relationships because of the larger volume of voluntary experience and because we continue to believe, as we have in the past, that it is reasonable to assume that the Facility territory experience mirrors the voluntary territory relationships. Column 2 displays the voluntary base loss costs by territory in effect on that date. Column 4 displays these voluntary territory base loss costs indexed to the overall statewide average voluntary base loss cost. This index in column 4 is applied to the revised overall statewide average Facility base rate shown in the footnote. As an example, the revised rate for territory 11 is calculated by multiplying the index of 1.021 shown in column 4 by the overall statewide average base rate of 178.4968. The result of this calculation is \$182.245 shown in column 5; rounding column 5 to the nearest whole dollar yields a revised base rate for territory 11 of \$182 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 Commercial Cars bodily injury base rates?

A. Yes, they are, for Garages and Private Passenger Types.

Q. Do you have an opinion as to whether the data utilized and the method of calculating the filed rate level changes contained in the filing are sound and actuarially reliable and if so, what is that opinion?

A. Yes. In my opinion they are sound and actuarially reliable.

Q. Do you have an opinion as an actuary as to whether the filed basic 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 the filing document.

A. The Reinsurance Facility's increased limits filing is contained in Sections E-G. The experience data contained in this section is reported to the two statistical organizations (either ISO or PCI) by the individual companies.

The filing proposes to revise the North Carolina Reinsurance Facility increased limits factors for Commercial Automobile bodily injury liability and property damage liability insurance.

Q. What is the assumed effective date used in the calculation of these proposed increased limits factors?

A. An effective date of July 1, 2005 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 the filing.

Q. Is that in fact the proposed effective date?

A. Yes, it is.

Q. What data are utilized in Sections E-G?

A. The supporting data for the indicated increased limits factor changes in Sections E-G consist of both accident year and policy year data. The Commercial Cars, Private Passenger Types and Publics (other than Buses) data are recorded on an accident year basis. All other data (including Garages, Buses, Zone-Rated 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 (-12.0%). 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 July 1, 2005. Sheet 2 of this exhibit presents the calculation of the indicated change in property damage increased limits factors (-2.3%). It was necessary to adjust this indication to -2.1% in order to maintain consistency between limits.

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 July 1, 2005. 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 12/31/1998 through calendar accident year ending 12/31/2002.

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 -12.0%. This is calculated in Exhibit 1, Sheet 1 of Section F as the indicated average factor divided by the present average factor minus unity ($2.076/2.358 - 1 = -.120$). In order to achieve this percentage change, a uniform excess change factor is calculated by dividing the

indicated average excess portion ($2.076 - 1.000 = 1.076$) by the present average excess portion ($2.358 - 1.000 = 1.358$). The result of this calculation ($1.076/1.358 = 0.7923$) 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 (1.79). The excess portion of this factor ($1.79 - 1.00 = 0.79$) is multiplied by the uniform excess change factor ($0.79 * 0.7923 = 0.63$) 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 ($0.63 + 1.00 = 1.63$). This results in a change of -8.9% ($(1.63/1.79) - 1 = -0.089$) 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 -12.0% for bodily injury and -2.1% for property damage.
- Q. Do you have an opinion as to whether the data utilized and the method of calculating the indicated increased limits factor changes contained in the filing are sound and actuarially reliable and if so, what is that opinion?
- A. Yes. In my opinion they are sound and actuarially reliable.
- Q. Do you have an opinion as an actuary as to whether the filed increased limits factor changes contained in Sections E-G are fully justified and, if so, what is that opinion?
- A. Yes. In my opinion they are fully justified.

Q. Does that conclude your pre-filed testimony?

A. Yes.

PRE-FILED TESTIMONY
OF
ROBERT C. SCHUMACHER

2005 COMMERCIAL AUTOMOBILE INSURANCE
RATE FILING
BY THE NORTH CAROLINA REINSURANCE FACILITY

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

A. Robert C. Schumacher, 225 Water Street, Jacksonville, Florida.

Q. By whom are you employed?

A. Wachovia Bank, N.A.

Q. In what capacity?

A. I am a Director and Senior Portfolio Manager at Evergreen Investment Management Company, LLC, a wholly-owned subsidiary of Wachovia Bank, N.A.

Q. What are your duties as a Director and Senior Portfolio Manager at Evergreen Investment Management Company, LLC?

A. I am responsible for managing fixed income assets for institutional clients and for servicing those clients.

Q. Is it correct that Wachovia is the investment manager handling the investable assets of the North Carolina Reinsurance Facility?

A. Yes.

Q. As investment manager for the Facility, does Wachovia have discretionary investment authority over the Facility's funds?

A. Yes, subject to guidelines established by the Facility as to quality, term, diversification, and so forth of investments.

Q. What is your role personally with respect to the Facility's investment account?

A. I am the portfolio manager for that account. I make the investment decisions within the limitations or parameters specified by the Facility.

Q. How long have you been employed by Evergreen/Wachovia?

A. I have been employed by Evergreen for seven years. Evergreen became a wholly-owned subsidiary of Wachovia as a result of a corporate merger that was effective in 2001.

Q. How long have you been employed by Evergreen/Wachovia in the division or department which specializes in fixed-income investments?

A. Seven years. I also have approximately 21 years of experience managing fixed income investments prior to joining Evergreen.

Q. How long has Wachovia managed the Facility's investment portfolio?

A. Since June of 1978.

Q. How long have you personally been the portfolio manager for that account?

A. I took over as portfolio manager in March, 2002.

Q. In connection with the Facility's 2005 Commercial Automobile Insurance rate filing, has the Facility requested that you make any calculations concerning the investment yield that the Facility could reasonably expect during the two-year period ending June 30, 2007?

A. Yes.

Q. Did you make those calculations, and if so would you please describe them?

A. Yes I have. I was first requested in September, 2004 to make the calculations for a different two-year period. Due to the fact that the Facility subsequently changed the effective date of the filing and also to the fact that the Facility revised its investment policy guidelines since my initial calculations, I was asked to update those calculations in mid-January, 2005. To determine the investment yield that the Facility could reasonably expect during the two-year period ending June 30, 2007, I divided the Facility's portfolio as it stood at the beginning of January, 2005 into three segments. The first segment included investments which will mature before July 1, 2005. The second segment consisted of investments which will mature during the period July 1, 2005 through June 30,

2007. The third segment consisted of all investments which will mature after June 30, 2007.

In looking at the third segment, the investments which will not mature until after June 30, 2007, we obviously know what the yields on those are. I assumed that those assets would continue to earn the same yields throughout the period July 1, 2005 through June 30, 2007.

As to the first segment, i.e., the investments which will mature before July 1, 2005, I assumed that during the two year period in question those assets would earn a yield equal to the yield of the portfolio's performance benchmark index.

Q. Why did you use that yield?

A. I used that yield because the portfolio's performance benchmark index represents a good approximation of the mix of the typical assets which would be purchased in the portfolio with respect to various security types, credit ratings and maturities. I believe that this rate (the "Assumed Reinvestment Rate") is a good estimate of what assets in the account will earn.

Q. How did you handle the investments which are in the second segment you described?

A. These are the investments which will mature during the period July 1, 2005 through June 30, 2007. For those assets, I simply applied the current rate up until the maturity date. From the maturity date until June 30, 2007, I applied the Assumed Reinvestment Rate. In other words, I assumed that these investments will continue to earn at

their present rate until maturity and that after maturity they will be re-invested at the Assumed Reinvestment Rate..

Q. What was the estimated yield that you arrived at based on the calculations you performed?

A. Based on the size of the portfolio in January, 2005 and the yields at that time, I arrived at an estimate of the yield during the two-year period beginning July 1, 2005 and ending June 30, 2007 of approximately 4.17%

Q. Do you have an opinion as to whether the 4.17% investment yield estimate that is based on conditions in January, 2005 and the other assumptions used in your methodology is a reasonable estimate of what the Facility's investment yield will be?

A. Yes, I do have an opinion.

Q. What is that opinion?

A. I believe that the estimated yield is reasonable.

Q. Does that conclude your pre-filed testimony?

A. Yes.

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