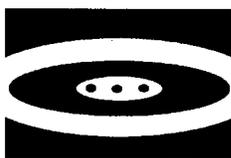


NCRB-NCRF-NCIGA



north carolina
RATE BUREAU
REINSURANCE FACILITY
INSURANCE GUARANTY ASSOCIATION

North Carolina Reinsurance Facility

March 19, 2009

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

Re: Revision of Commercial Automobile
Insurance Rates

Dear Sir:

Pursuant to North Carolina General Statute 58-37-35(1), the North Carolina Reinsurance Facility hereby files on behalf of its member companies revised (1) basic limits premium rates for liability insurance for trucks, tractors and trailers, garages, 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, 2006 and upon automobile liability insurance expense data for calendar year ending December 31, 2007, 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) Doug Williams, Managing Director and Senior Portfolio Manager, Evergreen Investment Management Company, LLC is submitted herewith.

These revised rates will become effective July 1, 2009, in accordance with the following Rule of Application:

These changes are applicable to all policies effective on or after July 1, 2009. No policy effective prior to July 1, 2009 shall be endorsed or cancelled and rewritten to take advantage of or to avoid the application of these changes except at the request of the insured and at the customary short rate charges as of the date of such requests, but in no event prior to July 1, 2009.

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, 2009 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, 2009, these changes may not be applied until the first experience rating date on or after July 1, 2009.

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

Very truly yours,



F. Timothy Lucas
Automobile Manager

FTL:dms

North Carolina Reinsurance Facility
Summary of Indications

ISO/PCI Experience

	<u>Basic Limits Indications</u>	<u>Increased Limits Indications</u>	<u>Total Limits Indications</u>
<u>TRUCKS, TRACTORS, & TRAILERS</u>			
Bodily Injury	-17.0%	5.8%	-12.2%
Property Damage	-10.3%	2.1%	-8.4%
Total	-14.7%	4.6%	-10.8%
<u>GARAGE DEALERS</u>			
Bodily Injury	-33.5%	10.3%	-26.7%
Property Damage	-13.1%	0.6%	-12.6%
Total	-26.0%	6.7%	-21.0%
<u>PRIVATE PASSENGER TYPES</u>			
Bodily Injury	-5.5%	4.6%	-1.2%
Property Damage	-2.4%	1.6%	-0.8%
Total	-4.4%	3.6%	-1.0%
<u>OVERALL</u>			
Bodily Injury	-18.8%	5.2%	-14.6%
Property Damage	-10.6%	1.7%	-9.1%
Total	-16.0%	4.0%	-12.6%

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>Trucks Liability</u>		
Bodily Injury (30/60)	-17.0%	-12.2%
Property Damage (25)	-10.3%	- 8.4%
<u>Garages Liability</u>		
Bodily Injury (30/60)	-33.5%	-26.7%
Property Damage (25)	-13.1%	-12.6%
<u>Private Passenger Types Liability</u>		
Bodily Injury (30/60)	- 5.5%	- 1.2%
Property Damage (25)	- 2.4%	- 0.8%
 Grand Total	 -16.0%	 -12.6%

The material included in this review is arranged as follows:

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

SECTION A

Summary of Rate Level Indications

North Carolina Reinsurance Facility
Automobile Liability Insurance
Rate Level Indications

ISO/PCI Experience

	Trucks			Garage Dealers			P.P. Types			Overall
	Basic Limits			Total Limits			Basic Limits			
	B.I.	P.D.	Comb.	B.I.	P.D.	Comb.	B.I.	P.D.	Comb.	
1. Credibility Weighted Rate Level Loss Ratio	0.677	0.742		0.549	0.685		0.789	0.819		
2. Trended Fixed Expense Ratio (a)	0.127	0.127		0.159	0.159		0.127	0.127		
3. Sum of (1) and (2)	0.804	0.869		0.708	0.844		0.916	0.946		
4. Expected Loss Ratio + Exp. Fixed Expense Ratio(b)	0.876	0.876		0.876	0.876		0.876	0.876		
5. Indicated Rate Level Change $[(3)/(4)]-1 \times 100$	-8.2%	-0.8%	-5.7%	-19.2%	-3.7%		4.6%	8.0%	5.8%	
				-26.7%	-4.3%	-18.4% (d)				
6. Indications Reflecting Investment Income (c)	-17.0%	-10.3%	-14.7%	-26.7%	-12.6%		-5.5%	-2.4%	-4.4%	-16.0%
				-33.5%	-13.1%	-26.0% (d)				

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

	Trucks	Garage Dealers	P.P. Types
Sum of Other Acquisition Expense and General Expenses	11.8%	14.8%	11.8%
Avg. Annual Change in Expenses	3.0%	3.0%	3.0%
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 I, Exhibit 7).

(c) Reflects Investment Income on Earned Premium $[(3)/(0.876 + 0.0932)]-1 \times 100$ for Trucks, Tractors, and Trailers and Private Passenger Types, and $[(3)/(0.876 + 0.0895)]-1 \times 100$ for Garage Dealers.

Investment Income (Trucks and Private Passenger Types): 9.32%

Investment Income (Garage Dealers): 8.95%

(d) The Total Limits indications have been restated on a Basic Limit basis by adjusting for the impact of increased limits experience. (10.3% for BI and 0.6% for PD)

SECTION B

Determination of Statewide Rate Level Indications

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE LIABILITY

DETERMINATION OF STATEWIDE RATE LEVEL CHANGES
SPLIT LIMIT LIABILITY COVERAGE

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

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

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

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

Exhibit 1 - Trucks, Tractors, & Trailers Liability

Exhibit 2 - Garages Liability

Exhibit 3 - Private Passenger Types Liability

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

Section B
 Exhibit 1
 Sheet 1

	(1) (30/60/25) ACCIDENT YEARS ENDING	(2) (30/60/25) LIMITS EARNED PREMIUM AT PRESENT RATES(A)	(3) LOSS & LOSS ADJUSTMENT RATIO (2)/(1)	(4) ACCIDENT YEAR WEIGHTS	(5) NUMBER OF INCURRED CLAIMS
BI	12/31/2002	\$10,328,185	0.664	10%	749
	12/31/2003	10,613,778	0.639	15%	775
	12/31/2004	11,130,492	0.796	20%	918
	12/31/2005	11,772,983	0.686	25%	837
	12/31/2006	11,612,242	0.613	30%	840
PD	12/31/2002	\$11,059,914	0.720	10%	2,447
	12/31/2003	11,367,018	0.794	15%	2,568
	12/31/2004	11,921,916	0.866	20%	2,908
	12/31/2005	12,610,608	0.729	25%	2,549
	12/31/2006	12,439,014	0.651	30%	2,305

	<u>B.I.</u>	<u>P.D.</u>
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	0.677	0.742
(7) EXPECTED LOSS RATIO (C).	0.758	0.758
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.714	0.808
(9) CREDIBILITY (E).	1.00	1.00
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.677	0.742

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

(B) SEE SHEET 2 OF THIS EXHIBIT.

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

TOTAL PRODUCTION COST:	15.6%
GENERAL EXPENSE:	6.2%
TAXES, LICENSES AND FEES:	2.4%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED
 LOSS AND EXPENSE TREND FACTOR (-1.5% FOR BI, +1.6% FOR PD), PROJECTED
 FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR
 BEYOND THE ASSUMED EFFECTIVE DATE OF THE LAST FILING (07/01/2005) TO ONE YEAR
 BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 07/01/2009. IN THIS ANALYSIS,
 THE PERIOD IS 4.000 YEARS.

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

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

Section B
 Exhibit 1
 Sheet 2

	ACCIDENT YEAR <u>ENDING</u>	BODILY INJURY <u>(30/60)</u>	PROPERTY DAMAGE <u>(25000)</u>
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2002	\$6,811,775	\$6,478,405
	12/31/2003	6,635,210	7,443,649
	12/31/2004	8,333,728	8,647,408
	12/31/2005	7,261,045	7,823,689
	12/31/2006	6,183,185	6,868,439
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2002	\$6,770,904	\$6,478,405
	12/31/2003	6,608,669	7,451,093
	12/31/2004	8,525,404	8,664,703
	12/31/2005	7,667,664	7,839,336
	12/31/2006	6,659,290	7,019,545
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2002	\$900,530	\$531,229
	12/31/2003	878,953	610,990
	12/31/2004	1,133,879	710,506
	12/31/2005	1,019,799	642,826
	12/31/2006	885,686	575,603
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		-2.1%	1.5%
5-AVERAGE ANNUAL CHANGE IN LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		3.0%	3.0%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2002	\$6,855,614	\$7,967,751
	12/31/2003	6,777,785	9,022,231
	12/31/2004	8,856,207	10,318,865
	12/31/2005	8,075,177	9,188,000
	12/31/2006	7,117,170	8,095,866

(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>
12/31/2002	0.994	1.000
12/31/2003	0.996	1.001
12/31/2004	1.023	1.002
12/31/2005	1.056	1.002
12/31/2006	1.077	1.022

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

<u>B.I.</u>	<u>P.D.</u>
0.133	0.082

(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 07/01/2009.

ACCIDENT <u>YEAR ENDING</u>	AVERAGE DATE <u>OF ACCIDENT</u>	PROJECTION <u>PERIOD</u>
12/31/2002	7/1/2002	8.000
12/31/2003	7/1/2003	7.000
12/31/2004	7/1/2004	6.000
12/31/2005	7/1/2005	5.000
12/31/2006	7/1/2006	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 PRESENT RATES(A)	(2) TOTAL LIMITS INCURRED LOSSES (B)	(3) LOSS & LOSS ADJUSTMENT RATIO (2) / (1)	(4) POLICY YEAR WEIGHTS	(5) NUMBER OF INCURRED CLAIMS	
BI	12/31/2002	\$3,508,705	\$2,282,217	0.650	10%	233
	12/31/2003	3,220,844	2,040,053	0.633	15%	203
	12/31/2004	3,371,902	2,059,009	0.611	20%	226
	12/31/2005	3,235,610	1,638,949	0.507	25%	167
	12/31/2006	3,388,980	1,579,955	0.466	30%	179
PD	12/31/2002	\$2,019,485	\$1,664,429	0.824	10%	414
	12/31/2003	2,082,113	1,597,913	0.767	15%	394
	12/31/2004	2,171,278	1,599,513	0.737	20%	395
	12/31/2005	2,075,136	1,192,193	0.575	25%	347
	12/31/2006	1,987,380	1,302,423	0.655	30%	309

	B.I.	P.D.
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	0.549	0.685
(7) EXPECTED LOSS RATIO (C).	0.728	0.728
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.746	0.788
(9) CREDIBILITY (E).	1.00	1.00
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.549	0.685

(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:	15.6%
GENERAL EXPENSE:	9.2%
TAXES, LICENSES AND FEES:	2.4%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED LOSS AND EXPENSE TREND FACTOR (+0.6% FOR BI, +2.0% FOR PD), PROJECTED FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR BEYOND THE ASSUMED EFFECTIVE DATE OF THE LAST FILING (07/01/2005) TO ONE YEAR BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 07/01/2009. IN THIS ANALYSIS, THE PERIOD IS 4.000 YEARS.

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

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

Section B
Exhibit 2
Sheet 2

	POLICY YEAR ENDING	BODILY INJURY	PROPERTY DAMAGE
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2002	\$1,904,648	\$1,301,909
	12/31/2003	1,692,106	1,273,911
	12/31/2004	1,658,569	1,303,675
	12/31/2005	1,288,362	997,931
	12/31/2006	1,214,296	1,146,944
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2002	\$1,906,553	\$1,301,909
	12/31/2003	1,715,795	1,273,911
	12/31/2004	1,743,156	1,301,068
	12/31/2005	1,396,584	988,950
	12/31/2006	1,355,154	1,102,213
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2002	\$253,572	\$106,757
	12/31/2003	228,201	104,461
	12/31/2004	231,840	106,688
	12/31/2005	185,746	81,094
	12/31/2006	180,235	90,381
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		0.3%	1.9%
5-AVERAGE ANNUAL CHANGE IN LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		3.0%	3.0%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2002	\$2,282,217	\$1,664,429
	12/31/2003	2,040,053	1,597,913
	12/31/2004	2,059,009	1,599,513
	12/31/2005	1,638,949	1,192,193
	12/31/2006	1,579,955	1,302,423

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

YEAR ENDING	B.I.	P.D.
12/31/2002	1.001	1.000
12/31/2003	1.014	1.000
12/31/2004	1.051	0.998
12/31/2005	1.084	0.991
12/31/2006	1.116	0.961

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

B.I.	P.D.
0.133	0.082

(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 07/01/2009.

POLICY YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD
12/31/2002	1/1/2002	8.500
12/31/2003	1/1/2003	7.500
12/31/2004	1/1/2004	6.500
12/31/2005	1/1/2005	5.500
12/31/2006	1/1/2006	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) (30/60/25) ACCIDENT YEARS ENDING	(2) (30/60/25) LIMITS EARNED PREMIUM AT PRESENT RATES(A)	(3) LOSS & LOSS ADJUSTMENT RATIO (2) / (1)	(4) ACCIDENT YEAR WEIGHTS	(5) NUMBER OF INCURRED CLAIMS
BI	12/31/2002	\$198,320	0.857	10%	16
	12/31/2003	139,731	0.754	15%	14
	12/31/2004	117,458	1.053	20%	12
	12/31/2005	108,351	1.135	25%	19
	12/31/2006	91,820	1.312	30%	15
PD	12/31/2002	\$218,608	0.617	10%	59
	12/31/2003	154,075	0.970	15%	50
	12/31/2004	129,554	0.558	20%	38
	12/31/2005	119,513	1.113	25%	53
	12/31/2006	101,325	0.792	30%	26

	<u>B.I.</u>	<u>P.D.</u>
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	1.087	0.835

(7) EXPECTED LOSS RATIO (C).	0.758	0.758
------------------------------	-------	-------

(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.714	0.808
---------------------------------------	-------	-------

(9) CREDIBILITY (E).	0.20	0.40
----------------------	------	------

(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.789	0.819
---	-------	-------

(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:	15.6%
GENERAL EXPENSE:	6.2%
TAXES, LICENSES AND FEES:	2.4%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED LOSS AND EXPENSE TREND FACTOR (-1.5% FOR BI, +1.6% FOR PD), PROJECTED FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR BEYOND THE ASSUMED EFFECTIVE DATE OF THE LAST FILING (07/01/2005) TO ONE YEAR BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 07/01/2009. IN THIS ANALYSIS, THE PERIOD IS 4.000 YEARS.

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

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

Section B
Exhibit 3
Sheet 2

	ACCIDENT YEAR ENDING	BODILY INJURY (30/60)	PROPERTY DAMAGE (25000)
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2002	\$169,365	\$110,133
	12/31/2003	104,838	124,359
	12/31/2004	119,589	60,796
	12/31/2005	115,529	113,736
	12/31/2006	100,561	68,645
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2002	\$167,841	\$109,582
	12/31/2003	102,741	123,488
	12/31/2004	119,111	60,674
	12/31/2005	116,800	113,509
	12/31/2006	112,729	69,537
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2002	\$22,323	\$8,986
	12/31/2003	13,665	10,126
	12/31/2004	15,842	4,975
	12/31/2005	15,534	9,308
	12/31/2006	14,993	5,702
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		-2.1%	1.5%
5-AVERAGE ANNUAL CHANGE IN LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		3.0%	3.0%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2002	\$169,941	\$134,775
	12/31/2003	105,371	149,527
	12/31/2004	123,733	72,257
	12/31/2005	123,007	133,037
	12/31/2006	120,480	80,199

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

YEAR ENDING	B.I.	P.D.
12/31/2002	0.991	0.995
12/31/2003	0.980	0.993
12/31/2004	0.996	0.998
12/31/2005	1.011	0.998
12/31/2006	1.121	1.013

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

B.I.	P.D.
0.133	0.082

(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 07/01/2009.

ACCIDENT YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD
12/31/2002	7/1/2002	8.000
12/31/2003	7/1/2003	7.000
12/31/2004	7/1/2004	6.000
12/31/2005	7/1/2005	5.000
12/31/2006	7/1/2006	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 - Trucks, Tractors, & Trailers and Related Classes

The revised non-fleet base rates are based upon the voluntary territory relativities in effect on December 1, 2008. 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 December 1, 2008.

Exhibit 4 - Private Passenger Types Liability

The revised rates are based upon the voluntary territory relativities in effect on December 1, 2008.

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 nonfleet rates by the following factors:

	<u>500</u>	<u>Limits</u> <u>1000</u>	<u>2000</u>
Trucks, Tractors, & Trailers	.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 Trucks, Tractors, & Trailers statewide rate level change.

Public Automobiles

Rates for Public Automobiles are calculated as factor derivatives of the Trucks, Tractors, & Trailers non-fleet base rates. The relativities used are listed below.

	<u>Differential to Base Rate</u>	
	<u>BI</u>	<u>PD</u>
Taxis and Limousines	6.30	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
Trucks, Tractors, & Trailers - Bodily Injury
Determination of Rate Level Changes By Territory

Terr.	(1) Facility Earned Exposures	(2) Voluntary Base Loss Cost #	(3) Facility Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 155.8242	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	390	237	193	0.945	147.254	147	-23.8%
12	1,306	367	273	1.464	228.127	228	-16.5%
13	614	306	230	1.220	190.106	190	-17.4%
14	570	311	271	1.240	193.222	193	-28.8%
15	158	259	214	1.033	160.966	161	-24.8%
16	1,675	362	292	1.444	225.010	225	-22.9%
17	762	306	252	1.220	190.106	190	-24.6%
18	694	256	215	1.021	159.097	159	-26.0%
19	6	242	178	0.965	150.370	150	-15.7%
20	701	282	225	1.125	175.302	175	-22.2%
21	1,749	291	218	1.161	180.912	181	-17.0%
22	5,251	281	205	1.121	174.679	175	-14.6%
23	14,722	242	178	0.965	150.370	150	-15.7%
24	22,156	225	167	0.897	139.774	140	-16.2%
SW	50,754	250.75	187.74		155.807		-17.0%

Weighted average factor x percent change = new weighted average
 $187.74 \times 0.830 = 155.8242$

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

* The rates in column (6) are keyed to a statewide revenue change of -17.0 percent.

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

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

Terr.	(1) Facility Earned Exposures	(2) Voluntary Base Loss Cost #	(3) Facility Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 180.4405	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	390	237	206	0.945	170.516	171	-17.0%
12	1,306	367	293	1.464	264.165	264	-9.9%
13	614	306	246	1.220	220.137	220	-10.6%
14	570	311	290	1.240	223.746	224	-22.8%
15	158	259	228	1.033	186.395	186	-18.4%
16	1,675	362	311	1.444	260.556	261	-16.1%
17	762	306	269	1.220	220.137	220	-18.2%
18	694	256	230	1.021	184.230	184	-20.0%
19	6	242	190	0.965	174.125	174	-8.4%
20	701	282	240	1.125	202.996	203	-15.4%
21	1,749	291	234	1.161	209.491	209	-10.7%
22	5,251	281	218	1.121	202.274	202	-7.3%
23	14,722	242	190	0.965	174.125	174	-8.4%
24	22,156	225	180	0.897	161.855	162	-10.0%
SW	50,754	250.75	201.16		180.420		-10.3%

Weighted average factor x percent change = new weighted average
 $201.16 \times 0.897 = 180.4405$

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

* The rates in column (6) are keyed to a statewide revenue change of -10.3 percent.

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

North Carolina Reinsurance Facility
Commercial Automobile Manual

LIGHT AND MEDIUM TRUCKS

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	139	167	218	168	171	176	43	52	57
	Fleet	153	184	240	185	189	194			
12	Non-Fleet	215	258	338	259	264	272	66	80	88
	Fleet	237	284	372	285	291	299			
13	Non-Fleet	179	215	281	216	220	227	55	66	73
	Fleet	197	236	309	238	243	250			
14	Non-Fleet	182	218	286	220	224	231	56	68	74
	Fleet	200	240	314	242	247	254			
15	Non-Fleet	152	182	239	182	186	191	47	56	62
	Fleet	167	200	262	200	204	210			
16	Non-Fleet	212	254	333	256	261	269	66	79	86
	Fleet	233	280	366	282	288	296			
17	Non-Fleet	179	215	281	216	220	227	55	66	73
	Fleet	197	236	309	238	243	250			
18	Non-Fleet	150	180	236	180	184	189	46	56	61
	Fleet	165	198	259	198	202	208			
19	Non-Fleet	142	170	223	171	174	180	44	53	58
	Fleet	156	187	245	188	192	197			
20	Non-Fleet	165	198	259	199	203	209	51	61	67
	Fleet	182	218	286	219	223	230			
21	Non-Fleet	171	205	268	205	209	215	53	63	70
	Fleet	188	226	295	226	231	237			
22	Non-Fleet	165	198	259	198	202	208	51	61	67
	Fleet	182	218	286	218	222	229			
23	Non-Fleet	142	170	223	171	174	180	44	53	58
	Fleet	156	187	245	188	192	197			
24	Non-Fleet	132	158	207	159	162	167	41	49	54
	Fleet	145	174	228	175	179	184			

HIRED CAR	Bodily Injury 25/50	Property Damage 15
All Territories	\$0.23	\$0.30

North Carolina Reinsurance Facility
Commercial Automobile Manual

Section C
Exhibit 2
Sheet 4

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	139	174	235	168	171	176	43	52	57
	Fleet	153	191	259	185	189	194			
12	Non-Fleet	215	269	363	259	264	272	66	80	88
	Fleet	237	296	401	285	291	299			
13	Non-Fleet	179	224	303	216	220	227	55	66	73
	Fleet	197	246	333	238	243	250			
14	Non-Fleet	182	228	308	220	224	231	56	68	74
	Fleet	200	250	338	242	247	254			
15	Non-Fleet	152	190	257	182	186	191	47	56	62
	Fleet	167	209	282	200	204	210			
16	Non-Fleet	212	265	358	256	261	269	66	79	86
	Fleet	233	291	394	282	288	296			
17	Non-Fleet	179	224	303	216	220	227	55	66	73
	Fleet	197	246	333	238	243	250			
18	Non-Fleet	150	188	254	180	184	189	46	56	61
	Fleet	165	206	279	198	202	208			
19	Non-Fleet	142	178	240	171	174	180	44	53	58
	Fleet	156	195	264	188	192	197			
20	Non-Fleet	165	206	279	199	203	209	51	61	67
	Fleet	182	228	308	219	223	230			
21	Non-Fleet	171	214	289	205	209	215	53	63	70
	Fleet	188	235	318	226	231	237			
22	Non-Fleet	165	206	279	198	202	208	51	61	67
	Fleet	182	228	308	218	222	229			
23	Non-Fleet	142	178	240	171	174	180	44	53	58
	Fleet	156	195	264	188	192	197			
24	Non-Fleet	132	165	223	159	162	167	41	49	54
	Fleet	145	181	245	175	179	184			

North Carolina Reinsurance Facility
Commercial Automobile Manual

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	139	177	246	168	171	176	43	52	57
	Fleet	153	194	271	185	189	194			
12	Non-Fleet	215	273	381	259	264	272	66	80	88
	Fleet	237	301	419	285	291	299			
13	Non-Fleet	179	227	317	216	220	227	55	66	73
	Fleet	197	250	349	238	243	250			
14	Non-Fleet	182	231	322	220	224	231	56	68	74
	Fleet	200	254	354	242	247	254			
15	Non-Fleet	152	193	269	182	186	191	47	56	62
	Fleet	167	212	296	200	204	210			
16	Non-Fleet	212	269	375	256	261	269	66	79	86
	Fleet	233	296	412	282	288	296			
17	Non-Fleet	179	227	317	216	220	227	55	66	73
	Fleet	197	250	349	238	243	250			
18	Non-Fleet	150	191	266	180	184	189	46	56	61
	Fleet	165	210	292	198	202	208			
19	Non-Fleet	142	180	251	171	174	180	44	53	58
	Fleet	156	198	276	188	192	197			
20	Non-Fleet	165	210	292	199	203	209	51	61	67
	Fleet	182	231	322	219	223	230			
21	Non-Fleet	171	217	303	205	209	215	53	63	70
	Fleet	188	239	333	226	231	237			
22	Non-Fleet	165	210	292	198	202	208	51	61	67
	Fleet	182	231	322	218	222	229			
23	Non-Fleet	142	180	251	171	174	180	44	53	58
	Fleet	156	198	276	188	192	197			
24	Non-Fleet	132	168	234	159	162	167	41	49	54
	Fleet	145	184	257	175	179	184			

North Carolina Reinsurance Facility
Commercial Automobile Manual

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		
		46	49	52	03	05	08	1	3	4
11	Non-Fleet	876	1069	1384	420	428	441	171	201	230
	Fleet	964	1176	1523	462	471	485			
12	Non-Fleet	1355	1653	2141	648	661	680	264	310	355
	Fleet	1491	1819	2356	713	727	749			
13	Non-Fleet	1128	1376	1782	540	551	567	220	258	296
	Fleet	1241	1514	1961	594	606	624			
14	Non-Fleet	1147	1399	1812	550	561	578	224	263	301
	Fleet	1262	1540	1994	605	617	635			
15	Non-Fleet	958	1169	1514	455	464	478	187	219	251
	Fleet	1054	1286	1665	501	511	526			
16	Non-Fleet	1336	1630	2111	640	653	672	261	306	350
	Fleet	1470	1793	2323	704	718	739			
17	Non-Fleet	1128	1376	1782	540	551	567	220	258	296
	Fleet	1241	1514	1961	594	606	624			
18	Non-Fleet	945	1153	1493	450	459	473	184	216	248
	Fleet	1040	1269	1643	495	505	520			
19	Non-Fleet	895	1092	1414	428	437	449	175	205	234
	Fleet	985	1202	1556	471	480	495			
20	Non-Fleet	1040	1269	1643	498	508	523	203	238	272
	Fleet	1144	1396	1808	548	559	575			
21	Non-Fleet	1077	1314	1702	513	523	539	210	247	282
	Fleet	1185	1446	1872	564	575	592			
22	Non-Fleet	1040	1269	1643	495	505	520	203	238	272
	Fleet	1144	1396	1808	545	556	572			
23	Non-Fleet	895	1092	1414	428	437	449	175	205	234
	Fleet	985	1202	1556	471	480	495			
24	Non-Fleet	832	1015	1315	398	406	418	162	191	218
	Fleet	915	1116	1446	438	447	460			

North Carolina Reinsurance Facility
Commercial Automobile Manual

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						Limit Code		
		46	49	52	03	05	08	1	3	4
11	Non-Fleet	111	135	175	101	103	106	27	31	36
	Fleet	122	149	193	111	113	117			
12	Non-Fleet	172	210	272	155	158	163	41	49	56
	Fleet	189	231	299	171	174	180			
13	Non-Fleet	143	174	226	130	133	137	34	40	46
	Fleet	157	192	248	143	146	150			
14	Non-Fleet	146	178	231	132	135	139	35	41	47
	Fleet	161	196	254	145	148	152			
15	Non-Fleet	122	149	193	109	111	114	29	34	40
	Fleet	134	163	212	120	122	126			
16	Non-Fleet	170	207	269	154	157	162	41	48	55
	Fleet	187	228	295	169	172	177			
17	Non-Fleet	143	174	226	130	133	137	34	40	46
	Fleet	157	192	248	143	146	150			
18	Non-Fleet	120	146	190	108	110	113	29	34	39
	Fleet	132	161	209	119	121	125			
19	Non-Fleet	114	139	180	103	105	108	27	32	37
	Fleet	125	153	198	113	115	119			
20	Non-Fleet	132	161	209	119	121	125	32	37	43
	Fleet	145	177	229	131	134	138			
21	Non-Fleet	137	167	216	123	125	129	33	39	44
	Fleet	151	184	239	135	138	142			
22	Non-Fleet	132	161	209	119	121	125	32	37	43
	Fleet	145	177	229	131	134	138			
23	Non-Fleet	114	139	180	103	105	108	27	32	37
	Fleet	125	153	198	113	115	119			
24	Non-Fleet	106	129	167	95	97	100	25	30	34
	Fleet	117	143	185	105	107	110			

North Carolina Reinsurance Facility
Commercial Automobile Manual

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	1056	1288	1668	319	325	335	149	173	196
	Fleet	1162	1418	1836	351	358	369			
12	Non-Fleet	1634	1993	2582	492	502	517	230	268	304
	Fleet	1797	2192	2839	541	552	568			
13	Non-Fleet	1360	1659	2149	410	418	431	192	223	253
	Fleet	1496	1825	2364	451	460	474			
14	Non-Fleet	1383	1687	2185	418	426	439	195	227	257
	Fleet	1521	1856	2403	460	469	483			
15	Non-Fleet	1155	1409	1825	346	353	363	163	189	215
	Fleet	1271	1551	2008	381	389	400			
16	Non-Fleet	1611	1965	2545	486	496	510	227	264	300
	Fleet	1772	2162	2800	535	546	562			
17	Non-Fleet	1360	1659	2149	410	418	431	192	223	253
	Fleet	1496	1825	2364	451	460	474			
18	Non-Fleet	1140	1391	1801	342	349	359	161	187	212
	Fleet	1254	1530	1981	376	384	395			
19	Non-Fleet	1079	1316	1705	325	332	341	152	177	201
	Fleet	1187	1448	1875	358	365	376			
20	Non-Fleet	1254	1530	1981	378	386	397	177	206	233
	Fleet	1379	1682	2179	416	424	437			
21	Non-Fleet	1300	1586	2054	390	398	410	183	213	242
	Fleet	1430	1745	2259	429	438	450			
22	Non-Fleet	1254	1530	1981	376	384	395	177	206	233
	Fleet	1379	1682	2179	414	422	435			
23	Non-Fleet	1079	1316	1705	325	332	341	152	177	201
	Fleet	1187	1448	1875	358	365	376			
24	Non-Fleet	1003	1224	1585	302	308	317	141	164	187
	Fleet	1103	1346	1743	332	339	349			

North Carolina Reinsurance Facility
Commercial Automobile Manual

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	111	135	175	134	137	141	34	41	45
	Fleet	122	149	193	147	150	154			
12	Non-Fleet	172	210	272	207	211	217	53	64	70
	Fleet	189	231	299	228	233	239			
13	Non-Fleet	143	174	226	173	176	182	44	53	58
	Fleet	157	192	248	190	194	200			
14	Non-Fleet	146	178	231	176	180	185	45	54	59
	Fleet	161	196	254	194	198	204			
15	Non-Fleet	122	149	193	146	149	153	38	45	50
	Fleet	134	163	212	161	164	169			
16	Non-Fleet	170	207	269	205	209	215	53	63	69
	Fleet	187	228	295	226	231	237			
17	Non-Fleet	143	174	226	173	176	182	44	53	58
	Fleet	157	192	248	190	194	200			
18	Non-Fleet	120	146	190	144	147	151	37	45	49
	Fleet	132	161	209	158	161	166			
19	Non-Fleet	114	139	180	137	140	144	35	42	46
	Fleet	125	153	198	151	154	159			
20	Non-Fleet	132	161	209	159	162	167	41	49	54
	Fleet	145	177	229	175	179	184			
21	Non-Fleet	137	167	216	164	167	172	42	51	56
	Fleet	151	184	239	180	184	189			
22	Non-Fleet	132	161	209	158	161	166	41	49	54
	Fleet	145	177	229	174	177	183			
23	Non-Fleet	114	139	180	137	140	144	35	42	46
	Fleet	125	153	198	151	154	159			
24	Non-Fleet	106	129	167	127	130	133	33	39	43
	Fleet	117	143	185	140	143	147			

North Carolina Reinsurance Facility
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 293.8037	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	62,294	309	444	0.932	273.825	274	-38.3%
12	82,013	478	630	1.442	423.665	424	-32.7%
13	61,142	399	529	1.203	353.446	353	-33.3%
14	39,788	405	625	1.221	358.734	359	-42.6%
15	66,898	338	494	1.019	299.386	299	-39.5%
16	98,449	472	670	1.423	418.083	418	-37.6%
17	60,386	398	580	1.200	352.564	353	-39.1%
18	34,902	334	495	1.007	295.860	296	-40.2%
19	0	315	409	0.950	279.114	279	-31.8%
20	158,548	367	515	1.107	325.241	325	-36.9%
21	222,959	379	504	1.143	335.818	336	-33.3%
22	447,607	366	470	1.104	324.359	324	-31.1%
23	530,396	315	409	0.950	279.114	279	-31.8%
24	1,523,598	293	386	0.884	259.722	260	-32.6%
SW	3,388,980	331.58	441.81		293.855		-33.5%

Weighted average factor x percent change = new weighted average
 $441.81 \times 0.665 = 293.8037$

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 -33.5 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 286.9438	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	40,611	309	333	0.931	267.145	267	-19.8%
12	56,110	478	470	1.440	413.199	413	-12.1%
13	36,100	399	396	1.202	344.906	345	-12.9%
14	27,028	405	467	1.220	350.071	350	-25.1%
15	43,622	338	369	1.018	292.109	292	-20.9%
16	74,101	472	501	1.422	408.034	408	-18.6%
17	29,602	398	434	1.199	344.046	344	-20.7%
18	0	334	370	1.006	288.665	289	-21.9%
19	0	315	306	0.949	272.310	272	-11.1%
20	56,772	367	385	1.106	317.360	317	-17.7%
21	106,909	379	376	1.142	327.690	328	-12.8%
22	285,024	366	351	1.103	316.499	316	-10.0%
23	314,229	315	306	0.949	272.310	272	-11.1%
24	917,271	293	289	0.883	253.371	253	-12.5%
SW	1,987,379	331.91	330.20		286.984		-13.1%

Weighted average factor x percent change = new weighted average
 $330.20 \times 0.869 = 286.9438$

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 -13.1 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
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	258	315	408	262	267	275
12	Dealers	400	488	632	405	413	425
13	Dealers	333	406	526	338	345	355
14	Dealers	339	414	536	343	350	360
15	Dealers	282	344	446	286	292	300
16	Dealers	394	481	623	400	408	420
17	Dealers	333	406	526	337	344	354
18	Dealers	279	340	441	283	289	297
19	Dealers	263	321	416	267	272	280
20	Dealers	307	375	485	311	317	327
21	Dealers	317	387	501	322	328	338
22	Dealers	306	373	483	310	316	326
23	Dealers	263	321	416	267	272	280
24	Dealers	245	299	387	248	253	260

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 170.4308	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	7	226	178	1.001	170.601	171	-3.9%
12	19	328	249	1.452	247.466	247	-0.8%
13	11	260	197	1.151	196.166	196	-0.5%
14	32	244	197	1.080	184.065	184	-6.6%
15	8	256	208	1.134	193.269	193	-7.2%
16	17	268	239	1.187	202.301	202	-15.5%
17	1	254	206	1.125	191.735	192	-6.8%
18	9	242	189	1.072	182.702	183	-3.2%
19	0	225	177	0.996	169.749	170	-4.0%
20	1	255	205	1.129	192.416	192	-6.3%
21	27	217	172	0.961	163.784	164	-4.7%
22	33	241	192	1.067	181.850	182	-5.2%
23	177	225	177	0.996	169.749	170	-4.0%
24	168	201	163	0.890	151.683	152	-6.7%
SW	510	225.84	180.35		170.410		-5.5%

Weighted average factor x percent change = new weighted average
 $180.35 \times 0.945 = 170.4308$

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

* The rates in column (6) are keyed to a statewide revenue change of -5.5 percent.

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

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

Terr.	(1) Facility Earned Exposures	(2) Voluntary Base Loss Cost #	(3) Facility Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 194.2435	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	7	226	196	1.001	194.438	194	-1.0%
12	19	328	274	1.452	282.042	282	2.9%
13	11	260	216	1.151	223.574	224	3.7%
14	32	244	216	1.080	209.783	210	-2.8%
15	8	256	228	1.134	220.272	220	-3.5%
16	17	268	263	1.187	230.567	231	-12.2%
17	1	254	226	1.125	218.524	219	-3.1%
18	9	242	208	1.072	208.229	208	0.0%
19	0	225	195	0.996	193.467	193	-1.0%
20	1	255	224	1.129	219.301	219	-2.2%
21	27	217	190	0.961	186.668	187	-1.6%
22	33	241	211	1.067	207.258	207	-1.9%
23	177	225	195	0.996	193.467	193	-1.0%
24	168	201	181	0.890	172.877	173	-4.4%
SW	510	225.84	199.02		194.220		-2.4%

Weighted average factor x percent change = new weighted average
 $199.02 \times 0.976 = 194.2435$

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

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

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

North Carolina Reinsurance Facility
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	161	196	254	190	194	200	17	21	24
12	233	284	368	276	282	290	24	31	35
13	185	226	292	220	224	231	19	25	28
14	174	212	275	206	210	216	18	23	26
15	182	222	288	216	220	227	19	24	27
16	191	233	302	226	231	237	20	25	29
17	181	221	286	215	219	226	19	24	27
18	173	211	273	204	208	214	18	23	26
19	160	195	253	189	193	198	16	21	24
20	181	221	286	215	219	226	19	24	27
21	155	189	245	183	187	192	16	21	23
22	172	210	272	203	207	213	18	23	26
23	160	195	253	189	193	198	16	21	24
24	143	174	226	170	173	179	15	19	22

SECTION D
Supporting Exhibits

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE LIABILITY

SUPPORTING EXHIBITS

Exhibit 1 - Loss Development Factors

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

Exhibit 2 - Trend in Claim Severity and Claim Frequency

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

Exhibit 3 - Trend in Expense

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

Exhibit 4 - Expense Experience

Exhibit 5 - Tables of Credibility and Weights

Exhibit 6 - Investment Income

Exhibit 7 - Adjusted and Unadjusted Experience

NORTH CAROLINA
ISO FACILITY DATA

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

Bodily Injury

Accident Year <u>Ending</u>	\$30,000/60,000 <u>15 Months</u>	Basic Limit		Loss Development Factors	
		<u>27 Months</u>	<u>39 Months</u>	15 to 27 <u>Months</u>	27 to 39 <u>Months</u>
12/31/1995	3,117,114	3,341,868	3,544,855	1.072	1.061
12/31/1996	3,108,750	3,186,236	3,168,200	1.025	0.994
12/31/1997	2,986,955	3,026,347	3,003,724	1.013	0.993
12/31/1998	2,739,884	2,933,743	3,178,282	1.071	1.083
12/31/1999	3,033,715	3,323,058	3,397,975	1.095	1.023
12/31/2000	3,090,232	3,277,219	3,695,949	1.061	1.128
12/31/2001	2,576,737	2,856,673	2,983,845	1.109	1.045
12/31/2002	2,386,856	2,501,738	2,442,696	1.048	0.976
12/31/2003	2,517,819	2,433,233	2,307,076	0.966	0.948
12/31/2004	3,089,590	3,100,945	3,168,751	1.004	1.022
12/31/2005	2,569,097	2,465,887		0.960	
12/31/2006	2,306,430				
(1) Average Factor (Best 3 of 5) :		(A) Facility		1.006	1.014
		(B) Voluntary		1.067	1.045
(2) Credibility				0.770	0.420
(3) Credibility Weighted Factors				1.020	1.032

Property Damage

Accident Year <u>Ending</u>	\$25,000 <u>15 Months</u>	Basic Limit		Loss Development Factors	
		<u>27 Months</u>	<u>39 Months</u>	15 to 27 <u>Months</u>	27 to 39 <u>Months</u>
12/31/1995	3,262,073	3,250,665	3,270,369	0.997	1.006
12/31/1996	3,146,085	3,168,973	3,154,271	1.007	0.995
12/31/1997	3,040,781	3,145,013	3,137,219	1.034	0.998
12/31/1998	2,964,398	2,961,580	2,983,852	0.999	1.008
12/31/1999	3,904,993	4,035,492	4,090,570	1.033	1.014
12/31/2000	3,743,920	3,872,779	3,893,760	1.034	1.005
12/31/2001	3,190,718	3,240,645	3,251,257	1.016	1.003
12/31/2002	1,997,335	2,011,467	2,043,463	1.007	1.016
12/31/2003	2,339,759	2,449,376	2,430,201	1.047	0.992
12/31/2004	2,767,556	2,802,370	2,817,528	1.013	1.005
12/31/2005	2,456,700	2,530,751		1.030	
12/31/2006	2,077,286				
(1) Average Factor (Best 3 of 5) :		(A) Facility		1.020	1.004
		(B) Voluntary		1.022	1.000
(2) Credibility				0.830	0.000
(3) Credibility Weighted Factors				1.020	1.000

Summary of Factors

	Bodily <u>Injury</u>	Property <u>Damage</u>
39 to Ultimate **	1.023	1.002
27 to Ultimate	1.056	1.002
15 to Ultimate	1.077	1.022

** NC voluntary factors

NORTH CAROLINA
ISO VOLUNTARY DATA

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

Bodily Injury

Accident Year <u>Ending</u>	\$30,000/60,000 Basic Limit				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1995	16,420,896	17,585,879	17,860,561	18,297,006	18,618,475
12/31/1996	17,101,176	18,531,190	19,028,874	19,403,064	19,569,772
12/31/1997	17,827,955	18,514,278	19,363,671	19,880,239	19,949,403
12/31/1998	17,599,509	19,167,889	20,083,799	20,206,446	20,370,974
12/31/1999	16,674,061	17,929,686	18,581,757	19,278,500	19,161,494
12/31/2000	17,318,847	18,797,044	19,734,536	20,244,665	20,481,274
12/31/2001	15,674,890	16,944,765	17,966,710	18,353,148	18,443,596
12/31/2002	14,539,372	15,391,999	15,951,163	16,491,030	16,069,634
12/31/2003	14,034,603	14,889,545	15,561,582	15,595,165	
12/31/2004	14,413,241	15,089,721	15,673,083		
12/31/2005	14,650,658	15,849,994			
12/31/2006	16,986,014				

Ratios

Accident Year <u>Ending</u>	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
12/31/1995	1.071	1.016	1.024	1.018
12/31/1996	1.084	1.027	1.020	1.009
12/31/1997	1.038	1.046	1.027	1.003
12/31/1998	1.089	1.048	1.006	1.008
12/31/1999	1.075	1.036	1.037	0.994
12/31/2000	1.085	1.050	1.026	1.012
12/31/2001	1.081	1.060	1.022	1.005
12/31/2002	1.059	1.036	1.034	0.974
12/31/2003	1.061	1.045	1.002	
12/31/2004	1.047	1.039		
12/31/2005	1.082			
Average Factor: (Best 3 of 5)	1.067	1.045	1.027	1.002

Summary of Factors

63 to Ult:	(75:63) (75:Ult) =	0.994
51 to Ult:	(63:51) (75:63) (75:Ult) =	0.996
39 to Ult:	(51:39) (63:51) (75:63) (75:Ult) =	1.023
27 to Ult:	(39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.069
15 to Ult:	(27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.141

NORTH CAROLINA
ISO VOLUNTARY DATA

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

Bodily Injury

Accident Year	\$30,000/60,000 Basic Limit				
<u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1995	18,714,849	18,682,194	18,517,772	18,509,829	18,474,838
12/31/1996	19,560,172	19,524,343	19,505,498	19,504,660	19,504,660
12/31/1997	20,002,980	19,893,241	19,880,959	19,880,959	19,880,959
12/31/1998	20,233,453	20,182,756	20,201,585	20,205,960	
12/31/1999	19,088,596	19,126,293	19,136,635		
12/31/2000	20,540,583	20,432,598			
12/31/2001	18,343,486				

Ratios

Accident Year	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>	<u>123:111</u>
12/31/1995	1.005	0.998	0.991	1.000	0.998
12/31/1996	1.000	0.998	0.999	1.000	1.000
12/31/1997	1.003	0.995	0.999	1.000	1.000
12/31/1998	0.993	0.997	1.001	1.000	
12/31/1999	0.996	1.002	1.001		
12/31/2000	1.003	0.995			
12/31/2001	0.995				
Average Factor: (Best 3 of 5)	0.998	0.997	1.000	1.000	0.999

Summary of Factors

123 to Ult:	(1.000)	=	1.000
111 to Ult:	(123:111) (123:Ult)	=	0.999
99 to Ult:	(111:99) (123:111) (123:Ult)	=	0.999
87 to Ult:	(99:87) (111:99) (123:111) (123:Ult)	=	0.999
75 to Ult:	(87:75) (99:87) (111:99) (123:111) (123:Ult)	=	0.996

NORTH CAROLINA
ISO VOLUNTARY DATA

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

Property Damage

Accident Year Ending	\$25,000 Basic Limit				
	15 Months	27 Months	39 Months	51 Months	63 Months
12/31/1995	17,070,638	17,331,267	17,341,594	17,280,807	17,206,168
12/31/1996	18,800,478	19,070,571	19,187,427	19,132,844	19,145,498
12/31/1997	19,651,134	20,107,196	20,153,982	20,305,333	20,227,026
12/31/1998	20,146,091	20,191,187	20,379,609	20,426,245	20,463,812
12/31/1999	20,214,851	20,708,438	20,870,491	20,941,100	20,907,609
12/31/2000	20,875,758	21,332,255	21,359,698	21,344,704	21,321,806
12/31/2001	17,892,898	18,245,046	18,217,005	18,241,770	18,270,130
12/31/2002	17,245,189	17,614,889	17,580,889	17,639,701	17,657,956
12/31/2003	15,545,702	15,924,940	15,957,758	15,913,800	
12/31/2004	15,493,467	15,895,201	15,972,968		
12/31/2005	16,875,288	17,168,372			
12/31/2006	17,273,153				

Ratios

Accident Year Ending	27:15	39:27	51:39	63:51
12/31/1995	1.015	1.001	0.996	0.996
12/31/1996	1.014	1.006	0.997	1.001
12/31/1997	1.023	1.002	1.008	0.996
12/31/1998	1.002	1.009	1.002	1.002
12/31/1999	1.024	1.008	1.003	0.998
12/31/2000	1.022	1.001	0.999	0.999
12/31/2001	1.020	0.998	1.001	1.002
12/31/2002	1.021	0.998	1.003	1.001
12/31/2003	1.024	1.002	0.997	
12/31/2004	1.026	1.005		
12/31/2005	1.017			
Average Factor: (Best 3 of 5)	1.022	1.000	1.001	1.001

Summary of Factors

63 to Ult:	(75:63) (75:Ult) =	1.000
51 to Ult:	(63:51) (75:63) (75:Ult) =	1.001
39 to Ult:	(51:39) (63:51) (75:63) (75:Ult) =	1.002
27 to Ult:	(39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.002
15 to Ult:	(27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.024

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

Property Damage

Accident Year <u>Ending</u>	\$25,000 Basic Limit			
	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>
12/31/1995	17,210,866	17,190,703	17,190,703	17,190,703
12/31/1996	19,123,922	19,109,798	19,106,855	19,106,855
12/31/1997	20,205,082	20,213,515	20,242,983	20,240,839
12/31/1998	20,450,465	20,450,162	20,456,908	20,457,418
12/31/1999	20,906,467	20,919,943	20,921,730	
12/31/2000	21,331,504	21,367,437		
12/31/2001	18,301,146			

Ratios

Accident Year <u>Ending</u>	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>
12/31/1995	1.000	0.999	1.000	1.000
12/31/1996	0.999	0.999	1.000	1.000
12/31/1997	0.999	1.000	1.001	1.000
12/31/1998	0.999	1.000	1.000	1.000
12/31/1999	1.000	1.001	1.000	
12/31/2000	1.000	1.002		
12/31/2001	1.002			
Average Factor: (Best 3 of 5)	1.000	1.000	1.000	1.000

Summary of Factors

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

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

ACCIDENT YEAR ENDED	TOTAL LIMITS AMOUNTS AS OF:									
	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1995	4,940,574	6,098,875	6,534,731	6,522,512	6,524,828	6,499,645	6,507,732	6,511,134	6,514,407	6,515,548
12/31/1996	4,160,152	4,968,345	4,887,328	3,957,008	4,716,552	4,670,512	4,670,286	4,670,982	4,670,982	4,670,982
12/31/1997	3,450,427	3,708,767	4,404,825	4,548,878	4,567,768	4,599,800	4,659,490	5,068,258	5,068,408	5,068,408
12/31/1998	3,619,174	4,677,987	5,460,670	5,894,314	5,945,954	5,954,122	5,978,608	5,978,608	5,976,708	
12/31/1999	4,106,371	4,797,095	5,050,728	5,785,078	5,713,112	5,707,843	5,706,609	5,707,619		
12/31/2000	3,480,951	4,584,994	5,792,829	6,025,543	5,942,180	5,896,147	5,837,537			
12/31/2001	3,328,989	5,675,215	5,826,280	6,880,334	6,883,957	6,844,812				
12/31/2002	3,027,376	3,640,270	3,888,390	3,906,609	3,799,703					
12/31/2003	4,524,836	7,254,517	7,684,760	8,070,529						
12/31/2004	5,652,138	7,075,256	7,951,305							
12/31/2005	5,588,129	6,373,336								
12/31/2006	3,559,629									

ACCIDENT YEAR ENDED	RATIOS								
	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
12/31/1995	1.234	1.071	0.998	1.000	0.996	1.001	1.001	1.001	1.000
12/31/1996	1.194	0.984	0.810	1.192	0.990	1.000	1.000	1.000	1.000
12/31/1997	1.075	1.188	1.033	1.004	1.007	1.013	1.088	1.000	1.000
12/31/1998	1.293	1.167	1.079	1.009	1.001	1.004	1.000	1.000	
12/31/1999	1.168	1.053	1.145	0.988	0.999	1.000	1.000		
12/31/2000	1.317	1.263	1.040	0.986	0.992	0.990			
12/31/2001	1.705	1.027	1.181	1.001	0.994				
12/31/2002	1.202	1.068	1.005	0.973					
12/31/2003	1.603	1.059	1.050						
12/31/2004	1.252	1.124							
12/31/2005	1.141								
Best 3 of 5	1.352	1.084	1.078	0.992	0.998	1.001	1.000	1.000	1.000
All Years Average	1.289	1.100	1.038	1.019	0.997	1.001	1.018	1.000	1.000
Selected	1.250	1.080	1.078	0.990	0.998	1.001	1.000	1.000	1.000

SUMMARY OF FACTORS	
123 To Ultimate	(123:Ult.)= 1.000
111 To Ultimate	(123:111)(123:Ult.)= 1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)= 1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)= 1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.001
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 0.999
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 0.989
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.066
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.151
15 To Ultimate	(27:15)(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.439

NORTH CAROLINA
ISO FACILITY DATA

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

ACCIDENT YEAR ENDED	TOTAL LIMITS AMOUNTS AS OF:									
	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1995	3,360,744	3,335,558	3,355,262	3,342,081	3,321,429	3,321,429	3,322,453	3,322,453	3,322,453	3,322,453
12/31/1996	3,211,378	3,243,783	3,359,081	3,359,525	3,386,651	3,373,150	3,374,203	3,374,203	3,374,203	3,374,203
12/31/1997	3,050,572	3,155,934	3,148,140	3,142,346	3,142,496	3,142,496	3,142,496	3,142,496	3,142,496	3,142,496
12/31/1998	3,050,322	3,026,816	3,029,882	3,037,845	3,053,017	3,053,020	3,055,023	3,055,023	3,055,869	
12/31/1999	4,007,184	4,100,246	4,153,107	4,148,772	4,144,131	4,144,182	4,144,172	4,144,172		
12/31/2000	3,806,357	3,927,801	3,948,782	4,011,940	4,004,722	4,004,702	4,004,702			
12/31/2001	3,321,340	3,345,651	3,361,073	3,363,581	3,361,267	3,361,267				
12/31/2002	2,072,271	2,086,403	2,165,283	2,199,749	2,183,465					
12/31/2003	2,617,924	2,714,980	2,695,795	2,699,632						
12/31/2004	2,805,568	2,839,139	2,854,297							
12/31/2005	2,569,264	2,654,798								
12/31/2006	2,142,627									

ACCIDENT YEAR ENDED	RATIOS									
	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111	
12/31/1995	0.993	1.006	0.996	0.994	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1996	1.010	1.036	1.000	1.008	0.996	1.000	1.000	1.000	1.000	1.000
12/31/1997	1.035	0.998	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1998	0.992	1.001	1.003	1.005	1.000	1.001	1.000	1.000	1.000	
12/31/1999	1.023	1.013	0.999	0.999	1.000	1.000	1.000			
12/31/2000	1.032	1.005	1.016	0.998	1.000	1.000				
12/31/2001	1.007	1.005	1.001	0.999	1.000					
12/31/2002	1.007	1.038	1.016	0.993						
12/31/2003	1.037	0.993	1.001							
12/31/2004	1.012	1.005								
12/31/2005	1.033									
Best 3 of 5	1.017	1.005	1.006	0.999	1.000	1.000	1.000	1.000	1.000	1.000
All Years Average	1.016	1.010	1.003	1.000	0.999	1.000	1.000	1.000	1.000	1.000
Selected	1.017	1.005	1.006	0.999	1.000	1.000	1.000	1.000	1.000	1.000

SUMMARY OF FACTORS		
123 To Ultimate		(123:Ult.)= 1.000
111 To Ultimate		(123:111)(123:Ult.)= 1.000
99 To Ultimate		(111:99)(123:111)(123:Ult.)= 1.000
87 To Ultimate		(99:87)(111:99)(123:111)(123:Ult.)= 1.000
75 To Ultimate		(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.000
63 To Ultimate		(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.000
51 To Ultimate		(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 0.999
39 To Ultimate		(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.005
27 To Ultimate		(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.010
15 To Ultimate		(27:15)(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.027

NORTH CAROLINA
ISO FACILITY DATABASIC LIMITS LOSS DEVELOPMENT
PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES

Bodily Injury

Accident Year	\$30,000/60,000 Basic Limit			Loss Development Factor		
	15 Months	27 Months	39 Months	15 to 27 Months	27 to 39 Months	
	Ending					
12/31/1995	128,686	151,433	116,395	1.177	0.769	
12/31/1996	102,393	78,652	78,652	0.768	1.000	
12/31/1997	115,657	144,849	82,309	1.252	0.568	
12/31/1998	75,617	165,032	165,032	2.182	1.000	
12/31/1999	263,891	249,471	289,634	0.945	1.161	
12/31/2000	183,432	156,672	167,724	0.854	1.071	
12/31/2001	191,706	249,416	251,610	1.301	1.009	
12/31/2002	117,475	116,081	125,954	0.988	1.085	
12/31/2003	82,766	98,210	98,210	1.187	1.000	
12/31/2004	125,602	117,326	102,207	0.934	0.871	
12/31/2005	66,997	55,689		0.831		
12/31/2006	23,853					
(1) Average Factor (Best 3 of 5) :				(A) Facility	1.036	1.027
				(B) Voluntary	1.123	1.014
(2) Credibility					0.160	0.060
(3) Credibility Weighted Factors					1.109	1.015

Property Damage

Accident Year	\$25,000 Basic Limit			Loss Development Factor		
	15 Months	27 Months	39 Months	15 to 27 Months	27 to 39 Months	
	Ending					
12/31/1995	98,575	108,479	108,478	1.100	1.000	
12/31/1996	99,843	100,116	100,116	1.003	1.000	
12/31/1997	73,314	68,629	68,629	0.936	1.000	
12/31/1998	146,258	163,882	165,325	1.120	1.009	
12/31/1999	212,247	198,619	197,076	0.936	0.992	
12/31/2000	261,339	243,782	248,884	0.933	1.021	
12/31/2001	188,926	192,659	192,659	1.020	1.000	
12/31/2002	136,212	129,674	129,674	0.952	1.000	
12/31/2003	108,523	109,825	109,825	1.012	1.000	
12/31/2004	71,225	69,389	69,389	0.974	1.000	
12/31/2005	79,849	57,374		0.719		
12/31/2006	12,640					
(1) Average Factor (Best 3 of 5) :				(A) Facility	0.979	1.000
				(B) Voluntary	1.031	1.000
(2) Credibility					0.300	0.000
(3) Credibility Weighted Factors					1.015	1.000

Summary of Factors

	Bodily Injury	Property Damage
39 to Ultimate **	0.996	0.998
27 to Ultimate	1.011	0.998
15 to Ultimate	1.121	1.013

** NC voluntary factors

NORTH CAROLINA
ISO VOLUNTARY DATA

BASIC LIMITS LOSS DEVELOPMENT
PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES

Bodily Injury

Accident Year	\$30,000/60,000 Basic Limit				
<u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1995	3,465,901	3,667,575	3,829,944	3,991,359	3,983,258
12/31/1996	2,818,689	3,111,867	3,198,960	3,164,991	3,084,918
12/31/1997	2,562,384	2,826,677	2,808,138	3,035,925	3,042,092
12/31/1998	2,514,339	2,451,696	2,838,950	2,910,648	2,976,208
12/31/1999	2,558,988	2,707,957	2,833,883	2,827,032	2,483,839
12/31/2000	2,530,829	2,795,413	2,753,050	2,708,759	2,668,679
12/31/2001	1,989,651	2,167,996	2,285,844	2,421,161	2,635,217
12/31/2002	1,762,081	2,073,253	2,108,248	2,224,653	2,136,419
12/31/2003	1,770,863	1,959,681	2,035,248	2,026,421	
12/31/2004	1,858,505	2,180,529	2,083,890		
12/31/2005	2,026,227	2,167,718			
12/31/2006	2,000,811				

Ratios

Accident Year	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
12/31/1995	1.058	1.044	1.042	0.998
12/31/1996	1.104	1.028	0.989	0.975
12/31/1997	1.103	0.993	1.081	1.002
12/31/1998	0.975	1.158	1.025	1.023
12/31/1999	1.058	1.047	0.998	0.879
12/31/2000	1.105	0.985	0.984	0.985
12/31/2001	1.090	1.054	1.059	1.088
12/31/2002	1.177	1.017	1.055	0.960
12/31/2003	1.107	1.039	0.996	
12/31/2004	1.173	0.956		
12/31/2005	1.070			
Average Factor: (Best 3 of 5)	1.123	1.014	1.016	0.989

Summary of Factors

63 to Ult:	(75:63) (75:Ult) =	0.991
51 to Ult:	(63:51) (75:63) (75:Ult) =	0.980
39 to Ult:	(51:39) (63:51) (75:63) (75:Ult) =	0.996
27 to Ult:	(39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.010
15 to Ult:	(27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.134

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

Bodily Injury

Accident Year	\$30,000/60,000 Basic Limit				
Ending	75 Months	87 Months	99 Months	111 Months	123 Months
12/31/1995	3,985,799	3,985,465	3,985,465	3,984,902	3,984,902
12/31/1996	3,085,949	3,083,054	3,067,457	3,036,925	3,038,225
12/31/1997	3,050,701	2,923,709	2,907,565	2,907,565	2,907,565
12/31/1998	2,911,035	2,948,018	2,935,670	2,938,197	
12/31/1999	2,507,703	2,495,642	2,495,642		
12/31/2000	2,665,349	2,674,065			
12/31/2001	2,617,720				

Ratios

Accident Year	75:63	87:75	99:87	111:99	123:111
12/31/1995	1.001	1.000	1.000	1.000	1.000
12/31/1996	1.000	0.999	0.995	0.990	1.000
12/31/1997	1.003	0.958	0.994	1.000	1.000
12/31/1998	0.978	1.013	0.996	1.001	
12/31/1999	1.010	0.995	1.000		
12/31/2000	0.999	1.003			
12/31/2001	0.993				
Average Facto (Best 3 of 5)	0.998	0.999	0.997	0.997	1.000

Summary of Factors

123 to Ult:	(1.000)	=	1.000
111 to Ult:	(123:111) (123:Ult)	=	1.000
99 to Ult:	(111:99) (123:111) (123:Ult)	=	0.997
87 to Ult:	(99:87) (111:99) (123:111) (123:Ult)	=	0.994
75 to Ult:	(87:75) (99:87) (111:99) (123:111) (123:Ult)	=	0.993

NORTH CAROLINA
ISO VOLUNTARY DATA

BASIC LIMITS LOSS DEVELOPMENT
PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES

Property Damage

Accident Year Ending	\$25,000 Basic Limit				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1995	2,600,094	2,565,483	2,569,928	2,575,262	2,570,847
12/31/1996	2,719,863	2,718,279	2,742,240	2,712,032	2,700,960
12/31/1997	2,224,310	2,244,503	2,240,808	2,255,010	2,252,364
12/31/1998	2,540,539	2,545,871	2,538,742	2,572,304	2,577,578
12/31/1999	2,730,442	2,879,613	2,840,209	2,831,574	2,825,382
12/31/2000	2,475,344	2,487,162	2,478,599	2,485,073	2,473,779
12/31/2001	2,442,264	2,446,218	2,444,969	2,535,715	2,583,130
12/31/2002	2,043,473	2,095,524	2,099,790	2,123,904	2,108,784
12/31/2003	1,748,684	1,828,185	1,844,929	1,847,114	
12/31/2004	1,851,207	1,990,195	1,989,382		
12/31/2005	2,034,818	2,082,266			
12/31/2006	2,049,126				

Ratios

Accident Year Ending	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
12/31/1995	0.987	1.002	1.002	0.998
12/31/1996	0.999	1.009	0.989	0.996
12/31/1997	1.009	0.998	1.006	0.999
12/31/1998	1.002	0.997	1.013	1.002
12/31/1999	1.055	0.986	0.997	0.998
12/31/2000	1.005	0.997	1.003	0.995
12/31/2001	1.002	0.999	1.037	1.019
12/31/2002	1.025	1.002	1.011	0.993
12/31/2003	1.045	1.009	1.001	
12/31/2004	1.075	1.000		
12/31/2005	1.023			
Average Factor: (Best 3 of 5)	1.031	1.000	1.005	0.998

Summary of Factors

63 to Ult:	(75:63) (75:Ult) =	0.995
51 to Ult:	(63:51) (75:63) (75:Ult) =	0.993
39 to Ult:	(51:39) (63:51) (75:63) (75:Ult) =	0.998
27 to Ult:	(39:27) (51:39) (63:51) (75:63) (75:Ult) =	0.998
15 to Ult:	(27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.031

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

Property Damage

Accident Year	\$25,000 Basic Limit				
	<u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>
12/31/1995	2,576,149	2,551,924	2,551,924	2,555,972	2,555,972
12/31/1996	2,699,040	2,698,468	2,673,149	2,673,712	2,673,712
12/31/1997	2,252,364	2,164,515	2,164,515	2,164,515	2,164,515
12/31/1998	2,565,779	2,566,427	2,561,010	2,566,521	2,566,521
12/31/1999	2,823,512	2,798,512	2,800,292		
12/31/2000	2,478,889	2,487,466			
12/31/2001	2,562,272				

Ratios

Accident Year	Ratios				
	<u>Ending</u>	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>
12/31/1995	1.002	0.991	1.000	1.002	1.002
12/31/1996	0.999	1.000	0.991	1.000	1.000
12/31/1997	1.000	0.961	1.000	1.000	1.000
12/31/1998	0.995	1.000	0.998	1.002	1.002
12/31/1999	0.999	0.991	1.001		
12/31/2000	1.002	1.003			
12/31/2001	0.992				
Average Facto (Best 3 of 5)	0.998	0.997	0.999	1.001	

Summary of Factors

111 to Ult:	(1.000)	=	1.000
99 to Ult:	(111:99) (111:Ult)	=	1.001
87 to Ult:	(99:87) (111:99) (111:Ult)	=	1.000
75 to Ult:	(87:75) (99:87) (111:99) (111:Ult)	=	0.997

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

ACCIDENT YEAR ENDED	TOTAL LIMITS AMOUNTS AS OF:									
	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1995	128,686	186,433	116,395	110,261	116,162	115,213	115,213	115,213	115,213	115,213
12/31/1996	102,393	78,652	78,652	78,652	78,652	78,652	78,652	78,652	78,652	78,652
12/31/1997	115,657	175,339	82,309	88,015	82,492	82,992	82,492	82,492	82,492	82,492
12/31/1998	75,617	165,032	165,032	294,299	297,522	297,522	297,522	297,522	297,522	297,522
12/31/1999	492,083	477,663	667,826	667,826	667,826	667,826	667,826	667,826	667,826	667,826
12/31/2000	183,432	156,672	342,724	188,914	188,914	188,914	188,914	188,914	188,914	188,914
12/31/2001	881,706	931,766	933,960	926,027	927,622	927,622	927,622	927,622	927,622	927,622
12/31/2002	117,475	116,081	155,954	150,954	150,954	150,954	150,954	150,954	150,954	150,954
12/31/2003	82,766	116,210	116,210	116,210	116,210	116,210	116,210	116,210	116,210	116,210
12/31/2004	130,602	117,326	102,207							
12/31/2005	66,997	55,689								
12/31/2006	23,853									

ACCIDENT YEAR ENDED	RATIOS									
	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111	
12/31/1995	1.449	0.624	0.947	1.054	0.992	1.000	1.000	1.000	1.000	1.000
12/31/1996	0.768	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1997	1.516	0.469	1.069	0.937	1.006	0.994	1.000	1.000	1.000	1.000
12/31/1998	2.182	1.000	1.783	1.011	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1999	0.971	1.398	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2000	0.854	2.188	0.551	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2001	1.057	1.002	0.992	1.002	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2002	0.988	1.343	0.968	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2003	1.404	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2004	0.898	0.871	0.871	0.871	0.871	0.871	0.871	0.871	0.871	0.871
12/31/2005	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831	0.831
Best 3 of 5	0.981	1.115	0.987	1.001	1.000	1.000	1.000	1.000	1.000	1.000
All Years Average	1.174	1.090	1.034	1.001	1.000	0.999	1.000	1.000	1.000	1.000
Selected	1.150	1.110	0.990	1.001	1.000	1.000	1.000	1.000	1.000	1.000

SUMMARY OF FACTORS	
123 To Ultimate	(123:Ult.)= 1.000
111 To Ultimate	(123:111)(123:Ult.)= 1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)= 1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)= 1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.000
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.000
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.001
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 0.991
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.100
15 To Ultimate	(27:15)(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.265

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

ACCIDENT YEAR ENDED	TOTAL LIMITS AMOUNTS AS OF:									
	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1995	98,575	108,479	108,478	107,945	107,945	108,478	108,478	108,478	108,478	108,478
12/31/1996	99,843	100,116	100,116	100,116	100,116	100,116	100,116	100,116	100,116	100,116
12/31/1997	73,314	68,629	68,629	68,629	68,629	68,629	68,629	68,629	68,629	68,629
12/31/1998	146,258	163,882	165,325	165,306	168,023	168,023	168,023	168,023	168,023	168,023
12/31/1999	212,247	198,619	197,076	197,076	197,076	197,076	197,076	197,076	197,076	
12/31/2000	261,339	243,782	248,884	239,388	243,999	243,999	243,999			
12/31/2001	188,926	192,659	192,659	192,659	192,659	192,659				
12/31/2002	136,212	129,674	129,674	129,674	129,674					
12/31/2003	108,523	109,825	109,825	109,825						
12/31/2004	71,225	69,389	69,389							
12/31/2005	91,470	57,374								
12/31/2006	12,640									

ACCIDENT YEAR ENDED	RATIOS									
	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111	
12/31/1995	1.100	1.000	0.995	1.000	1.005	1.000	1.000	1.000	1.000	1.000
12/31/1996	1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1997	0.936	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1998	1.120	1.009	1.000	1.016	1.000	1.000	1.000	1.000	1.000	
12/31/1999	0.936	0.992	1.000	1.000	1.000	1.000	1.000	1.000		
12/31/2000	0.933	1.021	0.962	1.019	1.000	1.000				
12/31/2001	1.020	1.000	1.000	1.000	1.000					
12/31/2002	0.952	1.000	1.000	1.000						
12/31/2003	1.012	1.000	1.000							
12/31/2004	0.974	1.000								
12/31/2005	0.627									
Best 3 of 5	0.979	1.000	1.000	1.005	1.000	1.000	1.000	1.000	1.000	1.000
All Years Average	0.965	1.002	0.995	1.004	1.001	1.000	1.000	1.000	1.000	1.000
Selected	0.980	1.000	1.000	1.005	1.000	1.000	1.000	1.000	1.000	1.000

SUMMARY OF FACTORS	
123 To Ultimate	(123:Ult.)= 1.000
111 To Ultimate	(123:111)(123:Ult.)= 1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)= 1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)= 1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.000
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.000
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.005
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.005
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.005
15 To Ultimate	(27:15)(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 0.985

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

POLICY YEAR ENDED	BASIC LIMITS (\$30,000/60,000) AMOUNTS AS OF:									
	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS	
12/31/1996	1,089,167	1,217,466	1,206,093	1,211,055	1,191,465	1,191,641	1,196,111	1,202,351	1,202,351	
12/31/1997	1,038,857	1,079,834	1,105,610	1,157,515	1,145,763	1,145,763	1,145,763	1,145,763	1,145,763	
12/31/1998	682,907	692,270	698,437	699,467	699,467	699,467	699,467	699,467	699,467	699,467
12/31/1999	380,811	422,082	484,362	552,418	542,845	544,792	546,743	546,855		
12/31/2000	352,795	354,708	372,144	368,086	368,086	368,086	368,086			
12/31/2001	278,437	287,237	304,669	304,669	304,669	304,669				
12/31/2002	358,681	378,725	424,643	444,026	416,901					
12/31/2003	315,011	327,328	324,409	332,151						
12/31/2004	325,791	419,978	393,504							
12/31/2005	268,775	286,914								
12/31/2006	409,933									

POLICY YEAR ENDED	RATIOS								
	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111	
12/31/1996	1.118	0.991	1.004	0.984	1.000	1.004	1.005	1.000	
12/31/1997	1.039	1.024	1.047	0.990	1.000	1.000	1.000	1.000	
12/31/1998	1.014	1.009	1.001	1.000	1.000	1.000	1.000	1.000	
12/31/1999	1.108	1.148	1.141	0.983	1.004	1.004	1.000		
12/31/2000	1.005	1.049	0.989	1.000	1.000	1.000			
12/31/2001	1.032	1.061	1.000	1.000	1.000				
12/31/2002	1.056	1.121	1.046	0.939					
12/31/2003	1.039	0.991	1.024						
12/31/2004	1.289	0.937							
12/31/2005	1.067								
Best 3 of 5	1.054	1.034	1.023	0.994	1.000	1.001	1.000	1.000	
All Years Average	1.077	1.037	1.032	0.985	1.001	1.002	1.001	1.000	
Selected	1.065	1.034	1.023	0.990	1.000	1.001	1.000	1.000	

SUMMARY OF FACTORS

123 To Ultimate	(123:Ult.)=	1.000
111 To Ultimate	(123:111)(123:Ult.)=	1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)=	1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)=	1.001
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.001
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.991
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.014
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.048
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.116

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

POLICY YEAR ENDED	TOTAL LIMITS AMOUNTS AS OF:								
	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1996	1,547,867	1,860,524	1,738,651	1,743,613	1,724,023	1,724,199	1,728,669	1,734,909	1,734,909
12/31/1997	1,262,557	1,382,658	1,379,310	1,507,640	1,488,388	1,488,388	1,488,388	1,488,388	1,488,388
12/31/1998	897,426	923,288	913,455	923,486	923,486	923,486	923,486	923,486	923,486
12/31/1999	400,811	442,082	579,362	647,418	774,674	790,771	792,722	792,834	
12/31/2000	515,795	497,708	515,144	511,086	511,086	511,086	511,086		
12/31/2001	278,437	290,237	309,669	309,669	309,669	309,669			
12/31/2002	368,681	383,725	429,667	469,197	488,072				
12/31/2003	498,421	499,888	496,969	504,711					
12/31/2004	337,791	433,697	407,223						
12/31/2005	348,775	306,914							
12/31/2006	568,668								

POLICY YEAR ENDED	RATIOS							
	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
12/31/1996	1.202	0.934	1.003	0.989	1.000	1.003	1.004	1.000
12/31/1997	1.095	0.998	1.093	0.987	1.000	1.000	1.000	1.000
12/31/1998	1.029	0.989	1.011	1.000	1.000	1.000	1.000	1.000
12/31/1999	1.103	1.311	1.117	1.197	1.021	1.002	1.000	
12/31/2000	0.965	1.035	0.992	1.000	1.000	1.000		
12/31/2001	1.042	1.067	1.000	1.000	1.000			
12/31/2002	1.041	1.120	1.092	1.040				
12/31/2003	1.003	0.994	1.016					
12/31/2004	1.284	0.939						
12/31/2005	0.880							
Best 3 of 5	1.029	1.032	1.036	1.013	1.000	1.001	1.000	1.000
All Years Average	1.064	1.043	1.041	1.030	1.004	1.001	1.001	1.000
Selected	1.029	1.032	1.036	1.013	1.000	1.001	1.000	1.000

SUMMARY OF FACTORS

123 To Ultimate	(123:Ult.)=	1.000
111 To Ultimate	(123:111)(123:Ult.)=	1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)=	1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)=	1.001
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.001
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.014
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.051
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.084
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.116

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

POLICY YEAR ENDED	BASIC LIMITS (\$25,000) AMOUNTS AS OF:									
	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS	
12/31/1996	881,376	873,145	889,175	895,160	889,874	895,672	896,742	896,742	895,421	
12/31/1997	788,092	773,822	782,600	756,507	779,427	781,600	781,600	781,600	781,600	
12/31/1998	661,800	698,404	727,377	740,332	740,332	740,332	740,332	740,332	740,332	
12/31/1999	401,497	429,562	428,154	424,806	424,806	424,806	424,806	424,806		
12/31/2000	545,622	561,711	562,897	553,828	553,816	553,816	553,816			
12/31/2001	383,493	367,688	359,640	359,640	359,620	359,620				
12/31/2002	342,318	354,724	354,724	354,724	354,724					
12/31/2003	434,161	410,230	373,435	373,435						
12/31/2004	353,734	327,725	332,425							
12/31/2005	267,325	267,487								
12/31/2006	269,191									

POLICY YEAR ENDED	RATIOS								
	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111	
12/31/1996	0.991	1.018	1.007	0.994	1.007	1.001	1.000	0.999	
12/31/1997	0.982	1.011	0.967	1.030	1.003	1.000	1.000	1.000	
12/31/1998	1.055	1.041	1.018	1.000	1.000	1.000	1.000	1.000	
12/31/1999	1.070	0.997	0.992	1.000	1.000	1.000	1.000		
12/31/2000	1.029	1.002	0.984	1.000	1.000	1.000			
12/31/2001	0.959	0.978	1.000	1.000	1.000				
12/31/2002	1.036	1.000	1.000	1.000					
12/31/2003	0.945	0.910	1.000						
12/31/2004	0.926	1.014							
12/31/2005	1.001								
Best 3 of 5	0.968	0.993	0.997	1.000	1.000	1.000	1.000	1.000	
All Years Average	0.999	0.997	0.996	1.003	1.002	1.000	1.000	1.000	
Selected	0.970	0.993	0.997	1.000	1.000	1.000	1.000	1.000	

SUMMARY OF FACTORS

123 To Ultimate	(123:Ult.)=	1.000
111 To Ultimate	(123:111)(123:Ult.)=	1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)=	1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)=	1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.997
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.990
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.960

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

POLICY YEAR ENDED	TOTAL LIMITS AMOUNTS AS OF:								
	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1996	901,541	898,145	982,175	995,160	989,874	995,672	996,742	996,742	995,421
12/31/1997	1,066,643	1,058,373	1,067,151	1,041,058	1,063,978	1,066,151	1,066,151	1,066,151	1,066,151
12/31/1998	664,855	701,459	732,432	745,387	745,387	745,387	745,387	745,387	745,387
12/31/1999	406,261	477,326	475,918	472,570	472,570	472,570	472,570	472,570	
12/31/2000	570,622	586,711	587,897	578,828	578,816	578,816	578,816		
12/31/2001	383,493	367,688	359,640	359,640	359,620	359,620			
12/31/2002	342,318	357,594	357,594	357,594	357,594				
12/31/2003	440,992	417,061	375,266	375,266					
12/31/2004	357,519	327,725	332,425						
12/31/2005	267,325	267,487							
12/31/2006	269,191								

POLICY YEAR ENDED	RATIOS								
	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111	
12/31/1996	0.996	1.094	1.013	0.995	1.006	1.001	1.000	0.999	
12/31/1997	0.992	1.008	0.976	1.022	1.002	1.000	1.000	1.000	
12/31/1998	1.055	1.044	1.018	1.000	1.000	1.000	1.000	1.000	
12/31/1999	1.175	0.997	0.993	1.000	1.000	1.000	1.000		
12/31/2000	1.028	1.002	0.985	1.000	1.000	1.000			
12/31/2001	0.959	0.978	1.000	1.000	1.000				
12/31/2002	1.045	1.000	1.000	1.000					
12/31/2003	0.946	0.900	1.000						
12/31/2004	0.917	1.014							
12/31/2005	1.001								
Best 3 of 5	0.969	0.993	0.998	1.000	1.000	1.000	1.000	1.000	
All Years Average	1.011	1.004	0.998	1.002	1.001	1.000	1.000	1.000	
Selected	0.970	0.993	0.998	1.000	1.000	1.000	1.000	1.000	

SUMMARY OF FACTORS

123 To Ultimate	(123:Ult.)=	1.000
111 To Ultimate	(123:111)(123:Ult.)=	1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)=	1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)=	1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.998
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.991
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.961

Commercial Auto Liability
NORTH CAROLINA

BODILY INJURY TREND FACTORS

PAID DATA THROUGH 03/31/2008

\$30,000

12 Point - Paid Weighted Severity	+1.9%
24 Point - Paid Weighted Severity	+2.6%
12 Point - Paid NC only Severity	+1.2%
24 Point - Paid NC only Severity	+2.6%
Selected Severity Trend Factor	+2.0%

INCURRED DATA THROUGH 12/31/2007

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

PAID DATA THROUGH 03/31/2008

Total Limits

12 Point - Paid Weighted Severity	+4.7%
24 Point - Paid Weighted Severity	+6.1%
12 Point - Paid NC only Severity	+3.5%
24 Point - Paid NC only Severity	+4.5%
Selected Severity Trend Factor	+4.5%

INCURRED DATA THROUGH 12/31/2007

Selected Frequency Trend Factor	- 4.0%
Selected Combined Trend Factor	+ 0.3%

Commercial Auto Liability
NORTH CAROLINA

PROPERTY DAMAGE TREND FACTORS

PAID DATA THROUGH 03/31/2008

\$25,000

12 Point - Paid Weighted Severity	+2.9%
24 Point - Paid Weighted Severity	+3.6%
12 Point - Paid NC only Severity	+1.9%
24 Point - Paid NC only Severity	+3.1%
Selected Severity Trend Factor	+3.0%

INCURRED DATA THROUGH 12/31/2007

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

PAID DATA THROUGH 03/31/2008

Total Limits

12 Point - Paid Weighted Severity	+4.1%
24 Point - Paid Weighted Severity	+4.0%
12 Point - Paid NC only Severity	+3.2%
24 Point - Paid NC only Severity	+3.6%
Selected Severity Trend Factor	+3.5%

INCURRED DATA THROUGH 12/31/2007

Selected Frequency Trend Factor	-1.5%
Selected Combined Trend Factor	+ 1.9%

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

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	NORTH CAROLINA				MULTISTATE*			
	BODILY INJURY (\$30000 LIMITS)		PROPERTY DAMAGE (\$25000 LIMITS)		BODILY INJURY (\$30000 LIMITS)		PROPERTY DAMAGE (\$25000 LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT
6/30/2005	8045.45	8058.53	2875.78	2933.13	10362.89	10281.99	2892.04	2904.19
9/30/2005	8133.50	8081.84	2933.59	2946.73	10396.55	10332.74	2912.02	2932.27
12/31/2005	8021.28	8105.22	2962.24	2960.38	10415.00	10383.74	2943.02	2960.62
3/31/2006	8027.07	8128.67	3009.28	2974.11	10396.83	10435.00	2996.77	2989.24
6/30/2006	8192.37	8152.18	3015.12	2987.89	10425.35	10486.50	3034.90	3018.14
9/30/2006	8243.89	8175.76	3043.14	3001.74	10471.59	10538.26	3082.34	3047.32
12/31/2006	8283.99	8199.41	3020.09	3015.65	10482.31	10590.28	3106.69	3076.78
3/31/2007	8298.59	8223.13	3036.21	3029.63	10588.20	10642.55	3115.87	3106.53
6/30/2007	8240.44	8246.92	3060.12	3043.67	10667.58	10695.08	3126.75	3136.56
9/30/2007	8197.20	8270.78	3039.39	3057.78	10769.17	10747.87	3155.80	3166.89
12/31/2007	8266.93	8294.70	3060.88	3071.95	10898.43	10800.92	3189.89	3197.50
3/31/2008	8307.95	8318.70	3054.50	3086.19	10917.73	10854.23	3208.93	3228.42

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	1.2%	1.9%
(B) MULTISTATE	2.0%	3.9%
(10) CREDIBILITY	0.10	0.50
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	1.9%	2.9%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	1.9%	2.9%

* EXCLUDES MASSACHUSETTS AND PUERTO RICO

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

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	NORTH CAROLINA				MULTISTATE*			
	BODILY INJURY (\$30000 LIMITS)		PROPERTY DAMAGE (\$25000 LIMITS)		BODILY INJURY (\$30000 LIMITS)		PROPERTY DAMAGE (\$25000 LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT
6/30/2002	6958.72	7319.01	2529.83	2619.66	8946.59	9472.96	2502.50	2576.40
9/30/2002	7154.58	7366.98	2606.20	2640.01	9282.07	9533.90	2604.54	2601.99
12/31/2002	7285.50	7415.26	2645.56	2660.52	9539.66	9595.24	2644.73	2627.84
3/31/2003	7540.05	7463.85	2695.69	2681.20	9731.00	9656.97	2668.16	2653.95
6/30/2003	7573.89	7512.77	2743.14	2702.03	9819.73	9719.10	2695.18	2680.31
9/30/2003	7624.96	7562.00	2802.42	2723.03	9948.75	9781.62	2727.09	2706.94
12/31/2003	7624.04	7611.56	2786.73	2744.18	10016.23	9844.55	2757.78	2733.83
3/31/2004	7682.17	7661.44	2783.16	2765.51	10078.76	9907.89	2772.81	2760.99
6/30/2004	7854.48	7711.65	2766.07	2787.00	10161.48	9971.63	2797.10	2788.42
9/30/2004	7831.16	7762.18	2761.76	2808.65	10177.17	10035.78	2815.14	2816.12
12/31/2004	8108.87	7813.05	2788.93	2830.47	10229.96	10100.34	2830.14	2844.10
3/31/2005	8088.74	7864.26	2811.39	2852.47	10300.05	10165.32	2861.95	2872.35
6/30/2005	8045.45	7915.79	2875.78	2874.63	10362.89	10230.72	2892.04	2900.89
9/30/2005	8133.50	7967.67	2933.59	2896.97	10396.55	10296.54	2912.02	2929.71
12/31/2005	8021.28	8019.88	2962.24	2919.48	10415.00	10362.78	2943.02	2958.81
3/31/2006	8027.07	8072.44	3009.28	2942.16	10396.83	10429.45	2996.77	2988.21
6/30/2006	8192.37	8125.34	3015.12	2965.02	10425.35	10496.54	3034.90	3017.90
9/30/2006	8243.89	8178.59	3043.14	2988.06	10471.59	10564.07	3082.34	3047.88
12/31/2006	8283.99	8232.19	3020.09	3011.28	10482.31	10632.03	3106.69	3078.16
3/31/2007	8298.59	8286.14	3036.21	3034.68	10588.20	10700.43	3115.87	3108.74
6/30/2007	8240.44	8340.44	3060.12	3058.26	10667.58	10769.27	3126.75	3139.62
9/30/2007	8197.20	8395.10	3039.39	3082.02	10769.17	10838.56	3155.80	3170.81
12/31/2007	8266.93	8450.12	3060.88	3105.97	10898.43	10908.29	3189.89	3202.31
3/31/2008	8307.95	8505.49	3054.50	3130.10	10917.73	10978.46	3208.93	3234.12

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	2.6%	3.1%
(B) MULTISTATE	2.6%	4.0%
(10) CREDIBILITY	0.10	0.50
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	2.6%	3.6%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	2.6%	3.6%

* EXCLUDES MASSACHUSETTS AND PUERTO RICO

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

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	NORTH CAROLINA				MULTISTATE*			
	BODILY INJURY (TOTAL LIMITS)		PROPERTY DAMAGE (TOTAL LIMITS)		BODILY INJURY (TOTAL LIMITS)		PROPERTY DAMAGE (TOTAL LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	EXPONEN-		EXPONEN-		EXPONEN-		EXPONEN-	
	ACTUAL	TIAL FIT	ACTUAL	TIAL FIT	ACTUAL	TIAL FIT	ACTUAL	TIAL FIT
6/30/2005	22836.63	22357.24	3038.37	3081.43	32833.99	32190.08	3111.04	3096.79
9/30/2005	23941.84	22551.08	3064.70	3106.00	32887.91	32570.23	3126.28	3134.60
12/31/2005	24098.79	22746.60	3138.63	3130.76	33243.38	32954.86	3155.92	3172.88
3/31/2006	23518.45	22943.81	3176.78	3155.72	33024.78	33344.04	3217.23	3211.62
6/30/2006	23383.87	23142.74	3198.46	3180.88	33303.08	33737.81	3249.75	3250.84
9/30/2006	22136.31	23343.39	3271.25	3206.24	33813.99	34136.24	3301.74	3290.54
12/31/2006	19907.73	23545.77	3227.53	3231.81	33638.70	34539.37	3330.49	3330.72
3/31/2007	21093.06	23749.92	3282.47	3257.57	34452.72	34947.26	3359.34	3371.39
6/30/2007	22752.89	23955.83	3320.07	3283.55	35166.42	35359.97	3405.76	3412.55
9/30/2007	24620.09	24163.53	3296.26	3309.73	36018.95	35777.55	3465.75	3454.22
12/31/2007	27685.69	24373.03	3352.75	3336.11	37057.81	36200.06	3518.48	3496.40
3/31/2008	26393.87	24584.34	3277.93	3362.71	36990.72	36627.56	3520.16	3539.10

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	3.5%	3.2%
(B) MULTISTATE	4.8%	5.0%
(10) CREDIBILITY	0.10	0.50
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	4.7%	4.1%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	4.7%	4.1%

* 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
6/30/2002	17717.85	19543.22	2546.76	2762.04	24665.51	26470.85	2661.80	2744.97
9/30/2002	18734.48	19758.11	2712.61	2786.63	25726.99	26877.31	2782.87	2774.74
12/31/2002	20400.92	19975.37	2768.88	2811.45	26542.41	27290.00	2840.73	2804.83
3/31/2003	20993.80	20195.01	2845.12	2836.48	27517.53	27709.04	2876.99	2835.24
6/30/2003	20110.61	20417.07	2910.14	2861.74	28013.39	28134.51	2894.81	2865.98
9/30/2003	19855.70	20641.57	3063.69	2887.23	28821.55	28566.51	2914.55	2897.06
12/31/2003	20192.94	20868.54	3043.79	2912.94	29626.69	29005.15	2950.34	2928.47
3/31/2004	22101.71	21098.01	3117.65	2938.88	30417.82	29450.52	2974.94	2960.22
6/30/2004	23093.48	21330.00	3062.89	2965.05	31197.78	29902.73	2995.74	2992.32
9/30/2004	21895.45	21564.54	2953.09	2991.45	31660.75	30361.88	3027.29	3024.77
12/31/2004	24062.30	21801.66	2964.61	3018.09	32235.79	30828.08	3041.33	3057.57
3/31/2005	23192.82	22041.38	2937.58	3044.97	32574.15	31301.45	3066.30	3090.72
6/30/2005	22836.63	22283.75	3038.37	3072.09	32833.99	31782.08	3111.04	3124.23
9/30/2005	23941.84	22528.77	3064.70	3099.44	32887.91	32270.09	3126.28	3158.11
12/31/2005	24098.79	22776.49	3138.63	3127.04	33243.38	32765.59	3155.92	3192.35
3/31/2006	23518.45	23026.94	3176.78	3154.89	33024.78	33268.70	3217.23	3226.97
6/30/2006	23383.87	23280.14	3198.46	3182.99	33303.08	33779.54	3249.75	3261.96
9/30/2006	22136.31	23536.12	3271.25	3211.33	33813.99	34298.22	3301.74	3297.33
12/31/2006	19907.73	23794.92	3227.53	3239.93	33638.70	34824.87	3330.49	3333.08
3/31/2007	21093.06	24056.56	3282.47	3268.78	34452.72	35359.60	3359.34	3369.22
6/30/2007	22752.89	24321.08	3320.07	3297.89	35166.42	35902.54	3405.76	3405.76
9/30/2007	24620.09	24588.51	3296.26	3327.26	36018.95	36453.82	3465.75	3442.69
12/31/2007	27685.69	24858.88	3352.75	3356.89	37057.81	37013.57	3518.48	3480.02
3/31/2008	26393.87	25132.23	3277.93	3386.78	36990.72	37581.90	3520.16	3517.75

	<u>BODILY INJURY</u>	<u>PROPERTY DAMAGE</u>
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	4.5%	3.6%
(B) MULTISTATE	6.3%	4.4%
(10) CREDIBILITY	0.10	0.50
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	6.1%	4.0%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	6.1%	4.0%

* EXCLUDES MASSACHUSETTS AND PUERTO RICO

LIABILITY
FREQUENCY TREND

The data underlying the claim frequency trend selections is shown on the following exhibits. The exhibits include quarterly points for Multistate, North Carolina Voluntary, and NCRF incurred frequency trends, as well as, annual changes in incurred frequency trend, for the combined experience of all commercial automobile classes that employ a common exposure base (car-years). As can be seen from the exhibits, frequency for both bodily injury and property damage has changed from year to year in an unpredictable manner. Historically, frequency trend for commercial auto liability has been quite variable, often cyclical in nature. As a result, an exponential curve of the form $Y=A(B^X)$ does not fit the data well over the long term. Frequency trend is being selected to be -4.0% for bodily injury and -1.5% for property damage.

COMMERCIAL AUTO LIABILITY
INCURRED CLAIM FREQUENCY

MULTISTATE*

ALL COMMERCIAL AUTOMOBILE CLASSES COMBINED#

<u>YEAR ENDING</u>	<u>BODILY INJURY ACTUAL</u>	<u>BODILY INJURY ACTUAL CHANGE@</u>	<u>PROPERTY DAMAGE ACTUAL</u>	<u>PROPERTY DAMAGE ACTUAL CHANGE@</u>
3/31/2002	1.1999		4.3070	
6/30/2002	1.1656		4.2088	
9/30/2002	1.1544		4.1268	
12/31/2002	1.1255		4.0542	
3/31/2003	1.1107	-7.4%&	4.0631	-5.7%&
6/30/2003	1.1033		3.9798	
9/30/2003	1.0903		3.9489	
12/31/2003	1.0924	-2.9%	3.9334	-3.0%
3/31/2004	1.0859		3.8919	
6/30/2004	1.0824		3.8816	
9/30/2004	1.0755		3.8363	
12/31/2004	1.0687	-2.2%	3.8149	-3.0%
3/31/2005	1.0582		3.8041	
6/30/2005	1.0468		3.8101	
9/30/2005	1.0353		3.7847	
12/31/2005	1.0198	-4.6%	3.7493	-1.7%
3/31/2006	1.0154		3.6607	
6/30/2006	1.0001		3.5982	
9/30/2006	0.9882		3.5557	
12/31/2006	0.9704	-4.8%	3.4807	-7.2%
3/31/2007	0.9578		3.5167	
6/30/2007	0.9435		3.4634	
9/30/2007	0.9240		3.4247	
12/31/2007	0.9119	-6.0%	3.4388	-1.2%

* EXCLUDES MASSACHUSETTS AND PUERTO RICO

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

@ CHANGE BASED ON YEARS ENDING 12/31/XXXX

& CHANGE BASED ON YEAR ENDING 3/31/2003 DIVIDED BY 3/31/2002

COMMERCIAL AUTO LIABILITY
INCURRED CLAIM FREQUENCY

NORTH CAROLINA*

ALL COMMERCIAL AUTOMOBILE CLASSES COMBINED#

<u>YEAR ENDING</u>	<u>BODILY INJURY ACTUAL</u>	<u>BODILY INJURY ACTUAL CHANGE@</u>	<u>PROPERTY DAMAGE ACTUAL</u>	<u>PROPERTY DAMAGE ACTUAL CHANGE@</u>
3/31/2002	1.1606		3.7894	
6/30/2002	1.1657		3.8163	
9/30/2002	1.1368		3.7232	
12/31/2002	1.1421		3.7393	
3/31/2003	1.1688	+0.7%&	3.7015	-2.3%&
6/30/2003	1.1694		3.5837	
9/30/2003	1.2428		3.6600	
12/31/2003	1.2130	+6.2%	3.5655	-4.6%
3/31/2004	1.2050		3.6087	
6/30/2004	1.1664		3.6072	
9/30/2004	1.1152		3.4910	
12/31/2004	1.1601	-4.4%	3.5499	-0.4%
3/31/2005	1.1613		3.5239	
6/30/2005	1.1832		3.5897	
9/30/2005	1.1798		3.5685	
12/31/2005	1.1560	-0.4%	3.5381	-0.3%
3/31/2006	1.1542		3.4917	
6/30/2006	1.1505		3.3714	
9/30/2006	1.1451		3.3302	
12/31/2006	1.1632	+0.6%	3.3097	-6.5%
3/31/2007	1.1230		3.3053	
6/30/2007	1.0783		3.2606	
9/30/2007	1.0032		3.2077	
12/31/2007	0.9651	-17.0%	3.2196	-2.7%

* EXCLUDE NORTH CAROLINA REINSURANCE FACILITY DATA

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

@ CHANGE BASED ON YEARS ENDING 12/31/XXXX

& CHANGE BASED ON YEAR ENDING 3/31/2003 DIVIDED BY 3/31/2002

COMMERCIAL AUTO LIABILITY
INCURRED CLAIM FREQUENCY

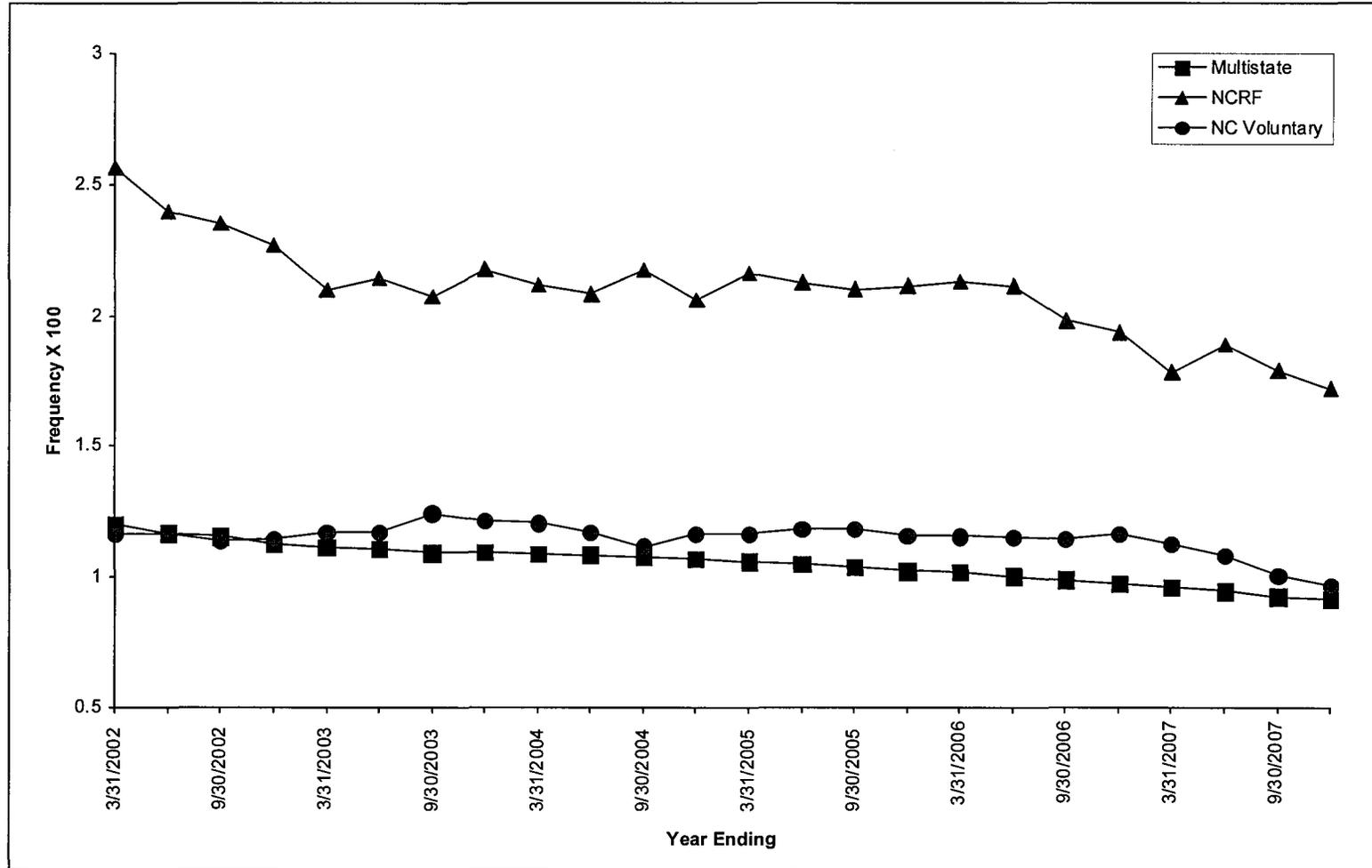
NORTH CAROLINA REINSURANCE FACILITY

ALL COMMERCIAL AUTOMOBILE CLASSES COMBINED#

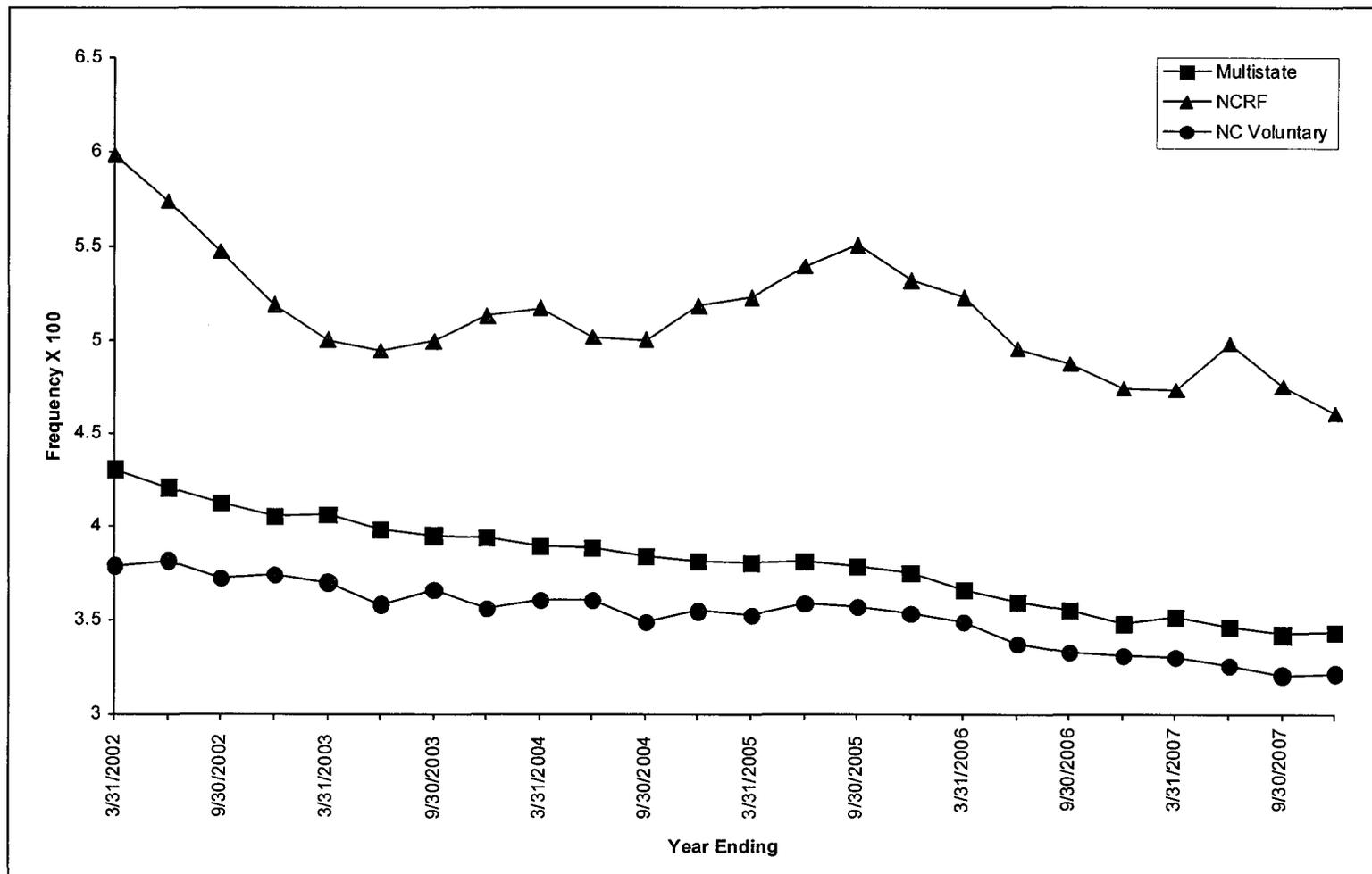
<u>YEAR ENDING</u>	<u>BODILY INJURY ACTUAL</u>	<u>BODILY INJURY ACTUAL CHANGE@</u>	<u>PROPERTY DAMAGE ACTUAL</u>	<u>PROPERTY DAMAGE ACTUAL CHANGE@</u>
3/31/2002	2.5652		5.9787	
6/30/2002	2.3987		5.7398	
9/30/2002	2.3560		5.4712	
12/31/2002	2.2729		5.1883	
3/31/2003	2.1017	-18.1%&	5.0030	-16.3%&
6/30/2003	2.1445		4.9472	
9/30/2003	2.0756		4.9956	
12/31/2003	2.1777	-4.2%	5.1303	-1.1%
3/31/2004	2.1182		5.1710	
6/30/2004	2.0842		5.0147	
9/30/2004	2.1747		5.0037	
12/31/2004	2.0625	-5.3%	5.1833	+1.0%
3/31/2005	2.1613		5.2265	
6/30/2005	2.1285		5.3934	
9/30/2005	2.1022		5.5044	
12/31/2005	2.1144	+2.5%	5.3153	+2.5%
3/31/2006	2.1322		5.2263	
6/30/2006	2.1146		4.9557	
9/30/2006	1.9824		4.8720	
12/31/2006	1.9372	-8.4%	4.7422	-10.8%
3/31/2007	1.7824		4.7289	
6/30/2007	1.8909		4.9814	
9/30/2007	1.7890		4.7476	
12/31/2007	1.7188	-11.3%	4.6054	-2.9%

CONSISTS OF THE FOLLOWING CLASSES WHICH ARE RATED ON A PER CAR BASIS:
TRUCKS, TRACTORS, AND TRAILERS, PRIVATE PASSENGER TYPES, BUSES AND PUBLICS
@ CHANGE BASED ON YEARS ENDING 12/31/XXXX
& CHANGE BASED ON YEAR ENDING 3/31/2003 DIVIDED BY 3/31/2002

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



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



NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
DETERMINATION OF TREND FOR EXPENSES

Section D
Exhibit 3
Sheet 1

	<u>ALL ITEMS CPI INDEX</u>	<u>COMPENSATION COST INDEX</u>
Oct-04	190.9	
Nov-04	191.0	183.6
Dec-04	190.3	
Jan-05	190.7	
Feb-05	191.8	186.3
Mar-05	193.3	
Apr-05	194.6	
May-05	194.4	188.8
Jun-05	194.5	
Jul-05	195.4	
Aug-05	196.4	189.0
Sep-05	198.8	
Oct-05	199.2	
Nov-05	197.6	190.0
Dec-05	196.8	
Jan-06	198.3	
Feb-06	198.7	191.7
Mar-06	199.8	
Apr-06	201.5	
May-06	202.5	193.0
Jun-06	202.9	
Jul-06	203.5	
Aug-06	203.9	193.8
Sep-06	202.9	
Oct-06	201.8	
Nov-06	201.5	194.9
Dec-06	201.8	
Jan-07	202.4	
Feb-07	203.5	196.7
Mar-07	205.4	
Apr-07	206.7	
May-07	207.9	199.5
Jun-07	208.4	
Jul-07	208.3	
Aug-07	207.9	201.4
Sep-07	208.5	
Oct-07	208.9	
Nov-07	210.2	200.8
Dec-07	210.0	
Jan-08	211.1	
Feb-08	211.7	204.1
Mar-08	213.5	
Apr-08	214.8	
May-08	216.6	205.0
Jun-08	218.8	
Jul-08	220.0	
Aug-08	219.1	205.8
Sep-08	218.8	

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
DETERMINATION OF TREND FOR EXPENSES

Section D
Exhibit 3
Sheet 2

	<u>All Items (A)</u>	<u>CCI (B)</u>	<u>Combined (C)</u>
(1) Annual Change in indices based on exponential curve of best fit for the latest 48 points (or 16 quarters)	3.46%	3.00%	3.23%
(2) Annual Change in indices based on exponential curve of best fit for the latest 36 points (or 12 quarters)	3.55%	3.07%	3.31%
(3) Annual Change in indices based on exponential curve of best fit for the latest 24 points (or 8 quarters)	4.69%	3.16%	3.92%
(4) Annual Change in indices based on exponential curve of best fit for the latest 12 points (or 4 quarters)	6.33%	3.18%	4.75%
(5) Average Annual Index (D)			
Year Ended 3/31/2006	197.04	189.88	
Year Ended 9/30/2006	200.63	192.13	
Year Ended 3/31/2007	202.80	194.60	
Year Ended 9/30/2007	205.34	198.13	
Year Ended 3/31/2008	209.43	201.45	
Year Ended 9/30/2008	214.46	203.93	
(6) Current Cost Factor (Index Value Divided by Average Annual Index)			
Year Ended 3/31/2006	1.11	1.08	1.10
Year Ended 9/30/2006	1.09	1.07	1.08
Year Ended 3/31/2007	1.08	1.06	1.07
Year Ended 9/30/2007	1.07	1.04	1.06
Year Ended 3/31/2008	1.04	1.02	1.03
Year Ended 9/30/2008	1.02	1.01	1.02

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

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

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

(D) Average year ended index for period shown.

EXTERNAL EXPENSE TREND SUMMARY

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

	STRAIGHT LINE		
	END POINT	MID POINT	EXPONENTIAL
48 points	3.19%	3.41%	3.46%
36 points	3.34%	3.51%	3.55%
24 points	4.40%	4.59%	4.69%
12 points	5.97%	6.14%	6.33%

COMPENSATION COST INDEX

	STRAIGHT LINE		
	END POINT	MID POINT	EXPONENTIAL
16 points	2.80%	2.96%	3.00%
12 points	2.91%	3.03%	3.07%
8 points	3.02%	3.10%	3.16%
4 points	3.08%	3.12%	3.18%

EXTERNAL EXPENSE TREND SUMMARY
CORRELATION COEFFICIENTS
DATA ENDED SEPTEMBER 2008CONSUMER PRICE INDEX

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

COMPENSATION COST INDEX

	STRAIGHT LINE	EXPONENTIAL
16 points	0.99	0.99
12 points	0.99	0.99
8 points	0.98	0.98
4 points	0.93	0.93

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
DETERMINATION OF TREND FOR EXPENSES

Section D
Exhibit 3
Sheet 5

	<u>ALL ITEMS - LESS ENERGY CPI INDEX</u>	<u>COMPENSATION COST INDEX</u>
Oct-04	196.0	
Nov-04	196.0	183.6
Dec-04	195.8	
Jan-05	196.4	
Feb-05	197.3	186.3
Mar-05	198.3	
Apr-05	198.6	
May-05	198.6	188.8
Jun-05	198.5	
Jul-05	198.7	
Aug-05	198.9	189.0
Sep-05	199.2	
Oct-05	200.1	
Nov-05	200.2	190.0
Dec-05	200.1	
Jan-06	200.8	
Feb-06	201.6	191.7
Mar-06	202.6	
Apr-06	203.0	
May-06	203.3	193.0
Jun-06	203.6	
Jul-06	203.9	
Aug-06	204.4	193.8
Sep-06	204.9	
Oct-06	205.6	
Nov-06	205.3	194.9
Dec-06	205.1	
Jan-07	206.0	
Feb-07	207.1	196.7
Mar-07	207.9	
Apr-07	208.2	
May-07	208.4	199.5
Jun-07	208.6	
Jul-07	209.0	
Aug-07	209.4	201.4
Sep-07	210.0	
Oct-07	210.7	
Nov-07	210.9	200.8
Dec-07	210.9	
Jan-08	211.8	
Feb-08	212.5	204.1
Mar-08	213.4	
Apr-08	213.9	
May-08	214.1	205.0
Jun-08	214.6	
Jul-08	215.3	
Aug-08	215.9	205.8
Sep-08	216.4	

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
DETERMINATION OF TREND FOR EXPENSES

Section D
Exhibit 3
Sheet 6

	<u>All Items - Less Energy (A)</u>	<u>CCI (B)</u>	<u>Combined (C)</u>
(1) Annual Change in indices based on exponential curve of best fit for the latest 48 points (or 16 quarters)	2.58%	3.00%	2.79%
(2) Annual Change in indices based on exponential curve of best fit for the latest 36 points (or 12 quarters)	2.70%	3.07%	2.89%
(3) Annual Change in indices based on exponential curve of best fit for the latest 24 points (or 8 quarters)	2.83%	3.16%	2.99%
(4) Annual Change in indices based on exponential curve of best fit for the latest 12 points (or 4 quarters)	3.14%	3.18%	3.16%
(5) Average Annual Index (D)			
Year Ended 3/31/2006	199.83	189.88	
Year Ended 9/30/2006	202.38	192.13	
Year Ended 3/31/2007	205.00	194.60	
Year Ended 9/30/2007	207.55	198.13	
Year Ended 3/31/2008	210.33	201.45	
Year Ended 9/30/2008	213.37	203.93	

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

Year Ended 3/31/2006	1.08	1.08	1.08
Year Ended 9/30/2006	1.07	1.07	1.07
Year Ended 3/31/2007	1.06	1.06	1.06
Year Ended 9/30/2007	1.04	1.04	1.04
Year Ended 3/31/2008	1.03	1.02	1.03
Year Ended 9/30/2008	1.01	1.01	1.01

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

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

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

(D) Average year ended index for period shown.

(7) Selected Expense Trend: 3.0%

EXTERNAL EXPENSE TREND SUMMARY

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

	STRAIGHT LINE		
	END POINT	MID POINT	EXPONENTIAL
48 points	2.43%	2.55%	2.58%
36 points	2.57%	2.67%	2.70%
24 points	2.72%	2.79%	2.83%
12 points	3.05%	3.10%	3.14%

COMPENSATION COST INDEX

	STRAIGHT LINE		
	END POINT	MID POINT	EXPONENTIAL
16 points	2.80%	2.96%	3.00%
12 points	2.91%	3.03%	3.07%
8 points	3.02%	3.10%	3.16%
4 points	3.08%	3.12%	3.18%

EXTERNAL EXPENSE TREND SUMMARY
CORRELATION COEFFICIENTS
DATA ENDED SEPTEMBER 2008

ALL ITEMS - LESS ENERGY CPI INDEX

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

COMPENSATION COST INDEX

	STRAIGHT LINE	EXPONENTIAL
16 points	0.99	0.99
12 points	0.99	0.99
8 points	0.98	0.98
4 points	0.93	0.93

NORTH CAROLINA COMMERCIAL AUTOMOBILE EXPENSE EXPERIENCE
 Calendar Year 2007

Section D
 Exhibit 4

<u>Item</u>	<u>Bodily Injury</u>	<u>Property Damage</u>	<u>Totals</u>
Premium Written *	459,496,757	114,535,636	574,032,393
Premium Earned *	452,824,230	113,813,095	566,637,325
Commission & Brokerage Expense	63,525,449	17,281,204	80,806,653
Other Acquisition Expense	23,933,980	7,938,144	31,872,124
General Expense	28,141,378	10,413,527	38,554,905
Taxes, Licenses, and Fees	11,091,061	2,824,269	13,915,330
Losses Incurred	206,872,972	81,357,052	288,230,024
Allocated Loss Adjustment Expense	18,287,938	5,106,026	23,393,964
Unallocated Loss Adjustment Expense	29,847,113	7,124,642	36,971,755

Ratios
B.I. & P.D. Combined

Commission & Brokerage Expense to Written Premium:	0.141 **
Other Acquisition Expense to Earned Premium:	0.056
General Expense to Earned Premium	0.068 ***
Taxes, etc. to Written Premium:	0.024

	<u>B.I.</u>	<u>P.D.</u>	<u>Total</u>
Allocated Loss Adjustment Expense to Incurred Losses:	0.088	0.063	0.081
Unallocated Loss Adjustment Expense to Incurred Losses + Allocated:	0.133	0.082	0.119

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

** Facility commission is limited to 10% for Trucks, Tractors, and Trailers, Private Passenger Types, and Garage Dealers.

*** 0.062 is used for Truck, Tractors, and Trailers and Private Passenger Types; 0.092 selected for Garage Dealers.

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

Credibility Tables

Credibility for Statewide Loss Ratio*

Trucks, Tractors, and Trailers and Private Passenger Types		Garage Dealers	
<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>
12/31/2002	.10
12/31/2003	.15
12/31/2004	.20
12/31/2005	.25
12/31/2006	.30

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

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

Section D
Exhibit 6

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

COMMERCIAL AUTOMOBILE INSURANCE
CEDED LIABILITY COVERAGE

Section D
Exhibit 6
Sheet 1

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

TRUCKS, TRACTORS, AND TRAILERS AND PRIVATE PASSENGER TYPES

A. Unearned Premium Reserve	
1. Earned Premium for Calendar Year Ending 12/31/2007	<u>\$67,030,403</u>
2. Mean Unearned Premium Reserve: (1) x 0.435	<u>29,158,225</u>
3. Deduction for Prepaid Expenses	
Commission and Brokerage Expense	10.00%
83% of Taxes, Licenses and Fees	1.99%
50% of Other Acquisition Expense	2.80%
50% of Company Operating Expense	<u>3.10%</u>
Total	17.89%
4. (2) x (3)	<u>5,216,406</u>
5. Net Subject to Investment (2) - (4)	<u>23,941,819</u>
B. Delayed Remission of Premium (Agents' Balances)	
1. Direct Earned Premium (A-1)	<u>67,030,403</u>
2. Average Agents' Balance	0.188
3. Delayed Remission (1) x (2)	<u>12,601,716</u>
C. Loss Reserve	
1. Direct Earned Premium (A-1)	<u>67,030,403</u>
2. Expected Incurred Losses and Loss Adjustment Expenses (1) x 0.758	<u>50,809,045</u>
3. Expected Mean Loss Reserves (2) x 2.128	<u>108,121,648</u>
D. Net Subject to Investment (A-5) - (B-3) + (C-3)	<u>119,461,751</u>
E. Average Rate of Return	<u>5.23%</u>
F. Investment Earnings on Net Subject to Investment (D) x (E)	<u>6,247,850</u>
G. Average Rate of Return as a Percent of Direct Earned Premium (F) / (A-1)	<u>9.32%</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 12/31/2007	<u>\$67,030,403</u>
2. Mean Unearned Premium Reserve: (1) x 0.435	<u>29,158,225</u>
3. Deduction for Prepaid Expenses	
Commission and Brokerage Expense	10.00%
83% of Taxes, Licenses and Fees	1.99%
50% of Other Acquisition Expense	2.80%
50% of Company Operating Expense	<u>4.60%</u>
Total	19.39%
4. (2) x (3)	<u>5,653,780</u>
5. Net Subject to Investment (2) - (4)	<u>23,504,445</u>

B. Delayed Remission of Premium (Agents' Balances)

1. Direct Earned Premium (A-1)	<u>67,030,403</u>
2. Average Agents' Balance	0.188
3. Delayed Remission (1) x (2)	<u>12,601,716</u>

C. Loss Reserve

1. Direct Earned Premium (A-1)	<u>67,030,403</u>
2. Expected Incurred Losses and Loss Adjustment Expenses (1) x 0.728	<u>48,798,133</u>
3. Expected Mean Loss Reserves (2) x 2.128	<u>103,842,427</u>

D. Net Subject to Investment

(A-5) - (B-3) + (C-3)	<u>114,745,156</u>
-----------------------	--------------------

E. Average Rate of Return

5.23%

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

6,001,172

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

8.95%

Estimated Investment Earnings on Unearned Premium Reserves and on Loss ReservesSection D
Exhibit 6
Sheet 3Line A-1

Direct earned premiums are determined from NCRF net underwriting results.

Line A-2

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

1.	Direct Earned Premium for Calendar Year 2006	\$22,639,714
2.	Direct Unearned Premium Reserve as of 12/31/05	9,817,715
3.	Direct Unearned Premium Reserve as of 12/31/06	9,870,864
4.	Mean Direct Unearned Premium Reserve = $\frac{1}{2} [(2) + (3)]$	9,844,290
5.	Ratio (4) / (1)	0.435

Line A-3**Deduction for prepaid expenses:**

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

Line B-2**Delayed remission of premium:**

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

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

1.	Net Earned Premium for Calendar Year 2006	\$435,484,426
2.	Net Agents' Balances as of 12/31/05	81,135,505
3.	Net Agents' Balances as of 12/31/06	82,261,603
4.	Mean Agents' Balances: $\frac{1}{2} [(2) + (3)]$	81,698,554
5.	Ratio (4) / (1)	0.188

Notes:

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

Line C-2

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

Line C-3

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

1.	Direct Incurred for Calendar Year 2005	14,704,515
2.	Direct Incurred for Calendar Year 2006	14,447,587
3.	Direct Reserves as of 12/31/04	29,983,137
4.	Direct Reserves as of 12/31/05	30,949,064
5.	Direct Reserves as of 12/31/06	32,135,569
6.	Mean Loss Reserve 2005: $\frac{1}{2} [(3) + (4)]$	30,466,101
7.	Mean Loss Reserve 2006: $\frac{1}{2} [(4) + (5)]$	31,542,317
8.	Ratio (6) / (1)	2.072
9.	Ratio (7) / (2)	2.183
10.	$\frac{1}{2} [(8) + (9)]$	2.128

Notes:

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

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

NORTH CAROLINA
Bodily Injury
Unadjusted Experience

Section D
Exhibit 7
Sheet 1

Trucks, Tractors, and Trailers:

Accident Year <u>Ending</u>	\$30,000/\$60,000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2002	6,811,775	6,320,044
12/31/2003	6,635,210	9,852,006
12/31/2004	8,333,728	9,671,456
12/31/2005	7,261,045	10,670,930
12/31/2006	6,183,185	3,167,085

Garage Dealers:

Policy Year <u>Ending</u>	\$30,000/\$60,000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2002	1,788,477	116,171
12/31/2003	1,349,545	342,561
12/31/2004	1,484,850	173,719
12/31/2005	1,222,899	65,463
12/31/2006	1,015,561	198,735

Private Passenger Types:

Accident Year <u>Ending</u>	\$30,000/\$60,000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2002	169,365	78,594
12/31/2003	104,838	33,500
12/31/2004	119,589	0
12/31/2005	115,529	70,000
12/31/2006	100,561	0

*These losses are not developed, and include only allocated loss adjustment expenses. The evaluation date of losses is March 31, 2007.

NORTH CAROLINA
Property Damage
Unadjusted Experience

Section D
Exhibit 7
Sheet 2

Trucks, Tractors, and Trailers:

Accident Year <u>Ending</u>	\$25000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2002	6,478,405	354,830
12/31/2003	7,443,649	1,137,487
12/31/2004	8,647,408	588,448
12/31/2005	7,823,689	340,367
12/31/2006	6,868,439	373,493

Garage Dealers:

Policy Year <u>Ending</u>	\$25000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2002	1,299,039	2,870
12/31/2003	1,270,121	3,790
12/31/2004	1,297,695	5,980
12/31/2005	983,940	13,991
12/31/2006	1,094,602	52,342

Private Passenger Types:

Accident Year <u>Ending</u>	\$25000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2002	110,133	1,828
12/31/2003	124,359	0
12/31/2004	60,796	0
12/31/2005	113,736	0
12/31/2006	68,645	0

*These losses are not developed, and include only allocated loss adjustment expenses. The evaluation date of losses is March 31, 2007.

NORTH CAROLINA

Section D

Exhibit 7

Sheet 3

Bodily Injury
Adjusted ExperienceTrucks, Tractors, and Trailers:

Accident Year <u>Ending</u>	\$30,000/\$60,000 Limits Earned Premium at Present Rates	\$30,000/\$60,000 <u>Incurred Losses*</u>
12/31/2002	10,328,185	6,855,614
12/31/2003	10,613,778	6,777,785
12/31/2004	11,130,492	8,856,207
12/31/2005	11,772,983	8,075,177
12/31/2006	11,612,242	7,117,170

Garage Dealers:

Policy Year <u>Ending</u>	Total Limits Earned Premium at Present Rates	Total Limits <u>Incurred Losses*</u>
12/31/2002	3,508,705	2,282,217
12/31/2003	3,220,844	2,040,053
12/31/2004	3,371,902	2,059,009
12/31/2005	3,235,610	1,638,949
12/31/2006	3,388,980	1,579,955

Private Passenger Types:

Accident Year <u>Ending</u>	\$30,000/\$60,000 Limits Earned Premium at Present Rates	\$30,000/\$60,000 <u>Incurred Losses*</u>
12/31/2002	198,320	169,941
12/31/2003	139,731	105,371
12/31/2004	117,458	123,733
12/31/2005	108,351	123,007
12/31/2006	91,820	120,480

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

Property Damage
Adjusted ExperienceTrucks, Tractors, and Trailers:

Accident Year Ending	\$25,000 Limits Earned Premium at Present Rates	\$25,000 Incurred Losses*
12/31/2002	11,059,914	7,967,751
12/31/2003	11,367,018	9,022,231
12/31/2004	11,921,916	10,318,865
12/31/2005	12,610,608	9,188,000
12/31/2006	12,439,014	8,095,866

Garage Dealers:

Policy Year Ending	Total Limits Earned Premium at Present Rates	Total Limits Incurred Losses*
12/31/2002	2,019,485	1,664,429
12/31/2003	2,082,113	1,597,913
12/31/2004	2,171,278	1,599,513
12/31/2005	2,075,136	1,192,193
12/31/2006	1,987,380	1,302,423

Private Passenger Types:

Accident Year Ending	\$25,000 Limits Earned Premium at Present Rates	\$25,000 Incurred Losses*
12/31/2002	218,608	134,775
12/31/2003	154,075	149,527
12/31/2004	129,554	72,257
12/31/2005	119,513	133,037
12/31/2006	101,325	80,199

*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 5.2% in total liability premium for bodily injury and 1.7% for property damage. This document presents revised factors for the following increased limits tables:

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

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, 2002 to December 31, 2006 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 7/1/2009.

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	1.20	1.18
	100,000/ 300,000	1.57	1.52
	500,000/ 500,000	2.18	2.07
	1,000,000/ 1,000,000	2.71	2.56

B. Heavy Trucks and Truck-Tractors

\$	50,000/ 100,000	1.25	1.23
	100,000/ 300,000	1.69	1.63
	500,000/ 500,000	2.50	2.37
	1,000,000/ 1,000,000	3.24	3.04

C. Extra-Heavy Trucks and Truck-Tractors

\$	50,000/ 100,000	1.27	1.25
	100,000/ 300,000	1.77	1.70
	500,000/ 500,000	2.74	2.58
	1,000,000/ 1,000,000	3.62	3.39

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

\$	50,000/ 100,000	1.22	1.20
	100,000/ 300,000	1.58	1.53
	500,000/ 500,000	2.21	2.10
	1,000,000/ 1,000,000	2.78	2.62

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	1.05	1.04
	500,000	1.12	1.10
	1,000,000	1.15	1.12

B. Heavy Trucks and Truck-Tractors

\$	25,000	1.02	1.02
	50,000	1.05	1.04
	500,000	1.13	1.11
	1,000,000	1.17	1.14

C. Extra-Heavy Trucks and Truck-Tractors

\$	25,000	1.02	1.02
	50,000	1.05	1.04
	500,000	1.15	1.12
	1,000,000	1.19	1.15

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

\$	25,000	1.02	1.02
	50,000	1.05	1.04
	500,000	1.12	1.10
	1,000,000	1.15	1.13

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 1.57 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, 2009 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 5.2% and 1.7% for bodily injury and property damage, respectively.

Exhibit 2: Bodily Injury and Property Damage Trend Factors

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

North Carolina Reinsurance Facility
Increased Limits Experience Review

Introduction (Cont'd)

Exhibit 3: Loss Development Factors

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

Exhibit 4: North Carolina Facility Data

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

Exhibit 5: Policy Limit Distribution

Set forth on this exhibit is the basic limit loss distribution (including ALAE) for each increased limits table by policy limit. These table distributions are based on all detailed statistics reported to ISO for Facility business for calendar accident years ending 6/30/03 through 6/30/06.

NORTH CAROLINA REINSURANCE FACILITY

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

BODILY INJURY

(1)	(2)	(3)	(4)
Year	\$30,000/\$60,000 Basic Limit	Total Limits	Indicated Average Increased Limit Factor
<u>Ending</u>	<u>Incurred Losses*</u>	<u>Incurred Losses*</u>	<u>(3)/(2)</u>
12/31/02	11,627,776	23,981,696	2.062
12/31/03	12,318,668	26,893,465	2.183
12/31/04	13,799,717	30,234,432	2.191
12/31/05	13,122,600	31,563,934	2.405
12/31/06	12,577,056	21,660,278	1.722
Total	63,445,817	134,333,805	2.117

(5) Present average increased limits factor based upon the present table and the policy limits distribution for bodily injury Reinsurance Facility business: 2.013

(6) Indicated change in bodily injury increased limits factors $(((4)/(5)) - 1) \times 100$: 5.2%

* Including allocated loss adjustment expense and developed to an ultimate basis. In addition, losses have been trended from the average date of accident to one year beyond an anticipated effective date of 7/1/2009 by an exponential projection of the annual paid claim cost trend factors for basic and total limits losses shown in Exhibit 2.

NORTH CAROLINA REINSURANCE FACILITY

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

PROPERTY DAMAGE

(1)	(2)	(3)	(4)
Year	\$25,000 Basic Limit	Total Limits	Indicated Average Increased Limit Factor
<u>Ending</u>	<u>Incurred Losses*</u>	<u>Incurred Losses*</u>	<u>(3)/(2)</u>
12/31/02	11,106,535	11,889,765	1.071
12/31/03	12,444,672	14,234,675	1.144
12/31/04	13,101,877	14,123,952	1.078
12/31/05	11,699,274	12,416,353	1.061
12/31/06	10,318,038	11,006,260	1.067
Total	58,670,396	63,671,005	1.085

(5) Present average increased limits factor based upon the present table and the policy limits distribution for property damage Reinsurance Facility business: 1.067

(6) Indicated change in property damage increased limits factors $[(4)/(5) - 1] \times 100$: 1.7%

* 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 7/1/2009 by an exponential projection of the annual paid claim cost trend factors for basic and total limits losses shown in Exhibit 2.

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

Bodily Injury

\$30,000 Limit		Total Limits	
12 Point Fit - Weighted Severity	1.9%	12 Point Fit - Weighted Severity	4.7%
24 Point Fit - Weighted Severity	2.6%	24 Point Fit - Weighted Severity	6.1%
12 Point Fit - (NC only) Severity	1.2%	12 Point Fit - (NC only) Severity	3.5%
24 Point Fit - (NC only) Severity	2.6%	24 Point Fit - (NC only) Severity	4.5%
Selected Severity Trend Factor	2.0%	Selected Severity Trend Factor	4.5%
Selected Frequency Trend Factor	-4.0%	Selected Frequency Trend Factor	-4.0%
Average Annual Change	-2.1%	Average Annual Change	0.3%

Property Damage

\$25,000 Limit		Total Limits	
12 Point Fit - Weighted Severity	2.9%	12 Point Fit - Weighted Severity	4.1%
24 Point Fit - Weighted Severity	3.6%	24 Point Fit - Weighted Severity	4.0%
12 Point Fit - (NC only) Severity	1.9%	12 Point Fit - (NC only) Severity	3.2%
24 Point Fit - (NC only) Severity	3.1%	24 Point Fit - (NC only) Severity	3.6%
Selected Severity Trend Factor	3.0%	Selected Severity Trend Factor	3.5%
Selected Frequency Trend Factor	-1.5%	Selected Frequency Trend Factor	-1.5%
Average Annual Change	1.5%	Average Annual Change	1.9%

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

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

	<u>Bodily Injury</u>		<u>Property Damage</u>	
	30/60 <u>Losses</u>	Total Limits <u>Losses</u>	\$25,000 <u>Losses</u>	Total Limits <u>Losses</u>
<u>Trucks, Tractors & Trailers</u>				
63 months to ult.	0.994	0.999	1.000	1.000
51 months to ult.	0.996	0.996 *	1.001	1.001 *
39 months to ult.	1.023	1.066	1.002	1.005
27 months to ult.	1.056	1.151	1.002	1.010
15 months to ult.	1.077	1.439	1.022	1.027
<u>Private Passenger Types</u>				
63 months to ult.	0.991	1.000	0.995	1.000
51 months to ult.	0.980	1.001	0.993	1.005
39 months to ult.	0.996	0.996 *	0.998	1.005
27 months to ult.	1.011	1.100	0.998	1.005
15 months to ult.	1.121	1.265	1.013	1.013 *
<u>Publics (All Except Buses)***</u>				
63 months to ult.	0.994	0.999	1.000	1.000
51 months to ult.	0.996	0.996 *	1.001	1.001 *
39 months to ult.	1.023	1.066	1.002	1.005
27 months to ult.	1.056	1.151	1.002	1.010
15 months to ult.	1.077	1.439	1.022	1.027
<u>Garages</u>				
75 months to ult.	1.001	1.001	1.000	1.000
63 months to ult.	0.991	1.014	1.000	1.000
51 months to ult.	1.014	1.051	0.997	0.998
39 months to ult.	1.048	1.084	0.990	0.991
27 months to ult.	1.116	1.116	0.960	0.961
<u>Miscellaneous****</u>				
75 months to ult.	1.001	1.001	1.000	1.000
63 months to ult.	0.991	1.014	1.000	1.000
51 months to ult.	1.014	1.051	0.997	0.998
39 months to ult.	1.048	1.084	0.990	0.991
27 months to ult.	1.116	1.116	0.960	0.961
<u>Buses****</u>				
75 months to ult.	1.001	1.001	1.000	1.000
63 months to ult.	0.991	1.014	1.000	1.000
51 months to ult.	1.014	1.051	0.997	0.998
39 months to ult.	1.048	1.084	0.990	0.991
27 months to ult.	1.116	1.116	0.960	0.961

* These factors have been judgmentally selected.

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

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

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

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

INCURRED LOSS AND LOSS ADJUSTMENT EXPENSES

	<u>Evaluation*</u>	<u>Bodily Injury</u>		<u>Property Damage</u>	
		<u>30/60 Losses**</u>	<u>Total Limits Losses**</u>	<u>\$25,000 Losses**</u>	<u>Total Limits Losses**</u>
Trucks, Tractors & Trailers	02@63	6,811,775	13,131,819	6,478,405	6,833,235
	03@51	6,635,210	16,487,216	7,443,649	8,581,136
	04@39	8,333,728	18,005,184	8,647,408	9,235,856
	05@27	7,261,045	17,931,975	7,823,689	8,164,056
	06@15	6,183,185	9,350,270	6,868,439	7,241,932
Private Passenger Types	02@63	169,365	247,959	110,133	111,961
	03@51	104,838	138,338	124,359	124,359
	04@39	119,589	119,589	60,796	60,796
	05@27	115,529	185,529	113,736	113,736
	06@15	100,561	100,561	68,645	68,645
Garages	01@75	1,788,477	1,904,648	1,299,039	1,301,909
	02@63	1,349,545	1,692,106	1,270,121	1,273,911
	03@51	1,484,850	1,658,569	1,297,695	1,303,675
	04@39	1,222,899	1,288,362	983,940	997,931
	05@27	1,015,561	1,214,296	1,094,602	1,146,944
Publics (All Except Buses)	02@63	665,315	1,126,514	428,253	428,253
	03@51	726,614	896,980	536,695	538,025
	04@39	655,274	687,274	422,418	422,418
	05@27	936,291	1,182,061	552,670	552,670
	06@15	705,325	750,182	439,801	439,801
Misc.	01@75	4,199,436	6,413,636	1,348,653	1,351,273
	02@63	5,479,360	6,890,639	1,701,351	1,813,449
	03@51	4,752,574	7,329,388	1,457,561	1,457,561
	04@39	4,375,832	6,888,277	1,325,055	1,333,653
	05@27	4,452,493	4,706,243	1,017,518	1,017,518
Buses	01@75	251,258	581,258	174,376	174,376
	02@63	163,794	163,794	106,697	106,697
	03@51	100,613	180,613	65,770	65,770
	04@39	12,534	12,534	50,498	50,498
	05@27	110,325	110,325	144,904	154,278

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

** Includes allocated loss adjustment expenses.

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

DEVELOPED LOSS AND LOSS ADJUSTMENT EXPENSES

	Year Ending*	Bodily Injury		Property Damage	
		30/60 Losses**	Total Limits Losses**	\$25,000 Losses**	Total Limits Losses**
Trucks, Tractors & Trailers	12/31/02	6,770,904	13,118,687	6,478,405	6,833,235
	12/31/03	6,608,669	16,421,267	7,451,093	8,589,717
	12/31/04	8,525,404	19,193,526	8,664,703	9,282,035
	12/31/05	7,667,664	20,639,703	7,839,336	8,245,697
	12/31/06	6,659,290	13,455,039	7,019,545	7,437,464
Private Passenger Types	12/31/02	167,841	247,959	109,582	111,961
	12/31/03	102,741	138,476	123,488	124,981
	12/31/04	119,111	119,111	60,674	61,100
	12/31/05	116,800	204,082	113,509	114,305
	12/31/06	112,729	127,210	69,537	69,537
Garages	12/31/02	1,790,265	1,906,553	1,299,039	1,301,909
	12/31/03	1,337,399	1,715,795	1,270,121	1,273,911
	12/31/04	1,505,638	1,743,156	1,293,802	1,301,068
	12/31/05	1,281,598	1,396,584	974,101	988,950
	12/31/06	1,133,366	1,355,154	1,050,818	1,102,213
Publics (All Except Buses)	12/31/02	661,323	1,125,387	428,253	428,253
	12/31/03	723,708	893,392	537,232	538,563
	12/31/04	670,345	732,634	423,263	424,530
	12/31/05	988,723	1,360,552	553,775	558,197
	12/31/06	759,635	1,079,512	449,477	451,676
Misc.	12/31/02	4,203,635	6,420,050	1,348,653	1,351,273
	12/31/03	5,430,046	6,987,108	1,701,351	1,813,449
	12/31/04	4,819,110	7,703,187	1,453,188	1,454,646
	12/31/05	4,585,872	7,466,892	1,311,804	1,321,650
	12/31/06	4,968,982	5,252,167	976,817	977,835
Buses	12/31/02	251,509	581,839	174,376	174,376
	12/31/03	162,320	166,087	106,697	106,697
	12/31/04	102,022	189,824	65,573	65,638
	12/31/05	13,136	13,587	49,993	50,044
	12/31/06	123,123	123,123	139,108	148,261

* 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.

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

DEVELOPED AND TRENDED LOSS AND LOSS ADJUSTMENT EXPENSES

	Year <u>Ending*</u>	<u>Bodily Injury</u>		<u>Property Damage</u>	
		30/60 <u>Losses**</u>	Total Limits <u>Losses**</u>	\$25,000 <u>Losses**</u>	Total Limits <u>Losses**</u>
Trucks, Tractors & Trailers	12/31/02	5,713,578	13,436,861	7,297,875	7,943,645
	12/31/03	5,696,300	16,769,233	8,269,558	9,799,370
	12/31/04	7,506,044	19,541,611	9,474,361	10,391,741
	12/31/05	6,895,671	20,951,162	8,445,191	9,059,376
	12/31/06	6,117,285	13,617,227	7,450,289	8,019,026
Private Passenger Types	12/31/02	141,631	253,973	123,443	130,155
	12/31/03	88,557	141,410	137,053	142,582
	12/31/04	104,869	121,271	66,344	68,405
	12/31/05	105,040	207,162	122,281	125,585
	12/31/06	103,554	128,743	73,804	74,974
Garages	12/31/02	1,494,756	1,955,721	1,474,292	1,527,781
	12/31/03	1,140,594	1,754,779	1,420,170	1,467,052
	12/31/04	1,311,620	1,777,429	1,425,270	1,470,389
	12/31/05	1,140,398	1,419,784	1,057,225	1,096,812
	12/31/06	1,030,131	1,373,545	1,123,634	1,199,636
Publics (All Except Buses)	12/31/02	558,053	1,152,682	482,424	497,845
	12/31/03	623,795	912,323	596,244	614,406
	12/31/04	590,194	745,921	462,814	475,284
	12/31/05	889,177	1,381,083	596,573	613,279
	12/31/06	697,808	1,092,525	477,059	486,994
Misc.	12/31/02	3,509,764	6,585,615	1,530,600	1,585,710
	12/31/03	4,630,988	7,145,859	1,902,345	2,088,391
	12/31/04	4,198,115	7,854,644	1,600,852	1,643,953
	12/31/05	4,080,625	7,590,930	1,423,745	1,465,799
	12/31/06	4,516,370	5,323,444	1,044,505	1,064,264
Buses	12/31/02	209,994	596,844	197,901	204,629
	12/31/03	138,434	169,861	119,302	122,874
	12/31/04	88,875	193,556	72,236	74,180
	12/31/05	11,689	13,813	54,259	55,502
	12/31/06	111,908	124,794	148,747	161,366

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

** Losses have been developed to ultimate and trended to one year beyond an anticipated effective date of July 1, 2009.

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> **
30/60	1.99%	0.33%	0.04%	6.10%	8.46%
50/100	3.70%	0.62%	0.08%	11.32%	15.72%
85/85	0.00%	0.00%	0.00%	0.00%	0.00%
100/100	0.32%	0.00%	0.01%	0.17%	0.50%
100/300	13.42%	1.28%	0.98%	8.57%	24.24%
100/500	0.19%	0.00%	0.00%	0.00%	0.19%
150/150	0.00%	0.00%	0.00%	0.00%	0.00%
250/250	0.01%	0.00%	0.00%	0.00%	0.01%
250/500	0.00%	0.00%	0.00%	0.00%	0.00%
300/300	0.05%	0.19%	0.00%	0.07%	0.31%
400/400	0.00%	0.00%	0.00%	0.00%	0.00%
500/500	0.27%	0.05%	0.00%	0.00%	0.31%
500/1,000	0.02%	0.00%	0.00%	0.19%	0.21%
750/750	2.73%	6.30%	11.88%	0.10%	21.00%
1,000/1,000	7.74%	4.38%	10.38%	5.31%	27.80%
1,500/1,500	0.00%	0.00%	0.03%	1.06%	1.09%
2,000/2,000	0.02%	0.03%	0.00%	0.08%	0.12%
2,500/2,500	0.00%	0.00%	0.00%	0.00%	0.00%
<u>5,000/5,000</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.03%</u>	<u>0.03%</u>
TOTAL**	30.45%	13.17%	23.40%	32.98%	100.00%

* Data includes allocated loss adjustment expenses and uses losses incurred in the period from fiscal accident year ending 6/30/2003 through fiscal accident year ending 6/30/2006, as reported to ISO, for those risks assigned to the Facility.

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

NORTH CAROLINA REINSURANCE FACILITY

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

PROPERTY DAMAGE

<u>POLICY LIMIT</u>	<u>LIGHT & MEDIUM</u>	<u>HEAVY</u>	<u>EXTRA HEAVY</u>	<u>ALL OTHER</u>	<u>ALL TABLES COMBINED **</u>
25	4.87%	0.64%	0.27%	11.52%	17.31%
30	0.00%	0.00%	0.00%	0.10%	0.10%
50	15.69%	2.65%	1.18%	9.62%	29.14%
85	0.00%	0.00%	0.00%	0.00%	0.00%
100	0.07%	0.00%	0.18%	0.32%	0.57%
150	0.00%	0.00%	0.00%	0.00%	0.00%
250	0.00%	0.00%	0.00%	0.02%	0.02%
300	0.11%	0.06%	0.19%	0.07%	0.43%
400	0.00%	0.00%	0.00%	0.00%	0.00%
500	0.43%	0.18%	0.00%	0.10%	0.71%
750	2.80%	6.88%	12.97%	0.43%	23.07%
1000	8.55%	3.57%	10.49%	4.24%	26.85%
1500	0.01%	0.00%	0.02%	1.24%	1.27%
2000	0.05%	0.02%	0.02%	0.12%	0.21%
2500	0.00%	0.00%	0.00%	0.00%	0.00%
5000	0.01%	0.00%	0.00%	0.32%	0.33%
TOTAL**	32.58%	14.00%	25.32%	28.10%	100.00%

* Data includes allocated loss adjustment expenses and uses losses incurred in the period from fiscal accident year ending 6/30/2003 through fiscal accident year ending 6/30/2006, as reported to ISO, for those risks assigned to the Facility.

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

SECTION G

Revised Increased Limits Tables

North Carolina Reinsurance Facility

Commercial Automobile Liability
Revised Increased Limits Tables

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

NORTH CAROLINA REINSURANCE FACILITY
 COMMERCIAL AUTOMOBILE MANUAL

INCREASED LIABILITY LIMITS

BODILY INJURY FACTORS

Classification	Limits Identifier Code (3)					
	Limit of Liability (in 1000's)					
	25/50	30/60	85/85	50/100	100/100	100/300
	Limit Codes					
	46	49	52	49	52	52
1. Light and Medium Trucks	1.00	1.06	1.27	1.20	1.34	1.57
2. Heavy Trucks and Truck Tractors	1.00	1.06	1.33	1.25	1.42	1.69
3. Extra-Heavy Trucks and Truck Tractors	1.00	1.06	1.36	1.27	1.46	1.77
4. Trucks, Tractors and Trailers Zone Rated	1.00	1.07	1.36	1.28	1.46	1.77
5. All Other Risks	1.00	1.06	1.27	1.22	1.34	1.58

NORTH CAROLINA REINSURANCE FACILITY
 COMMERCIAL AUTOMOBILE MANUAL

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	1.05
2. Heavy Trucks and Truck Tractors	1.00	1.01	1.02	1.03	1.05
3. Extra-Heavy Trucks and Truck Tractors	1.00	1.01	1.02	1.03	1.05
4. Trucks, Tractors and Trailers Zone Rated	1.00	1.01	1.02	1.03	1.04
5. All Other Risks	1.00	1.01	1.02	1.03	1.05

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

SUPPLEMENTARY RATING PROCEDURES SECTION

Rule 2. INCREASED LIMITS

A. Bodily Injury

BODILY INJURY FACTORS
Limits Identifier Code (3)

Limit of Liability (1,000'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	1.68	1.86	1.94	1.94	1.71
300/300	64	1.87	2.08	2.23	2.21	1.89
250/500	61	1.94	2.20	2.36	2.34	1.97
400/400	68	2.03	2.32	2.49	2.49	2.07
500/500	68	2.18	2.50	2.74	2.72	2.21
750/750	73	2.48	2.91	3.21	3.20	2.53
1,000/1,000	73	2.71	3.24	3.62	3.61	2.78
1,500/1,500	74	3.09	3.79	4.28	4.25	3.15
2,000/2,000	75	3.41	4.24	4.84	4.80	3.47
2,500/2,500	76	3.64	4.62	5.33	5.27	3.75
5,000/5,000	79	4.58	6.05	7.14	7.07	4.71

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 (1,000's)	Limit Code	1. Light and Medium Trucks	2. Heavy Trucks and Truck-Tractors	3. Extra-Heavy Trucks and Truck-Tractors	4. Trucks, Tractors and Trailers Zone Rated	5. All Other Risks
85	9	1.07	1.07	1.07	1.06	1.07
100	10	1.08	1.08	1.08	1.07	1.08
300	14	1.10	1.11	1.12	1.11	1.10
400	15	1.11	1.12	1.14	1.13	1.11
500	16	1.12	1.13	1.15	1.14	1.12
750	17	1.14	1.15	1.17	1.16	1.14
1,000	18	1.15	1.17	1.19	1.17	1.15
1,500	19	1.16	1.19	1.21	1.19	1.17
2,000	20	1.17	1.20	1.22	1.20	1.18
2,500	21	1.18	1.21	1.23	1.21	1.19
5,000	23	1.20	1.23	1.25	1.24	1.21

**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, 2009 RENEWAL July 1, 2009

7. APPROXIMATE MARKET SHARE OF NORTH CAROLINA WRITTEN PREMIUM FOR LINE(S)
Commercial Auto
INVOLVED: LINE Liability 11.4 % LINE _____ %
-16.0% Basic Limits; +4.0% Increased Limits

8. AVERAGE RATE CHANGE PROPOSED: -12.6% 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	15.6%	15.6%
B. General Expense	6.2%	9.2%
C. Taxes, Licenses & Fees	2.4%	2.4%
D. Underwriting Profit & Contingencies	0.0%	0.0%
E. Other (explain)		
F. TOTAL	24.2%	27.2%

3. Expected Loss Ratio (ELR=100-2F) .758 .728

4. Rate level change for which this exhibit applies _____

	Basic Limits		Total Limits	
	BI	PD	BI	PD
Trucks, Tractors, & Trailers	-17.0%	-10.3%	-12.2%	- 8.4%
Garages Dealers	-33.5%	-13.1%	-26.7%	-12.6%
Private Passenger Types	- 5.5%	- 2.4%	- 1.2%	- 0.8%

EXHIBIT 2A
Five Year Rate Filing History

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

EXHIBIT 3

NORTH CAROLINA EXPERIENCE		<u>X</u> Direct	___ Net
	<u>2003</u>	<u>2004</u>	<u>2005</u>
(1) Written Premiums	<u>581,448,278</u>	<u>581,556,138</u>	<u>579,143,233</u>
(2) Earned Premiums	<u>562,740,937</u> 100.0%	<u>583,103,296</u> 100.0%	<u>577,172,313</u> 100.0%
(3) Inc. Loss and LAE	<u>376,281,017</u> 66.9%	<u>346,332,719</u> 59.4%	<u>371,675,364</u> 64.4%
(4) Total Prod. Expense	<u>104,712,110</u> 18.6%	<u>105,215,300</u> 18.0%	<u>105,893,328</u> 18.3%
(5) General Expense	<u>31,440,361</u> 5.6%	<u>30,994,791</u> 5.3%	<u>31,380,359</u> 5.4%
(6) Taxes, Lic. & Fees	<u>14,326,889</u> 2.5%	<u>14,121,674</u> 2.4%	<u>12,544,312</u> 2.2%
(7) Other			
	<u>2006</u>	<u>2007</u>	<u>5 Years Combined</u>
(1) Written Premiums	<u>570,375,705</u>	<u>574,032,393</u>	<u>2,886,555,747</u>
(2) Earned Premiums	<u>569,250,736</u> 100.0%	<u>566,637,325</u> 100.0%	<u>2,858,904,607</u> 100.0%
(3) Inc. Loss and LAE	<u>385,169,388</u> 67.7%	<u>348,595,743</u> 61.5%	<u>1,828,054,231</u> 63.9%
(4) Total Prod. Expense	<u>108,452,566</u> 19.1%	<u>112,678,777</u> 19.9%	<u>536,952,081</u> 18.8%
(5) General Expense	<u>34,132,099</u> 6.0%	<u>38,554,905</u> 6.8%	<u>166,502,515</u> 5.8%
(6) Taxes, Lic. & Fees	<u>13,337,431</u> 2.3%	<u>13,915,330</u> 2.5%	<u>68,245,636</u> 2.4%
(7) Other			
COUNTRYWIDE EXPERIENCE		<u>X</u> Direct	___ Net
	(in thousands)		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
(1) Written Premiums	<u>21,864,276</u>	<u>22,656,384</u>	<u>22,605,559</u>
(2) Earned Premiums	<u>20,808,997</u> 100.0%	<u>22,236,588</u> 100.0%	<u>22,475,602</u> 100.0%
(3) Inc. Loss and LAE	<u>15,231,277</u> 73.2%	<u>14,980,762</u> 67.4%	<u>14,698,447</u> 65.4%
(4) Total Prod. Expense	<u>3,971,278</u> 19.1%	<u>4,219,053</u> 19.0%	<u>4,198,304</u> 18.7%
(5) General Expense	<u>1,106,787</u> 5.3%	<u>1,186,942</u> 5.3%	<u>1,196,894</u> 5.3%
(6) Taxes, Lic. & Fees			
(7) Other			
	<u>2006</u>	<u>2007</u>	<u>5 Years Combined</u>
(1) Written Premiums	<u>22,636,745</u>	<u>21,581,836</u>	<u>111,344,800</u>
(2) Earned Premiums	<u>22,613,639</u> 100.0%	<u>21,893,676</u> 100.0%	<u>110,028,502</u> 100.0%
(3) Inc. Loss and LAE	<u>14,434,444</u> 63.8%	<u>14,430,286</u> 65.9%	<u>73,775,216</u> 67.1%
(4) Total Prod. Expense	<u>4,301,476</u> 19.0%	<u>4,215,449</u> 19.3%	<u>20,905,560</u> 19.0%
(5) General Expense	<u>1,268,882</u> 5.6%	<u>1,278,184</u> 5.8%	<u>6,037,689</u> 5.5%
(6) Taxes, Lic. & Fees			
(7) Other			

EXHIBIT 4

UNDERWRITING PROFIT AND CONTINGENCY PROVISION

1. Target after tax rate of return	<u>0</u>	%
2. Ratio of premium to surplus	<u>N/A</u>	
3. Target rate of return as a percent of premium (1/2)	<u>0</u>	
4. Anticipated investment income as a percent of premium	<u>Various - See Section A, Exhibit 1</u>	
5. Target profit and contingency provision (3-4)	<u>Various</u>	%
6. Company select profit and contingency provision Explain any differences between 5 and 6: _____	<u>Various</u>	%
<hr/>		
7. Methodology used to derive the anticipated investment income as a percent of premium: 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 - 48
4. Trending factor development and application.	49
5. Changes in premium base resulting from rating exposure trends.	50
6. Limiting factor development and application.	51
7. Overhead expense development and application of commission and brokerage, other acquisition fees, general expenses, taxes, licenses and fees.	52
8. Percentage rate change.	53
9. Final proposed rates.	54
10. Investment earnings, consisting of investment income and realized plus unrealized capital gains, from loss, loss expense and unearned premium reserves.	55
11. Identification of applicable statistical plans and programs and a certification of compliance with them.	56
12. Investment earnings on capital and surplus.	57
13. Level of capital and surplus needed to support premium writings without endangering the solvency of member companies.	58

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>12/31/2002</u>	<u>12/31/2003</u>	<u>12/31/2004</u>
Trucks, Tractors, & Trailers Bodily Injury	9,296,296	9,468,134	9,929,074
Trucks, Tractors, & Trailers Property Damage	10,483,331	10,495,861	11,008,233
Garage Bodily Injury	3,477,408	3,508,545	3,673,096
Garages Property Damage	2,077,659	2,033,313	2,120,389
Private Passenger Types Bodily Injury	187,488	130,834	109,979
Private Passenger Types Property Damage	205,846	148,721	125,052

	<u>12/31/2005</u>	<u>12/31/2006</u>
Trucks, Tractors, & Trailers Bodily Injury	10,663,934	11,451,915
Trucks, Tractors, & Trailers Property Damage	11,763,627	12,315,855
Garage Bodily Injury	3,524,630	3,541,254
Garages Property Damage	2,026,500	1,963,814
Private Passenger Types Bodily Injury	102,314	91,091
Private Passenger Types Property Damage	115,807	100,921

Earned Premium at Current Level

	<u>12/31/2002</u>	<u>12/31/2003</u>	<u>12/31/2004</u>
Trucks, Tractors, & Trailers Bodily Injury	10,328,185	10,613,778	11,130,492
Trucks, Tractors, & Trailers Property Damage	11,059,914	11,367,018	11,921,916
Garage Bodily Injury	3,508,705	3,220,844	3,371,902
Garages Property Damage	2,019,485	2,082,113	2,171,278
Private Passenger Types Bodily Injury	198,320	139,731	117,458
Private Passenger Types Property Damage	218,608	154,075	129,554

	<u>12/31/2005</u>	<u>12/31/2006</u>
Trucks, Tractors, & Trailers Bodily Injury	11,772,983	11,612,242
Trucks, Tractors, & Trailers Property Damage	12,610,608	12,439,014
Garage Bodily Injury	3,235,610	3,388,980
Garages Property Damage	2,075,136	1,987,380
Private Passenger Types Bodily Injury	108,351	91,820
Private Passenger Types Property Damage	119,513	101,325

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

North Carolina

PAID/INCURRED LOSS AND LOSS ADJUSTMENT EXPENSE (a)

Paid Losses

	<u>12/31/2002</u>	<u>12/31/2003</u>	<u>12/31/2004</u>
Trucks, Tractors, & Trailers Bodily Injury	3,651,947	7,607,010	6,973,131
Trucks, Tractors, & Trailers Property Damage	2,183,465	2,699,632	2,845,297
Garage Bodily Injury	488,072	498,131	374,241
Garages Property Damage	357,594	375,266	328,925
Private Passenger Types Bodily Injury	150,954	116,210	102,207
Private Passenger Types Property Damage	129,674	109,825	69,389

	<u>12/31/2005</u>	<u>12/31/2006</u>
Trucks, Tractors, & Trailers Bodily Injury	3,162,910	958,456
Trucks, Tractors, & Trailers Property Damage	2,627,935	2,016,567
Garage Bodily Injury	234,214	362,910
Garages Property Damage	267,487	269,191
Private Passenger Types Bodily Injury	47,189	10,633
Private Passenger Types Property Damage	57,374	12,640

Incurred Losses

	<u>12/31/2002</u>	<u>12/31/2003</u>	<u>12/31/2004</u>
Trucks, Tractors, & Trailers Bodily Injury	3,799,703	8,070,529	7,951,305
Trucks, Tractors, & Trailers Property Damage	2,183,465	2,699,632	2,854,297
Garage Bodily Injury	488,072	504,711	407,223
Garages Property Damage	357,594	375,266	332,425
Private Passenger Types Bodily Injury	150,954	116,210	102,207
Private Passenger Types Property Damage	129,674	109,825	69,389

	<u>12/31/2005</u>	<u>12/31/2006</u>
Trucks, Tractors, & Trailers Bodily Injury	6,373,336	3,559,629
Trucks, Tractors, & Trailers Property Damage	2,654,798	2,142,627
Garage Bodily Injury	306,914	568,668
Garages Property Damage	267,487	269,191
Private Passenger Types Bodily Injury	55,689	23,853
Private Passenger Types Property Damage	57,374	12,640

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

North Carolina

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

<u>Coverages</u>	<u>7/1/2005</u>
Trucks, Tractors, & Trailers Bodily Injury	0.775
Trucks, Tractors, & Trailers Property Damage	0.775
Garages Bodily Injury	0.745
Garages Property Damage	0.745
Private Passenger Types Bodily Injury	0.775
Private Passenger Types Property Damage	0.775

(a) Ceded Business

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

2. Credibility factor development and application

Credibility factor determination

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

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

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

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

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

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

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

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

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

Credibility factor application

Credibility is applied in the statewide rate level calculations in Section B, Exhibits 1 - 3 of Exhibit RF-1.

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

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

See also the pre-filed testimony of Mark Whitman.

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

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

Development

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

Basic Limits

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

Total Limits

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

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 Exhibit RF-1.

See also the pre-filed testimony of Mark Whitman.

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

Bodily Injury

Accident Year <u>Ending</u>	\$30,000/60,000 Basic Limit		
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1995	1,094,016	2,366,027	2,913,929
12/31/1996	1,115,372	2,201,045	2,675,450
12/31/1997	1,125,011	1,952,953	2,688,866
12/31/1998	984,791	2,129,349	2,739,085
12/31/1999	1,263,666	2,388,959	2,839,209
12/31/2000	1,277,580	2,447,551	2,971,845
12/31/2001	970,725	2,073,914	2,434,610
12/31/2002	807,768	1,687,869	2,032,085
12/31/2003	769,591	1,674,349	1,925,194
12/31/2004	1,133,513	1,894,330	2,495,901
12/31/2005	901,024	1,566,532	
12/31/2006	822,456		

Property Damage

Accident Year <u>Ending</u>	\$25,000 Basic Limit		
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1995	3,087,535	3,198,575	3,221,493
12/31/1996	2,921,173	3,102,091	3,147,323
12/31/1997	2,975,616	3,124,181	3,136,267
12/31/1998	2,824,106	2,945,000	2,983,852
12/31/1999	3,725,659	4,022,813	4,082,116
12/31/2000	3,634,187	3,850,823	3,891,808
12/31/2001	2,996,052	3,207,497	3,228,057
12/31/2002	1,919,925	2,006,851	2,039,964
12/31/2003	2,270,232	2,416,456	2,423,401
12/31/2004	2,652,772	2,787,470	2,808,528
12/31/2005	2,387,314	2,503,888	
12/31/2006	1,956,226		

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

Bodily Injury

Accident Year Ending	\$30,000/60,000 Basic Limit				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1995	5,869,709	12,220,318	15,088,594	16,770,129	18,351,426
12/31/1996	6,312,666	12,300,864	15,720,030	18,098,661	19,025,117
12/31/1997	7,445,314	13,415,011	16,259,141	18,238,158	19,331,480
12/31/1998	6,582,442	12,936,958	16,151,779	18,219,196	19,641,880
12/31/1999	6,281,101	12,424,422	15,270,325	17,382,994	18,645,782
12/31/2000	6,377,620	12,135,436	15,568,055	18,359,745	19,899,616
12/31/2001	5,421,511	10,665,435	13,619,827	16,248,741	17,665,091
12/31/2002	5,345,359	10,305,132	12,864,581	14,646,179	15,796,709
12/31/2003	5,124,394	10,398,648	12,751,757	14,631,646	
12/31/2004	5,491,411	10,208,257	12,822,726		
12/31/2005	5,674,502	10,969,781			
12/31/2006	6,125,495				

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

Bodily Injury

Accident Year Ending	\$30,000/60,000 Basic Limit <u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1995	18,577,787	18,627,371	18,496,961	18,495,305	18,471,972
12/31/1996	19,386,716	19,460,672	19,476,490	19,504,137	19,504,137
12/31/1997	19,719,356	19,891,391	19,879,459	19,879,459	19,879,459
12/31/1998	20,004,008	20,131,840	20,150,669	20,153,428	
12/31/1999	18,976,869	19,110,710	19,133,867		
12/31/2000	20,254,753	20,363,392			
12/31/2001	18,150,074				

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

Property Damage

Accident Year Ending	\$25,000 Basic Limit				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1995	16,062,824	16,933,362	17,101,174	17,145,390	17,184,607
12/31/1996	17,689,379	18,824,112	18,997,184	19,084,388	19,114,966
12/31/1997	18,783,191	19,784,053	19,965,987	20,190,581	20,207,976
12/31/1998	19,170,838	19,923,159	20,280,399	20,347,727	20,436,398
12/31/1999	19,125,982	20,525,490	20,764,518	20,859,579	20,883,672
12/31/2000	20,037,948	21,103,991	21,205,163	21,302,358	21,317,300
12/31/2001	17,163,658	17,980,305	18,119,084	18,158,373	18,229,390
12/31/2002	16,454,220	17,306,210	17,469,296	17,519,021	17,580,545
12/31/2003	14,681,697	15,586,357	15,737,158	15,846,103	
12/31/2004	14,727,884	15,657,413	15,868,216		
12/31/2005	16,142,361	17,017,317			
12/31/2006	16,387,713				

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

Property Damage

Accident Year Ending	\$25,000 Basic Limit				
	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1995	17,185,217	17,190,703	17,190,703	17,190,703	17,190,703
12/31/1996	19,117,220	19,103,926	19,106,007	19,106,007	19,108,482
12/31/1997	20,200,896	20,209,294	20,213,594	20,215,838	20,227,641
12/31/1998	20,450,465	20,450,160	20,456,906	20,457,416	
12/31/1999	20,883,530	20,897,443	20,896,730		
12/31/2000	21,327,746	21,367,436			
12/31/2001	18,299,846				

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

Bodily Injury

Accident Year Ending	\$30,000/60,000 <u>15 Months</u>	Basic Limit <u>27 Months</u>	<u>39 Months</u>
12/31/1995	80,417	110,161	110,161
12/31/1996	41,785	78,652	78,652
12/31/1997	31,589	39,339	55,839
12/31/1998	28,018	95,698	95,698
12/31/1999	160,567	213,284	289,634
12/31/2000	58,238	75,694	108,914
12/31/2001	68,728	198,911	221,610
12/31/2002	79,603	90,614	120,954
12/31/2003	18,171	98,210	98,210
12/31/2004	34,770	82,037	102,207
12/31/2005	46,497	47,189	
12/31/2006	10,633		

Property Damage

Accident Year Ending	\$25,000 Basic Limit <u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1995	97,442	108,478	108,478
12/31/1996	99,843	100,116	100,116
12/31/1997	67,044	68,629	68,629
12/31/1998	141,741	146,966	165,306
12/31/1999	175,503	197,076	197,076
12/31/2000	218,005	239,929	247,337
12/31/2001	182,691	192,659	192,659
12/31/2002	135,661	129,674	129,674
12/31/2003	100,523	109,825	109,825
12/31/2004	69,595	69,389	69,389
12/31/2005	53,979	57,374	
12/31/2006	12,640		

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

Bodily Injury

Accident Year Ending	\$30,000/60,000 Basic Limit <u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1995	1,235,552	2,393,824	2,918,760	3,467,616	3,921,818
12/31/1996	974,184	2,043,852	2,688,928	2,919,751	3,080,253
12/31/1997	1,170,853	2,027,273	2,556,640	2,881,186	3,025,948
12/31/1998	909,857	1,618,304	2,141,579	2,623,841	2,875,531
12/31/1999	971,252	1,889,995	2,296,479	2,486,870	2,452,239
12/31/2000	1,038,074	1,694,857	2,162,798	2,462,179	2,588,482
12/31/2001	781,264	1,332,452	1,754,448	2,163,236	2,512,692
12/31/2002	607,498	1,430,725	1,895,079	2,087,242	2,134,919
12/31/2003	854,414	1,344,097	1,523,955	1,840,405	
12/31/2004	678,045	1,232,667	1,616,823		
12/31/2005	697,731	1,370,020			
12/31/2006	765,352				

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

Bodily Injury

Accident Year <u>Ending</u>	\$30,000/60,000 Basic Limit <u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1995	3,981,614	3,985,464	3,985,464	3,984,901	3,984,901
12/31/1996	3,081,354	3,083,054	3,033,838	3,036,925	3,038,225
12/31/1997	3,034,557	2,907,565	2,907,565	2,907,565	2,907,565
12/31/1998	2,839,883	2,907,821	2,935,670	2,938,197	
12/31/1999	2,476,703	2,495,642	2,495,642		
12/31/2000	2,616,811	2,653,498			
12/31/2001	2,617,720				

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

Property Damage

Accident Year	\$25,000 Basic Limit				
<u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1995	2,383,272	2,526,490	2,551,018	2,558,799	2,555,909
12/31/1996	2,566,582	2,692,092	2,700,257	2,696,246	2,697,586
12/31/1997	2,159,125	2,239,174	2,239,756	2,254,350	2,252,364
12/31/1998	2,402,999	2,511,210	2,518,538	2,535,193	2,577,338
12/31/1999	2,572,944	2,794,317	2,810,025	2,821,700	2,823,480
12/31/2000	2,371,842	2,451,717	2,475,664	2,484,873	2,473,579
12/31/2001	2,257,159	2,440,936	2,443,558	2,534,854	2,573,130
12/31/2002	1,972,008	2,076,066	2,098,192	2,106,875	2,108,784
12/31/2003	1,706,699	1,810,093	1,819,926	1,847,111	
12/31/2004	1,785,750	1,984,493	1,989,580		
12/31/2005	1,959,559	2,079,962			
12/31/2006	1,864,195				

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

Property Damage

Accident Year Ending	\$25,000 Basic Limit <u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1995	2,551,924	2,551,924	2,551,924	2,555,972	2,555,972
12/31/1996	2,698,468	2,698,468	2,673,149	2,673,712	2,673,712
12/31/1997	2,252,364	2,164,515	2,164,515	2,164,515	2,164,515
12/31/1998	2,565,779	2,566,427	2,561,010	2,566,521	
12/31/1999	2,823,512	2,798,512	2,800,292		
12/31/2000	2,478,889	2,487,466			
12/31/2001	2,562,272				

North Carolina
ISO Facility Data
Total Limits Claim Development
Truck, Tractor, & Trailers Incurred Claims

Bodily Injury

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1995	520	529	528
12/31/1996	455	437	436
12/31/1997	475	475	472
12/31/1998	464	444	445
12/31/1999	472	474	486
12/31/2000	513	503	505
12/31/2001	367	381	381
12/31/2002	305	300	304
12/31/2003	321	316	310
12/31/2004	393	373	373
12/31/2005	309	294	
12/31/2006	249		

Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1995	1,491	1,500	1,502
12/31/1996	1,423	1,428	1,435
12/31/1997	1,315	1,338	1,338
12/31/1998	1,398	1,412	1,420
12/31/1999	1,853	1,885	1,883
12/31/2000	1,746	1,769	1,770
12/31/2001	1,353	1,365	1,367
12/31/2002	871	878	882
12/31/2003	851	876	875
12/31/2004	979	981	983
12/31/2005	818	825	
12/31/2006	656		

North Carolina
 ISO Voluntary Data
 Total Limits Claim Development
 Truck, Tractor, & Trailers Incurred Claims

Bodily Injury

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1995	2,615	2,579	2,582	2,608	2,588
12/31/1996	2,876	2,824	2,831	2,819	2,812
12/31/1997	2,785	2,785	2,812	2,838	2,831
12/31/1998	2,851	2,868	2,886	2,898	2,898
12/31/1999	2,739	2,759	2,785	2,796	2,782
12/31/2000	2,716	2,658	2,670	2,690	2,693
12/31/2001	2,320	2,250	2,246	2,237	2,226
12/31/2002	2,152	2,123	2,087	2,106	2,103
12/31/2003	2,072	2,022	2,031	2,019	
12/31/2004	2,070	2,011	1,998		
12/31/2005	2,065	1,987			
12/31/2006	2,059				

North Carolina
ISO Voluntary Data
Total Limits Claim Development
Truck, Tractor, & Trailers Incurred Claims

Bodily Injury

Accident Year <u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1995	2,593	2,573	2,578	2,578	2,577
12/31/1996	2,820	2,817	2,814	2,815	2,815
12/31/1997	2,845	2,843	2,843	2,843	2,843
12/31/1998	2,891	2,891	2,892	2,892	
12/31/1999	2,786	2,788	2,783		
12/31/2000	2,697	2,693			
12/31/2001	2,230				

North Carolina
ISO Voluntary Data
Total Limits Claim Development
Truck, Tractor, & Trailers Incurred Claims

Property Damage

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1995	8,345	8,374	8,384	8,416	8,410
12/31/1996	8,965	9,008	9,046	9,039	9,049
12/31/1997	8,745	8,857	8,886	8,907	8,873
12/31/1998	8,788	8,821	8,899	8,873	8,876
12/31/1999	8,376	8,538	8,555	8,568	8,569
12/31/2000	8,213	8,334	8,345	8,340	8,334
12/31/2001	6,925	7,030	7,024	7,024	7,032
12/31/2002	6,338	6,372	6,369	6,375	6,380
12/31/2003	5,548	5,578	5,588	5,587	
12/31/2004	5,542	5,562	5,572		
12/31/2005	5,701	5,746			
12/31/2006	5,736				

North Carolina
ISO Voluntary Data
Total Limits Claim Development
Truck, Tractor, & Trailers Incurred Claims

Property Damage

Accident Year Ending	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1995	8,417	8,387	8,387	8,387	8,387
12/31/1996	9,031	9,029	9,029	9,029	9,029
12/31/1997	8,870	8,872	8,875	8,875	8,877
12/31/1998	8,871	8,872	8,874	8,874	
12/31/1999	8,568	8,577	8,577		
12/31/2000	8,340	8,343			
12/31/2001	7,032				

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

Bodily Injury

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1995	25	19	18
12/31/1996	14	13	13
12/31/1997	19	15	15
12/31/1998	21	22	22
12/31/1999	44	44	45
12/31/2000	33	31	31
12/31/2001	31	35	35
12/31/2002	18	18	19
12/31/2003	10	9	9
12/31/2004	16	17	15
12/31/2005	14	12	
12/31/2006	3		

Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1995	56	57	57
12/31/1996	40	42	42
12/31/1997	44	42	42
12/31/1998	66	66	67
12/31/1999	133	127	126
12/31/2000	123	120	120
12/31/2001	116	113	113
12/31/2002	68	69	69
12/31/2003	43	45	45
12/31/2004	44	42	42
12/31/2005	39	38	
12/31/2006	6		

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

Bodily Injury

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1995	546	541	550	573	564
12/31/1996	494	483	488	479	477
12/31/1997	451	446	446	452	453
12/31/1998	419	396	408	410	409
12/31/1999	451	439	446	447	402
12/31/2000	394	375	371	366	365
12/31/2001	347	324	329	328	329
12/31/2002	301	289	283	281	281
12/31/2003	298	291	286	287	
12/31/2004	262	271	271		
12/31/2005	247	240			
12/31/2006	270				

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

Bodily Injury

Accident Year <u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1995	552	543	543	542	543
12/31/1996	479	478	463	463	463
12/31/1997	454	425	424	424	424
12/31/1998	407	408	406	407	
12/31/1999	408	405	405		
12/31/2000	364	364			
12/31/2001	329				

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

Property Damage

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1995	1,197	1,180	1,183	1,193	1,191
12/31/1996	1,289	1,309	1,320	1,314	1,312
12/31/1997	1,092	1,106	1,101	1,102	1,095
12/31/1998	1,144	1,158	1,160	1,148	1,148
12/31/1999	1,150	1,156	1,156	1,157	1,157
12/31/2000	1,034	1,046	1,045	1,044	1,044
12/31/2001	988	1,004	1,003	1,006	1,006
12/31/2002	812	829	827	833	832
12/31/2003	713	730	730	730	
12/31/2004	695	692	697		
12/31/2005	731	743			
12/31/2006	738				

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

Property Damage

Accident Year Ending	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1995	1,205	1,178	1,178	1,181	1,181
12/31/1996	1,305	1,304	1,277	1,278	1,278
12/31/1997	1,095	1,027	1,027	1,027	1,027
12/31/1998	1,136	1,137	1,137	1,137	
12/31/1999	1,158	1,157	1,157		
12/31/2000	1,046	1,047			
12/31/2001	1,006				

North Carolina
ISO Facility Data
Total Limits Claim Development
Truck, Tractors, & Trailers Paid Claims

Bodily Injury

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1995	313	448	492
12/31/1996	262	368	408
12/31/1997	297	408	455
12/31/1998	273	384	419
12/31/1999	301	422	461
12/31/2000	322	438	466
12/31/2001	221	336	352
12/31/2002	172	251	277
12/31/2003	182	274	292
12/31/2004	217	308	341
12/31/2005	186	249	
12/31/2006	140		

Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1995	1,453	1,487	1,498
12/31/1996	1,380	1,425	1,436
12/31/1997	1,297	1,333	1,337
12/31/1998	1,347	1,411	1,420
12/31/1999	1,806	1,877	1,881
12/31/2000	1,711	1,762	1,770
12/31/2001	1,309	1,361	1,364
12/31/2002	849	876	883
12/31/2003	836	872	874
12/31/2004	950	978	981
12/31/2005	803	823	
12/31/2006	634		

North Carolina
ISO Voluntary Data
Total Limits Claim Development
Truck, Tractor, & Trailers Paid Claims

Bodily Injury

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1995	1,566	2,248	2,443	2,529	2,564
12/31/1996	1,761	2,470	2,663	2,770	2,803
12/31/1997	1,797	2,475	2,673	2,787	2,827
12/31/1998	1,857	2,538	2,738	2,828	2,875
12/31/1999	1,707	2,412	2,613	2,717	2,769
12/31/2000	1,652	2,290	2,489	2,620	2,674
12/31/2001	1,412	1,922	2,066	2,158	2,202
12/31/2002	1,347	1,852	1,993	2,067	2,100
12/31/2003	1,297	1,786	1,908	1,998	
12/31/2004	1,310	1,770	1,895		
12/31/2005	1,267	1,769			
12/31/2006	1,213				

North Carolina
ISO Voluntary Data
Total Limits Claim Development
Truck, Tractor, & Trailers Paid Claims

Bodily Injury

Accident Year Ending	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1995	2,573	2,576	2,578	2,578	2,577
12/31/1996	2,811	2,815	2,815	2,815	2,815
12/31/1997	2,836	2,845	2,843	2,843	2,843
12/31/1998	2,884	2,890	2,891	2,891	
12/31/1999	2,779	2,785	2,784		
12/31/2000	2,686	2,690			
12/31/2001	2,218				

North Carolina
ISO Voluntary Data
Total Limits Claim Development
Truck, Tractor, & Trailers Paid Claims

Property Damage

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1995	8,085	8,342	8,374	8,385	8,386
12/31/1996	8,680	8,976	9,020	9,018	9,025
12/31/1997	8,535	8,798	8,837	8,870	8,871
12/31/1998	8,523	8,767	8,852	8,862	8,872
12/31/1999	8,120	8,501	8,546	8,564	8,568
12/31/2000	8,040	8,309	8,324	8,335	8,335
12/31/2001	6,775	6,986	7,011	7,022	7,031
12/31/2002	6,176	6,345	6,361	6,371	6,376
12/31/2003	5,378	5,556	5,581	5,588	
12/31/2004	5,391	5,535	5,563		
12/31/2005	5,559	5,730			
12/31/2006	5,601				

North Carolina
ISO Voluntary Data
Total Limits Claim Development
Truck, Tractor, & Trailers Paid Claims

Property Damage

Accident Year <u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1995	8,386	8,387	8,387	8,387	8,387
12/31/1996	9,029	9,028	9,029	9,029	9,029
12/31/1997	8,869	8,871	8,870	8,873	8,873
12/31/1998	8,872	8,872	8,874	8,874	
12/31/1999	8,568	8,577	8,577		
12/31/2000	8,337	8,342			
12/31/2001	7,032				

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

Bodily Injury

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1995	15	15	15
12/31/1996	9	13	13
12/31/1997	8	10	12
12/31/1998	11	19	19
12/31/1999	27	38	45
12/31/2000	20	25	29
12/31/2001	21	33	34
12/31/2002	15	17	18
12/31/2003	4	9	9
12/31/2004	10	13	15
12/31/2005	9	10	
12/31/2006	2		

Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1995	56	57	57
12/31/1996	40	42	42
12/31/1997	42	42	42
12/31/1998	61	65	66
12/31/1999	124	126	126
12/31/2000	115	119	120
12/31/2001	110	113	113
12/31/2002	67	69	69
12/31/2003	42	45	45
12/31/2004	42	42	42
12/31/2005	35	38	
12/31/2006	6		

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

Bodily Injury

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1995	337	472	508	530	539
12/31/1996	283	413	457	471	478
12/31/1997	293	398	437	446	452
12/31/1998	264	351	380	398	406
12/31/1999	277	395	420	433	406
12/31/2000	253	319	346	358	362
12/31/2001	220	283	309	322	328
12/31/2002	177	254	271	278	281
12/31/2003	197	256	273	284	
12/31/2004	155	232	253		
12/31/2005	143	206			
12/31/2006	176				

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

Bodily Injury

Accident Year <u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1995	541	542	542	542	542
12/31/1996	478	478	462	463	463
12/31/1997	453	424	424	424	424
12/31/1998	404	406	407	407	
12/31/1999	406	405	405		
12/31/2000	363	363			
12/31/2001	330				

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

Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1995	1,140	1,172	1,178	1,181	1,179
12/31/1996	1,250	1,303	1,306	1,304	1,304
12/31/1997	1,066	1,097	1,093	1,095	1,095
12/31/1998	1,108	1,141	1,143	1,146	1,148
12/31/1999	1,110	1,150	1,155	1,156	1,157
12/31/2000	1,009	1,039	1,044	1,044	1,044
12/31/2001	966	1,004	1,003	1,006	1,005
12/31/2002	799	826	828	832	832
12/31/2003	702	727	729	731	
12/31/2004	686	693	697		
12/31/2005	718	740			
12/31/2006	714				

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

Property Damage

Accident Year Ending	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1995	1,178	1,178	1,178	1,181	1,181
12/31/1996	1,304	1,304	1,277	1,278	1,278
12/31/1997	1,095	1,027	1,027	1,027	1,027
12/31/1998	1,136	1,137	1,137	1,137	
12/31/1999	1,158	1,157	1,157		
12/31/2000	1,046	1,047			
12/31/2001	1,006				

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

4. Trending factor development and application.

Development

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

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

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

Application

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

The expense trend is applied on Sheet 2 of Exhibits 1 - 3 of Section B of Exhibit RF-1.

See also the pre-filed testimony of Mark Whitman.

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

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

NOT APPLICABLE.

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

6. Limiting factor development and application.

NOT APPLICABLE.

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

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

Development

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

Application

See Exhibit 1 of Section A and Exhibit 1 (Sheet 1), Exhibit 2 (Sheet 1), 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 Exhibit RF-1.

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

9. Final proposed rates.

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

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

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

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

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

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

a) The statistical plans utilized are:

ISO Commercial Statistical Plan - Commercial Automobile Module

ISO Commercial Minimum Statistical Plan - Commercial Automobile Module

ISO Annual Call for Commercial Automobile Statistics

PCI Automobile Statistical Plan

PCI Quarterly Automobile Liability Call

PCI Voluntary Automobile Excess Loss Call

Annual Statement for 2006

Insurance Expense Exhibits for 2007

Rate Bureau Call for 2007 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.

"Material used in this Manual which is copyrighted by ISO is with the permission and under license granted by the copyright proprietors."

Distributed by
AIPSO

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TABLE OF CONTENTS

Rule	Page
REINSURANCE FACILITY RULES OF OPERATION SECTION	
Selected Rules of Operation	A-E
GENERAL RULES SECTION	
1. How to Classify Automobiles	3
2. Increased Limits	3
3. Policy Period	3
4. Cancellation	3
5. Installment Payments	6
6. Suspension	6
7. Certified Risks—Financial Responsibility Laws	6
8. Additional Premium Changes	7
9. Return Premium Changes	7
10. Premium Rounding	7
11. Minimum Premium	7
12. Deductible Insurance	7
13. Farmers Automobiles	8
14. Private Passenger Types	8
COMMON COVERAGES SECTION	
19. Combination of Interests	11
20. Drive Other Car Coverage	11
21. Nonownership Liability	11
22. Hired Automobiles	12
23. Individual as the Named Insured	12
24. Medical Payments	12
25. Partnership as the Named Insured—Nonownership Liability	12
26. Uninsured and Underinsured Motorists Insurance	12
27. Pollution Liability	14
TRUCKS, TRACTORS, AND TRAILERS SECTION	
30. Eligibility	19
31. Premium Development—Other Than Zone Rated Automobiles	19
32. Trucks, Tractors, and Trailers Classifications	19
33. Truckers	26
34. Premium Development—Zone Rated Automobiles	26
PUBLIC TRANSPORTATION SECTION	
45. Eligibility	37
46. Premium Development—Other Than Zone Rated Automobiles	37
47. Public Automobile Classifications	37
48. Premium Development—Zone Rated Automobiles	42
49. Transportation of Migrant Farm Workers by Farm Labor Contractors	42
GARAGE DEALERS SECTION	
55. Automobile Dealers—Eligibility	45
56. Automobile Dealers—Premium Development	45
57. Automobile Dealers—Additional Provisions	46
SPECIAL TYPES AND OPERATIONS SECTION	
71. Eligibility	49
72. Premium Development	49
73. Ambulance Services	49
74. Amphibious Equipment	49
75. Antique Automobiles	49
76. Automobile Body Manufacturers and Installers	49
77. Driver Training Programs, Educational Institutions, Commercial Driving Schools, and Automobile Repair Training	49
78. Drive-Away Contractors	50

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL**

Rule	Page
80. Fire Departments	50
81. Funeral Directors.....	50
82. Golfmobiles	51
83. Law Enforcement Agencies	51
84. Leasing or Rental Concerns.....	51
85. Mobile Homes	52
86. Motorcycles	52
87. Registration Plates Not Issued for a Specific Automobile.....	52
88. Repossessed Automobiles—Finance Companies and Banks.....	52
89. Snowmobiles.....	53
90. Special or Mobile Equipment	53
MISCELLANEOUS SECTION	
94. Retrospective Rating Plan D—Reinsurance Facility Risks	57
95. Rating Procedures—Reinsurance Facility Risks.....	57
96. Rule—Experience Rating	57
97. Rule for Rating Single Limit Coverages	57
98. Punitive Damages Exclusion.....	57
EXPERIENCE RATING PLAN SECTION	E-1
SUPPLEMENTARY RATING PROCEDURES SECTION	
2. Increased Limits.....	S-3
24. Medical Payments	S-5
TERRITORIES SECTION	T-1
COMMERCIAL AUTOMOBILE LIABILITY RATES SECTION	R-1

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

ELIGIBILITY

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

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

A risk is ineligible for cession to the Facility:

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

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

EXTENT OF COVERAGE

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

The ceding privileges are as follows:

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

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

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

- 4. MEDICAL PAYMENTS:

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

- 5. UNINSURED MOTORISTS:

★\$1,000,000 Each Person and \$1,000,000 Each Accident for Bodily Injury❖

\$50,000 for Property Damage (\$100 Deductible)

- 6. COMBINED UNINSURED AND UNDERINSURED MOTORISTS:

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

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

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

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

❖

❖

RULES AND RATES; POLICY FORMS

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

TERMINATION OF INSURANCE

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

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

represented the company in taking the original application for insurance.

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

COMMISSIONS

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

SERVICE STANDARDS

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

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

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

MINIMUM UNDERWRITING REQUIREMENTS

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

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

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

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

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

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

Member companies shall not:

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

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

MEMBER RESPONSIBILITIES

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

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

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

NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTOMOBILE MANUAL
GENERAL RULES SECTION

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

GENERAL RULES

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

Rule 1. HOW TO CLASSIFY AUTOMOBILES

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

Rule 2. INCREASED LIMITS

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

Rule 3. POLICY PERIOD

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

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

- 3. Short Term Policies—If a policy is issued for a period of less than 12 months, other than a policy issued for a period of six months, the premium for the policy shall be computed by multiplying the pro rata premium by a factor of 1.1, except that in the following circumstances the premium shall be computed pro rata:
 - a. When coverage is afforded to secure a common policy date with other coverages or lines of insurance.
 - b. When a policy is issued on a short term basis to replace an outstanding policy of a company in liquidation, provided the new policy is based upon the rules and rates in effect at the time replacement is made and shall be in effect for a period equal to the unexpired term of the outstanding policy.
 - c. When a statutory policy is required by a state or municipality to expire on a fixed date and the policy is written to expire on such date.
- C. Long Term Policies—For policies issued for more than one year, compute the premium at the rates in effect on each anniversary date of the policy's inception for each annual period.

Rule 4. CANCELLATION

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

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

GENERAL RULES

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

2. If a policy or form of coverage is cancelled by the company, the return premium shall be computed pro rata.
3. The following provisions apply to policies exceeding 12 months.
 - a. If cancelled during the first year, calculate the return premium at .90 of the pro rata unearned premium for the first year or pro rata of the premium for the first year in accordance with the provisions of this Rule, plus the full annual premium for the second and/or third years.
 - b. If cancelled after the first year, the full pro rata unearned premium shall be returned.
4. If cancellation of the policy results in a return premium of less than \$5, no refund need be made except at the request of the insured, in which case the actual return premium shall be allowed.
5. Instructions for Use of Pro Rata Table:
 - a. Express the date of cancellation by year and decimal part of a year by combining the calendar year with the decimal appearing opposite the month and day in the Pro Rata Table, e.g., March 7, 1981 is designated as 1981.181.
 - b. In like manner, express the effective date of the policy by year and decimal part of a year and subtract from the cancellation date.
 - c. The difference, in the case of one year policies, represents the percentage of the annual premium which is to be retained by the carrier.
 - d. For six month term policies, the difference between cancellation date and effective date multiplied by two represents the percentage of the semi-annual term premium which is to be retained by the carrier.

Examples:

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

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

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

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

Note: As it is not customary to charge for the extra day (February 29) which occurs one year in every four years, this table shall also be used for each such year.

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL**

GENERAL RULES

PRO RATA TABLE

January			February			March			April			May			June		
Day of Month	Day of Year	Ratio	Day of Month	Day of Year	Ratio	Day of Month	Day of Year	Ratio	Day of Month	Day of Year	Ratio	Day of Month	Day of Year	Ratio	Day of Month	Day of Year	Ratio
1	1	0.003	1	32	0.088	1	60	0.164	1	91	0.249	1	121	0.332	1	152	0.416
2	2	0.005	2	33	0.090	2	61	0.167	2	92	0.252	2	122	0.334	2	153	0.419
3	3	0.008	3	34	0.093	3	62	0.170	3	93	0.255	3	123	0.337	3	154	0.422
4	4	0.011	4	35	0.096	4	63	0.173	4	94	0.258	4	124	0.340	4	155	0.425
5	5	0.014	5	36	0.099	5	64	0.175	5	95	0.260	5	125	0.342	5	156	0.427
6	6	0.016	6	37	0.101	6	65	0.178	6	96	0.263	6	126	0.345	6	157	0.430
7	7	0.019	7	38	0.104	7	66	0.181	7	97	0.266	7	127	0.348	7	158	0.433
8	8	0.022	8	39	0.107	8	67	0.184	8	98	0.268	8	128	0.351	8	159	0.436
9	9	0.025	9	40	0.110	9	68	0.186	9	99	0.271	9	129	0.353	9	160	0.438
10	10	0.027	10	41	0.112	10	69	0.189	10	100	0.274	10	130	0.356	10	161	0.441
11	11	0.030	11	42	0.115	11	70	0.192	11	101	0.277	11	131	0.359	11	162	0.444
12	12	0.033	12	43	0.118	12	71	0.195	12	102	0.279	12	132	0.362	12	163	0.447
13	13	0.036	13	44	0.121	13	72	0.197	13	103	0.282	13	133	0.364	13	164	0.449
14	14	0.038	14	45	0.123	14	73	0.200	14	104	0.285	14	134	0.367	14	165	0.452
15	15	0.041	15	46	0.126	15	74	0.203	15	105	0.288	15	135	0.370	15	166	0.455
16	16	0.044	16	47	0.129	16	75	0.205	16	106	0.290	16	136	0.373	16	167	0.458
17	17	0.047	17	48	0.132	17	76	0.208	17	107	0.293	17	137	0.375	17	168	0.460
18	18	0.049	18	49	0.134	18	77	0.211	18	108	0.296	18	138	0.378	18	169	0.463
19	19	0.052	19	50	0.137	19	78	0.214	19	109	0.299	19	139	0.381	19	170	0.466
20	20	0.055	20	51	0.140	20	79	0.216	20	110	0.301	20	140	0.384	20	171	0.468
21	21	0.058	21	52	0.142	21	80	0.219	21	111	0.304	21	141	0.386	21	172	0.471
22	22	0.060	22	53	0.145	22	81	0.222	22	112	0.307	22	142	0.389	22	173	0.474
23	23	0.063	23	54	0.148	23	82	0.225	23	113	0.310	23	143	0.392	23	174	0.477
24	24	0.066	24	55	0.151	24	83	0.227	24	114	0.312	24	144	0.395	24	175	0.479
25	25	0.068	25	56	0.153	25	84	0.230	25	115	0.315	25	145	0.397	25	176	0.482
26	26	0.071	26	57	0.156	26	85	0.233	26	116	0.318	26	146	0.400	26	177	0.485
27	27	0.074	27	58	0.159	27	86	0.236	27	117	0.321	27	147	0.403	27	178	0.488
28	28	0.077	28	59	0.162	28	87	0.238	28	118	0.323	28	148	0.405	28	179	0.490
29	29	0.079				29	88	0.241	29	119	0.326	29	149	0.408	29	180	0.493
30	30	0.082				30	89	0.244	30	120	0.329	30	150	0.411	30	181	0.496
31	31	0.085				31	90	0.247				31	151	0.414			
July			August			September			October			November			December		
Day of Month	Day of Year	Ratio	Day of Month	Day of Year	Ratio	Day of Month	Day of Year	Ratio	Day of Month	Day of Year	Ratio	Day of Month	Day of Year	Ratio	Day of Month	Day of Year	Ratio
1	182	0.499	1	213	0.584	1	244	0.668	1	274	0.751	1	305	0.836	1	335	0.918
2	183	0.501	2	214	0.586	2	245	0.671	2	275	0.753	2	306	0.838	2	336	0.921
3	184	0.504	3	215	0.589	3	246	0.674	3	276	0.756	3	307	0.841	3	337	0.923
4	185	0.507	4	216	0.592	4	247	0.677	4	277	0.759	4	308	0.844	4	338	0.926
5	186	0.510	5	217	0.595	5	248	0.679	5	278	0.762	5	309	0.847	5	339	0.929
6	187	0.512	6	218	0.597	6	249	0.682	6	279	0.764	6	310	0.849	6	340	0.932
7	188	0.515	7	219	0.600	7	250	0.685	7	280	0.767	7	311	0.852	7	341	0.934
8	189	0.518	8	220	0.603	8	251	0.688	8	281	0.770	8	312	0.855	8	342	0.937
9	190	0.521	9	221	0.605	9	252	0.690	9	282	0.773	9	313	0.858	9	343	0.940
10	191	0.523	10	222	0.608	10	253	0.693	10	283	0.775	10	314	0.860	10	344	0.942
11	192	0.526	11	223	0.611	11	254	0.696	11	284	0.778	11	315	0.863	11	345	0.945
12	193	0.529	12	224	0.614	12	255	0.699	12	285	0.781	12	316	0.866	12	346	0.948
13	194	0.532	13	225	0.616	13	256	0.701	13	286	0.784	13	317	0.868	13	347	0.951
14	195	0.534	14	226	0.619	14	257	0.704	14	287	0.786	14	318	0.871	14	348	0.953
15	196	0.537	15	227	0.622	15	258	0.707	15	288	0.789	15	319	0.874	15	349	0.956
16	197	0.540	16	228	0.625	16	259	0.710	16	289	0.792	16	320	0.877	16	350	0.959
17	198	0.542	17	229	0.627	17	260	0.712	17	290	0.795	17	321	0.879	17	351	0.962
18	199	0.545	18	230	0.630	18	261	0.715	18	291	0.797	18	322	0.882	18	352	0.964
19	200	0.548	19	231	0.633	19	262	0.718	19	292	0.800	19	323	0.885	19	353	0.967
20	201	0.551	20	232	0.636	20	263	0.721	20	293	0.803	20	324	0.888	20	354	0.970
21	202	0.553	21	233	0.638	21	264	0.723	21	294	0.805	21	325	0.890	21	355	0.973
22	203	0.556	22	234	0.641	22	265	0.726	22	295	0.808	22	326	0.893	22	356	0.975
23	204	0.559	23	235	0.644	23	266	0.729	23	296	0.811	23	327	0.896	23	357	0.978
24	205	0.562	24	236	0.647	24	267	0.732	24	297	0.814	24	328	0.899	24	358	0.981
25	206	0.564	25	237	0.649	25	268	0.734	25	298	0.816	25	329	0.901	25	359	0.984
26	207	0.567	26	238	0.652	26	269	0.737	26	299	0.819	26	330	0.904	26	360	0.986
27	208	0.570	27	239	0.655	27	270	0.740	27	300	0.822	27	331	0.907	27	361	0.989
28	209	0.573	28	240	0.658	28	271	0.742	28	301	0.825	28	332	0.910	28	362	0.992
29	210	0.575	29	241	0.660	29	272	0.745	29	302	0.827	29	333	0.912	29	363	0.995
30	211	0.578	30	242	0.663	30	273	0.748	30	303	0.830	30	334	0.915	30	364	0.997
31	212	0.581	31	243	0.666				31	304	0.833				31	365	1.000

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

GENERAL RULES

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.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

GENERAL RULES

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

B. Non-Owners

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

C. Surcharges

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

Rule 8. ADDITIONAL PREMIUM CHANGES

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

Rule 9. RETURN PREMIUM CHANGES

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

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

Rule 10. PREMIUM ROUNDING

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

Rule 11. MINIMUM PREMIUM

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

Rule 12. DEDUCTIBLE INSURANCE

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

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL**

GENERAL RULES

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

C. Rates

1. Bodily Injury

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

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

2. Property Damage

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

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

3. For deductibles not shown, refer to company.

Rule 14. PRIVATE PASSENGER TYPES

Fleet-Class Code 7398

A. A private passenger automobile is:

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

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

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

Exception:

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

Rules 15-18. RESERVED FOR FUTURE USE

Rule 13. FARMERS AUTOMOBILES

Class Code 7399

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

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

NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTOMOBILE MANUAL
COMMON COVERAGES SECTION

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

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.

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

Rule 20. DRIVE OTHER CAR COVERAGE

(Class Code 9020)

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

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

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

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

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

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

(2) Garage Service Operations (Class Code 6680)

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

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

(b) Multiply this amount by .35.

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

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

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:

c. For Partnership as the Named Insured

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

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

2. Social Service Agency Risks

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

b. Charge an additional premium determined as follows:

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

COMMON COVERAGES

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

Rule 22. HIRED AUTOMOBILES

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

- d. The minimum premium is \$10 bodily injury, \$25,000/50,000 limits, and \$4 property damage, \$15,000 limit.

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.

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL**

COMMON COVERAGES

EXCEPTIONS—This coverage shall not apply when the insured has either

- elected to purchase combined uninsured and underinsured motorists coverage, or
- 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	\$15
Other than Private Passenger Types	8

(2) Garage Risks

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

(3) All Others—Per Auto

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

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

b. Increased Limits

Increased limits of uninsured motorists 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:

BI Limits	Additional Charge	
	PP Types	Other than PP Types
\$ 50/100	\$ 2	\$1
100/200	4	2
100/300	5	2
250/500	7	3
300/300	8	3
500/500	9	4
500/1,000	10	4
1,000/1,000	11	5

- (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.

c. Additional Persons

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

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

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

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

RATES

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

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

B. Combined Uninsured and Underinsured Motorists Coverage

Owners—(Class Code—Refer to Statistical Plan)

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 in writing and elected to purchase uninsured motorists coverage only, or
- specifically rejected in writing both uninsured motorists and combined uninsured and underinsured motorists coverages.

a. Limits

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

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL**

COMMON COVERAGES

only on an uninsured motorists basis and is subject to an exclusion of the first \$100 of damage.

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

b. Rates

Combined 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:

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

D. Premium Development

Business Auto and Truckers Policies

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

COMMON COVERAGES

2. Hired Autos

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

Rules 28–29. RESERVED FOR FUTURE USE

NOTES

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

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

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 (Rule 84).
- C. Pick-ups, panel trucks or vans owned by an individual, husband and wife or a family farm partnership or corporation and used for farming or ranching and not customarily used for other business. Refer to the Farmers Automobiles Rule (Rule 13).
- D. Individually owned non-fleet pick-ups, panel trucks or vans not used for business. Refer to Personal Auto Manual.
- E. Self-propelled vehicles with the following types of permanently attached equipment. Refer to the Special or Mobile Equipment Rule in the Special Types subsection (Rule 90).
 - 1. Equipment designed primarily for:
 - a. Snow removal;
 - b. Road maintenance, but not construction or resurfacing;
 - c. Street cleaning;
 - 2. Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - 3. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

Rule 31. PREMIUM DEVELOPMENT—OTHER THAN ZONE RATED AUTOMOBILES

- A. This Rule applies to:
 - 1. All light trucks and trailers used with light trucks.
 - 2. All other trucks, tractors, and trailers which regularly operate within a 200 mile radius from the street address of principal garaging. For those automobiles regularly operating beyond a 200 mile radius, refer to the Premium Development—Zone Rated Automobiles Rule (Rule 34).
- B. Determine the classification, rating factor and class code as follows:
 - 1. Determine whether the risk is classified as fleet or non-fleet according to the Trucks, Tractors, and Trailers Classifications Rule (Rule 32).
 - 2. Determine the primary rating factor from the Trucks, Tractors, and Trailers Classifications Rule (Rule 32) based on size class, business use class and radius class.
 - 3. Determine the secondary rating factor, if any, from the Trucks, Tractors, and Trailers Classifications Rule (Rule 32) based on the special industry classifications.

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

C. Premium Computation

- 1. Determine the rating territory from the territory definitions based on the street address of principal garaging.
- 2. Liability Coverages
 - a. Determine the fleet or non-fleet base premiums from the liability base premium schedule on the rate schedules.
 - b. Multiply the base premium by the combined rating factor.
- 3. Medical Payments Coverages
 - a. Trucks and tractors
 - (1) Primary and secondary rating factors do not apply.
 - (2) Determine the premiums from the liability base premium schedule. For premiums not shown, refer to company.
 - b. Trailers
 - (1) Determine the base premium from the liability base premium schedule. For premiums not shown, refer to company.
 - (2) Multiply the base premium by the primary rating factor.
 - (3) Secondary rating factors do not apply.
- 4. Uninsured and Underinsured Motorists Insurance
 - a. Primary and secondary rating factors do not apply.
 - b. Refer to Rule 26 in the Common Coverages Section of this Manual.

Rule 32. TRUCKS, TRACTORS, AND TRAILERS CLASSIFICATIONS

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

A. Fleet—Non-Fleet Classifications

- 1. Classify as fleet the automobiles of any risk that has five or more self-propelled automobiles of any type that are under one ownership. Do not include automobiles owned by allied or subsidiary interests unless the insured holds a majority financial interest.
- 2. Do not include mobile equipment insured on a general liability policy in determining if the risk is a fleet.
- 3. Do not include trailers in determining if the risk is a fleet, but apply the fleet classification to the trailers if the risk otherwise is classified as a fleet.
- 4. Classify the automobiles of any other risk as non-fleet.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

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.
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.
 - 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.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

FLEET

PRIMARY CLASSIFICATIONS—RATING FACTORS AND CLASSIFICATION DESIGNATORS

Size Class	Business Use Class	Factor CD	Radius Class		
			Local Up to 50 Miles BI and PD	Intermediate 51 to 200 Miles BI and PD	Long Distance Over 200 Miles BI and PD
Light Trucks (0-10,000 lbs. GVW)	Service		1.00 014--	1.15 015--	1.25 016--
	Retail		1.45 024--	1.65 025--	1.75 026--
	Commercial		1.35 034--	1.60 035--	1.70 036--
ZONE RATED					
Medium Trucks (10,001-20,000 lbs. GVW)	Service		1.00 214--	1.15 215--	.90 216--
	Retail		1.45 224--	1.70 225--	.90 226--
	Commercial		1.35 234--	1.65 235--	.90 236--
Heavy Trucks (20,001-45,000 lbs. GVW)	Service		1.10 314--	1.30 315--	1.00 316--
	Retail		1.55 324--	1.85 325--	1.00 326--
	Commercial		1.45 334--	1.75 335--	1.00 336--
Extra-Heavy Trucks (Over 45,000 lbs. GVW)			2.00 404--	2.60 405--	1.35 406--
Heavy Truck-Tractors (0-45,000 lbs. GCW)	Service		1.30 344--	1.55 345--	1.00 346--
	Retail		1.90 354--	2.30 355--	1.00 356--
	Commercial		1.80 364--	2.20 365--	1.00 366--
Extra Heavy Truck-Tractors (Over 45,000 lbs. GCW)			2.25 504--	2.80 505--	1.35 506--
Trailer Types					
Semitrailers			.10 674--	.15 675--	.15 676--
Trailers			.10 684--	.15 685--	.15 686--
Service or Utility Trailer (0-2,000 lbs. Load Capacity)			.00 694--	.00 695--	.00 696--

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

NONFLEET

PRIMARY CLASSIFICATIONS—RATING FACTORS AND CLASSIFICATION DESIGNATORS

Size Class	Business Use Class	Factor CD	Radius Class		
			Local Up to 50 Miles BI and PD	Intermediate 51 to 200 Miles BI and PD	Long Distance Over 200 Miles BI and PD
Light Trucks (0-10,000 lbs. GVW)	Service	Factor CD	011-- 1.00	012-- 1.15	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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

C. Secondary Classification—Special Industry Class

1. These classifications and codes, but not the rating factors, apply to zone rated automobiles.
2. Where more than one secondary rating factor applies, use the highest rated classification unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.

Classification	Secondary Factor to Be Combined with Primary Factor		Code to Be Inserted in 4th and 5th Digit of Classification Code	
	Trailer Types and Zone Rated			
	Automobiles	All Other Automobiles		
Truckers —Automobiles used to haul or transport goods, materials or commodities for another, other than automobiles used in moving operations.				
a. Common carriers	local	0.00	+0.70	21
	intermediate	0.00	+0.70	21
	long distance	0.00	+0.70	21
b. Contract carriers (other than chemical or iron and steel haulers)	local	0.00	+0.70	22
	intermediate	0.00	+0.70	22
	long distance	0.00	+0.70	22
c. Contract carriers hauling chemicals	local	0.00	+0.70	23
	intermediate	0.00	+0.70	23
	long distance	0.00	+0.70	23
d. Contract carriers hauling iron and steel	local	0.00	+0.70	24
	intermediate	0.00	+0.70	24
	long distance	0.00	+0.70	24
e. Exempt carriers (other than livestock haulers)	local	0.00	+0.70	25
	intermediate	0.00	+0.70	25
	long distance	0.00	+0.70	25
f. Exempt carriers hauling livestock	local	0.00	+0.70	26
	intermediate	0.00	+0.70	26
	long distance	0.00	+0.70	26
g. Carriers engaged in both private carriage and transporting goods, materials, or commodities for others if at least 20% of their total operation is transporting goods, materials, or commodities for others	local	0.00	+0.70	02
	intermediate	0.00	+0.70	02
	long distance	0.00	+0.70	02
h. Tow trucks for-hire	local	0.00	+0.70	03
	intermediate	0.00	+0.70	03
	long distance	0.00	+0.70	03
i. All other	local	0.00	+0.70	29
	intermediate	0.00	+0.70	29
	long distance	0.00	+0.70	29

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

a. Canneries and packing plants	0.00	+0.40	31
b. Fish and sea food	0.00	+0.40	32
c. Frozen food	0.00	+0.40	33
d. Fruit and vegetable	0.00	+0.40	34
e. Meat or poultry	0.00	+0.40	35
f. All other	0.00	+0.40	39

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

Classification	Secondary Factor to Be Combined with Primary Factor		Code to Be Inserted in 4th and 5th Digit of Classification Code
	Trailer Types and Zone Rated Automobiles	All Other Automobiles	
Specialized delivery —Automobiles used in deliveries subject to time and similar constraints			
a. Armored cars	0.00	+0.60	41
b. Film delivery	0.00	+0.60	42
c. Magazines or newspapers	0.00	+0.60	43
d. Mail and parcel post	0.00	+0.60	44
e. All other	0.00	+0.60	49
	Trailer Types and Zone Rated Automobiles	All Other Automobiles	
Waste disposal —Automobiles transporting salvage and waste material for disposal or resale			
a. Automobile dismantlers	0.00	+0.30	51
b. Building wrecking operators	0.00	+0.30	52
c. Garbage	0.00	+0.30	53
d. Junk dealers	0.00	+0.30	54
e. All other	0.00	+0.30	59
	Trailer Types and Zone Rated Automobiles	All Other Automobiles	
Farmers —Automobiles owned by a farmer, used in connection with the operation of his own farm, and occasionally used to haul commodities for other farmers			
a. Individually owned or family corp. (other than livestock hauling)	0.00	-0.50	61
b. Livestock hauling	0.00	-0.50	62
c. All other	0.00	-0.50	69
	Service or Utility Trailers and Zone Rated Automobiles	All Other Automobiles	
Dump and transit mix trucks and trailers (Use these factors and codes only when no other secondary classification applies. Refer to Truckers Rule.)			
a. Excavating	0.00	-0.20	71
b. Sand and gravel (other than quarrying)	0.00	-0.20	72
c. Mining	0.00	-0.20	73
d. Quarrying	0.00	-0.20	74
e. All other	0.00	-0.20	79

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

Classification	Secondary Factor to Be Combined with Primary Factor	Code to Be Inserted in 4th and 5th Digit of Classification Code
All Automobiles		
Contractors (Other than Dump Trucks—Use these factors and codes only when no other secondary classification applies. Refer to Truckers Rule.)		
a. Building—commercial	-0.05	81
b. Building—private dwellings	-0.05	82
c. Electrical, plumbing, masonry, plastering, and other repair or service	-0.05	83
d. Excavating	-0.05	84
e. Street and road	-0.05	85
f. All other	-0.05	89
Not otherwise specified		
a. Logging and lumbering	0.00	91
b. All other	0.00	99

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

D. Special Provisions for Certain Risks

1. **Truckers.** If the business of the insured involves transporting materials or commodities for another, the Truckers Rule also applies.
2. **Transporters of liquid products.** A policy that covers an automobile used for the bulk transportation of liquid products must exclude accidents resulting from the erroneous delivery of one liquid product for another, or the delivery of any liquid product into the wrong receptacle if the accident occurs after the operations have been completed.
3. **Amusement devices (Class Code 7905).** A policy that covers an automobile with an amusement device mounted on it must cover the operation of the amusement device at the additional premium of \$145 for \$25,000/50,000 bodily injury and \$29 for \$15,000 property damage liability. The premium is for the period of coverage and not subject to any return.
4. **Transporters of explosives.** A policy that covers an automobile used for transporting explosives must exclude coverage for the explosion hazard. For coverages including the explosion hazard, refer to company.
5. **Rolling stores.** A policy that covers automobiles equipped as a rolling store must exclude product liability.
6. **Trailers or semitrailers used as showrooms:**
 - a. To provide liability coverage for trailers or semitrailers used as showrooms or salesrooms, multiply the trailer or semitrailer rating factor by 2.00. The minimum premium per trailer or semitrailer is \$22 for bodily injury, \$25,000/50,000 limits and \$3 property damage, \$15,000 limit. The policy must exclude product liability.
 - b. For medical payments coverage, multiply the private passenger medical payments premiums for the territory in which the risk is located by 3.00.

Rule 33. TRUCKERS

A. Eligibility

1. A trucker is a person, firm or corporation in the business of transporting goods, materials or commodities for another.
2. Such a risk is still in the truckers classification even if it calls itself or advertises as a contractor, building contractor, building material dealer, sand and gravel hauler, or some other similar name.
3. Automobiles used in moving operations are also truckers even though they are not subject to the truckers secondary rating factors.

B. Special Provisions—Bobtail Operations (Class Code 7489)

1. Coverage may be limited to non-trucking use when the automobiles are not rented, nor used for business purposes to carry property or to haul someone else's trailers.

2. Premium Computation:

Liability coverages. Multiply the truck, tractor, and trailer non-fleet base premium by a rating factor of 1.75 per unit or combined unit. No secondary rating factor applies.

C. Premium Determination. Rate automobiles transporting exclusively for one concern on the same basis as though owned by such concern for both territory and classification.

1. **Specified Car Basis.** Truckers may be written on a specified car basis according to the Trucks, Tractors, and Trailers Classifications Rule (Rule 32).
2. **Cost of Hire Basis.** (Class Code 6613, Minimum Premium Class Code 6619) Truckers may be written on the cost of hire basis to cover their liability because of a contract involving the hire of trucks, tractors, and trailers.
 - a. Determine the total cost of hiring the automobiles. If automobiles are hired without operators, include the actual wages of the operators of such automobiles.
 - b. Determine the average specified car rate by:
 - (1) computing the premium for all automobiles owned and leased by the insured that are used in trucking operations.
 - (2) dividing this by the number of trucks and truck-tractors owned and leased by the insured.
 - c. The cost of hire rate is determined by multiplying the average specified car rate by .0033.
 - d. Compute the advance premium by multiplying each \$100 of the total amount estimated for the cost of hire during the policy period by the cost of hire rate.
 - e. Unless there is a substantial change in exposure during the policy period, the advance premium computed at the beginning of the policy term is the earned premium.
 - f. Compute the earned premium at the rates in force at the inception of the policy, in the same manner as the advance premium.
 - g. If the company which insures the owned automobiles of the risk also insures the hired automobiles, the minimum premium is \$11 for \$25,000/50,000 bodily injury and \$6 for \$15,000 property damage liability. Otherwise, the minimum premium is the average applicable specified car rate.

Rule 34. PREMIUM DEVELOPMENT—ZONE RATED AUTOMOBILES

- A. Except for light trucks and trailers used with light trucks, this Rule applies to trucks, tractors, and trailers regularly operated beyond a 200 mile radius from the street address of principal garaging.
- B. Determine the zone or zone combination and code for each automobile as follows:

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

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 (Rule 32).
 - b. Determine the primary rating factor from the Trucks, Tractors, and Trailers Classifications Rule. (Rule 32)
 - c. Determine the secondary classifications code from the Trucks, Tractors, and Trailers Classifications Rule (Rule 32).
2. Liability Coverages
 - a. Determine the liability fleet or nonfleet base premiums for the zone combination from the zone rating table.
 - b. For fleets, multiply the base premiums by .70.
 - c. Multiply the base premium by the long distance rating factor from the primary classification table in the Trucks, Tractors, and Trailers Classifications Rule. (Rule 32)
3. Medical Payments
 - a. Determine the fleet or nonfleet \$500 medical payments premiums of the zone combination from the zone rating table.

- b. Medical payments premiums are on zone rating tables. For limits not shown, refer to Supplementary Rating Section.
 - c. Primary and secondary rating factors do not apply.
4. Uninsured and Underinsured Motorists Insurance
 - a. Primary and secondary rating factors do not apply.
 - b. Refer to Rule 26 in the Common Coverages Section of this Manual.

D. Long Distance Zone Definitions

Metropolitan Zones

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

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.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

50. ALASKA Zone includes all of the State of Alaska.

ALASKA ZONE RATES
Zone Code—54950

	Liability	
	Fleet	Non- Fleet
\$25,000/50,000 B.I.	\$332	\$316
\$15,000 P.D.	405	386
\$500 Med. Pay.	60	55

For Combinations, refer to company.

E. Zone Rating Tables

For liability the following tables include the zone or combination zone base premiums for fleet or non-fleet automobiles.

KEY TO ZONE RATING TABLES											
The Liability premiums are displayed as follows:											
	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: center;">Liability Fleet and Non-Fleet</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">\$25,000/50,000 Bodily Injury</td> <td style="text-align: center;">\$400 BI</td> </tr> <tr> <td style="text-align: left;">\$15,000 Property Damage</td> <td style="text-align: center;">300 PD</td> </tr> <tr> <td style="text-align: left;">\$500 Medical Payments</td> <td style="text-align: center;">70 MP</td> </tr> <tr> <td style="text-align: left;">Zone Combination Code</td> <td style="text-align: center;">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.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

**ZONE RATING TABLE
ZONE 05 (CHARLOTTE) COMBINATIONS**

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

Zone	Liability Nonfleet	Zone	Liability Nonfleet	Zone	Liability Nonfleet	Zone	Liability Nonfleet
01 Atlanta	\$1014 BI 1092 PD 209 MP	13 Houston	\$1371 BI 1477 PD 283 MP	25 New Orleans	\$1369 BI 1475 PD 282 MP	37 Tulsa	\$1371 BI 1477 PD 283 MP
	**201		**213		**225		**237
02 Balt.- Wash.	1286 BI 1386 PD 265 MP	14 India- napolis	1125 BI 1211 PD 232 MP	26 N.Y. City	1286 BI 1386 PD 265 MP	40 Pacific	1593 BI 1713 PD 329 MP
	**202		**214		**226		**240
03 Boston	1419 BI 1527 PD 293 MP	15 Jackson- ville	1014 BI 1092 PD 209 MP	27 Okla. City	1371 BI 1477 PD 283 MP	41 Moun- tain	1819 BI 1959 PD 375 MP
	**203		**215		**227		**241
04 Buffalo	1286 BI 1386 PD 265 MP	16 Kansas City	1391 BI 1499 PD 287 MP	28 Omaha	1391 BI 1499 PD 287 MP	42 Mid- West	1391 BI 1499 PD 287 MP
	**204		**216		**228		**242
05 Charlotte	1014 BI 1092 PD 209 MP	17 Little Rock	1371 BI 1477 PD 283 MP	29 Phoenix	1819 BI 1959 PD 375 MP	43 South- West	1371 BI 1477 PD 283 MP
	**205		**217		**229		**243
06 Chicago	1125 BI 1211 PD 232 MP	18 Los Angeles	1593 BI 1713 PD 329 MP	30 Philadel- phia	1286 BI 1386 PD 265 MP	44 North Central	1125 BI 1211 PD 232 MP
	**206		**218		**230		**244
07 Cincin- nati	1125 BI 1211 PD 232 MP	19 Louisville	1239 BI 1336 PD 256 MP	31 Pitts- burgh	1286 BI 1386 PD 265 MP	45 Mid- East	1239 BI 1336 PD 256 MP
	**207		**219		**231		**245
08 Cleveland	1125 BI 1211 PD 232 MP	20 Memphis	1239 BI 1336 PD 256 MP	32 Portland	1593 BI 1713 PD 329 MP	46 Gulf	1369 BI 1475 PD 282 MP
	**208		**220		**232		**246
09 Dallas Fort Worth	1371 BI 1477 PD 283 MP	21 Miami	1014 BI 1092 PD 209 MP	33 Rich- mond	1014 BI 1092 PD 209 MP	47 South- East	1014 BI 1092 PD 209 MP
	**209		**221		**233		**247
10 Denver	1819 BI 1959 PD 375 MP	22 Milwau- kee	1391 BI 1499 PD 287 MP	34 St. Louis	1391 BI 1499 PD 287 MP	48 Eastern	1286 BI 1386 PD 265 MP
	**210		**222		**234		**248
11 Detroit	1125 BI 1211 PD 232 MP	23 Minn.- St. Paul	1391 BI 1499 PD 287 MP	35 Salt Lake City	1819 BI 1959 PD 375 MP	49 New England	1419 BI 1527 PD 293 MP
	**211		**223		**235		**249
12 Hartford	1419 BI 1527 PD 293 MP	24 Nashville	1239 BI 1336 PD 256 MP	36 San Fran.	1593 BI 1713 PD 329 MP	50 Alaska	1230 BI 815 PD 254 MP
	**212		**224		**236		**250

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

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

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

Zone	Liability Nonfleet	Zone	Liability Nonfleet	Zone	Liability Nonfleet	Zone	Liability Nonfleet
01 Atlanta	\$1014 BI 1092 PD 209 MP	13 Houston	\$1371 BI 1477 PD 283 MP	25 New Orleans	\$1369 BI 1475 PD 282 MP	37 Tulsa	\$1371 BI 1477 PD 283 MP
	**901		**913		**925		**937
02 Balt.- Wash.	1286 BI 1386 PD 265 MP	14 India- napolis	1125 BI 1211 PD 232 MP	26 N.Y. City	1286 BI 1386 PD 265 MP	40 Pacific	1517 BI 1631 PD 313 MP
	**902		**914		**926		**940
03 Boston	1419 BI 1527 PD 293 MP	15 Jackson- ville	1014 BI 1092 PD 209 MP	27 Okla. City	1371 BI 1477 PD 283 MP	41 Moun- tain	1732 BI 1866 PD 357 MP
	**903		**915		**927		**941
04 Buffalo	1286 BI 1386 PD 265 MP	16 Kansas City	1391 BI 1499 PD 287 MP	28 Omaha	1391 BI 1499 PD 287 MP	42 Mid- West	1325 BI 1428 PD 273 MP
	**904		**916		**928		**942
05 Charlotte	1014 BI 1092 PD 209 MP	17 Little Rock	1371 BI 1477 PD 283 MP	29 Phoenix	1819 BI 1959 PD 375 MP	43 South- West	1306 BI 1407 PD 269 MP
	**905		**917		**929		**943
06 Chicago	1125 BI 1211 PD 232 MP	18 Los Angeles	1593 BI 1713 PD 329 MP	30 Philadel- phia	1286 BI 1386 PD 265 MP	44 North Central	1071 BI 1153 PD 221 MP
	**906		**918		**930		**944
07 Cincin- nati	1125 BI 1211 PD 232 MP	19 Louisville	1239 BI 1336 PD 256 MP	31 Pitts- burgh	1286 BI 1386 PD 265 MP	45 Mid- East	1180 BI 1272 PD 243 MP
	**907		**919		**931		**945
08 Cleveland	1125 BI 1211 PD 232 MP	20 Memphis	1239 BI 1336 PD 256 MP	32 Portland	1593 BI 1713 PD 329 MP	46 Gulf	1304 BI 1405 PD 269 MP
	**908		**920		**932		**946
09 Dallas Fort Worth	1371 BI 1477 PD 283 MP	21 Miami	1014 BI 1092 PD 209 MP	33 Rich- mond	1014 BI 1092 PD 209 MP	47 South- East	966 BI 1040 PD 199 MP
	**909		**921		**933		**947
10 Denver	1819 BI 1959 PD 375 MP	22 Milwau- kee	1391 BI 1499 PD 287 MP	34 St. Louis	1391 BI 1499 PD 287 MP	48 Eastern	1225 BI 1320 PD 253 MP
	**910		**922		**934		**948
11 Detroit	1125 BI 1211 PD 232 MP	23 Minn.- St. Paul	1391 BI 1499 PD 287 MP	35 Salt Lake City	1819 BI 1959 PD 375 MP	49 New England	1351 BI 1454 PD 279 MP
	**911		**923		**935		**949
12 Hartford	1419 BI 1527 PD 293 MP	24 Nashville	1239 BI 1336 PD 256 MP	36 San Fran.	1593 BI 1713 PD 329 MP	50 Alaska	1230 BI 815 PD 254 MP
	**912		**924		**936		**950

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

BUSES

**ZONE RATING TABLE
ZONE 05 (CHARLOTTE) COMBINATIONS**

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

Zone	Liability Fleet and Nonfleet	Zone	Liability Fleet and Nonfleet	Zone	Liability Fleet and Nonfleet	Zone	Liability Fleet and Nonfleet
01 Atlanta	\$ 628 BI 1008 PD 130 MP	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 India- napolis	548 BI 866 PD 113 MP	26 N.Y. City	678 BI 1070 PD 140 MP	40 Pacific	628 BI 1008 PD 130 MP
	**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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

BUSES

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

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

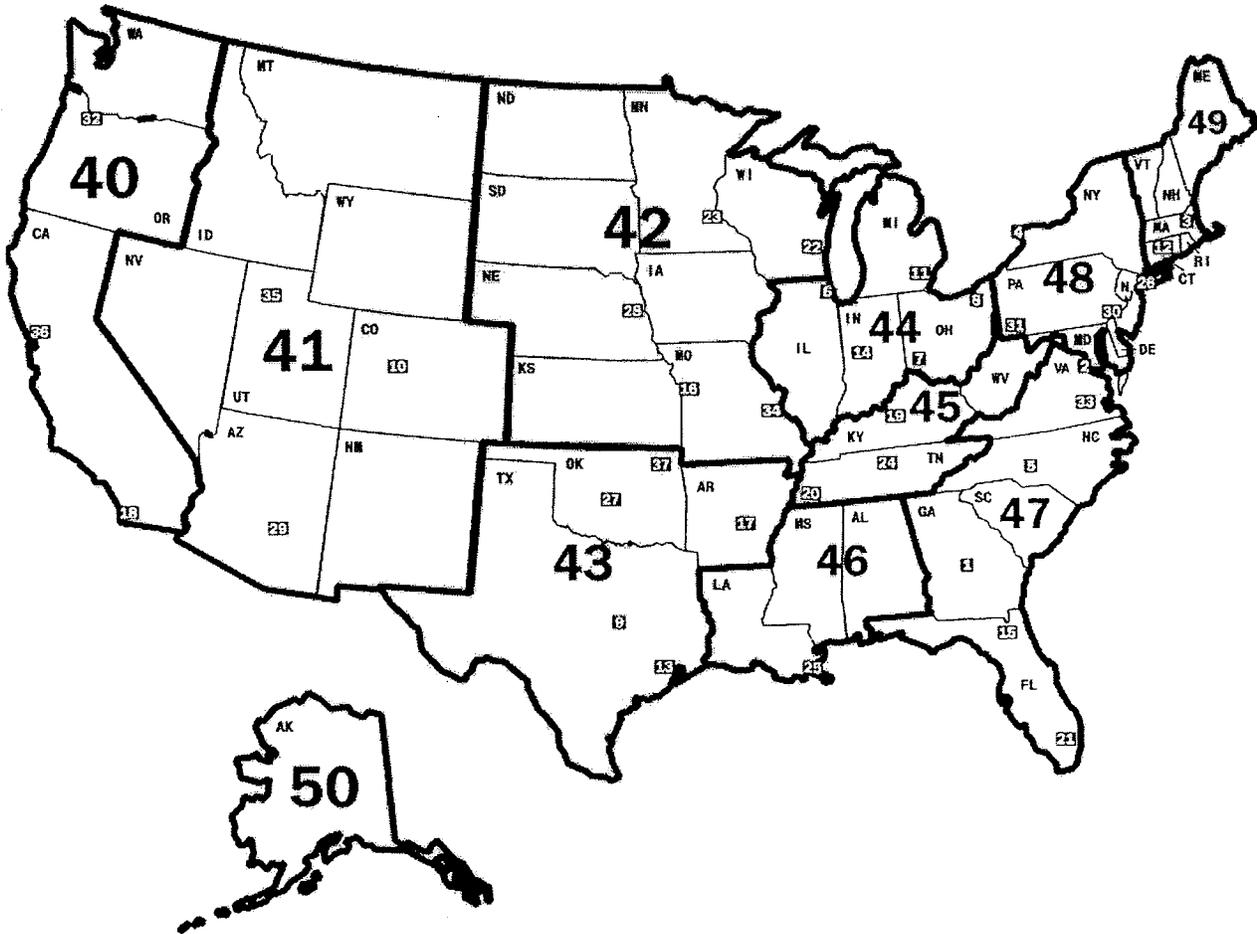
Zone	Liability Fleet and Nonfleet	Zone	Liability Fleet and Nonfleet	Zone	Liability Fleet and Nonfleet	Zone	Liability Fleet and Nonfleet
01 Atlanta	\$ 628 BI 1008 PD 130 MP	13 Houston	\$587 BI 941 PD 121 MP	25 New Orleans	\$ 678 BI 1070 PD 140 MP	37 Tulsa	\$ 587 BI 941 PD 121 MP
	**901		**913		**925		**937
02 Balt.- Wash.	678 BI 1070 PD 140 MP	14 India- napolis	548 BI 866 PD 113 MP	26 N.Y. City	678 BI 1070 PD 140 MP	40 Pacific	628 BI 1008 PD 130 MP
	**902		**914		**926		**940
03 Boston	628 BI 1008 PD 130 MP	15 Jackson- ville	628 BI 1008 PD 130 MP	27 Okla. City	587 BI 941 PD 121 MP	41 Moun- tain	587 BI 941 PD 121 MP
	**903		**915		**927		**941
04 Buffalo	678 BI 1070 PD 140 MP	16 Kansas City	587 BI 941 PD 121 MP	28 Omaha	587 BI 941 PD 121 MP	42 Mid- West	587 BI 941 PD 121 MP
	**904		**916		**928		**942
05 Charlotte	628 BI 1008 PD 130 MP	17 Little Rock	587 BI 941 PD 121 MP	29 Phoenix	587 BI 941 PD 121 MP	43 South- West	587 BI 941 PD 121 MP
	**905		**917		**929		**943
06 Chicago	548 BI 866 PD 113 MP	18 Los Angeles	628 BI 1008 PD 130 MP	30 Philadel- phia	678 BI 1070 PD 140 MP	44 North Central	548 BI 866 PD 113 MP
	**906		**918		**930		**944
07 Cincin- nati	548 BI 866 PD 113 MP	19 Louisville	628 BI 1008 PD 130 MP	31 Pitts- burgh	678 BI 1070 PD 140 MP	45 Mid- East	628 BI 1008 PD 130 MP
	**907		**919		**931		**945
08 Cleveland	548 BI 866 PD 113 MP	20 Memphis	628 BI 1008 PD 130 MP	32 Portland	628 BI 1008 PD 130 MP	46 Gulf	678 BI 1070 PD 140 MP
	**908		**920		**932		**946
09 Dallas Fort Worth	587 BI 941 PD 121 MP	21 Miami	628 BI 1008 PD 130 MP	33 Rich- mond	628 BI 1008 PD 130 MP	47 South- East	628 BI 1008 PD 130 MP
	**909		**921		**933		**947
10 Denver	587 BI 941 PD 121 MP	22 Milwau- kee	587 BI 941 PD 121 MP	34 St. Louis	587 BI 941 PD 121 MP	48 Eastern	678 BI 1070 PD 140 MP
	**910		**922		**934		**948
11 Detroit	548 BI 866 PD 113 MP	23 Minn.- St. Paul	587 BI 941 PD 121 MP	35 Salt Lake City	587 BI 941 PD 121 MP	49 New England	628 BI 1008 PD 130 MP
	**911		**923		**935		**949
12 Hartford	628 BI 1008 PD 130 MP	24 Nashville	628 BI 1008 PD 130 MP	36 San Fran.	628 BI 1008 PD 130 MP	50 Alaska	621 BI 613 PD 128 MP
	**912		**924		**936		**950

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

Long distance zone map

This map is for reference purposes only.



Rules 35–44. RESERVED FOR FUTURE USE

NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTOMOBILE MANUAL
PUBLIC TRANSPORTATION SECTION

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

PUBLIC TRANSPORTATION

Rule 45. ELIGIBILITY

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

Rule 46. PREMIUM DEVELOPMENT—OTHER THAN ZONE RATED AUTOMOBILES

A. This Rule applies to:

1. All taxis, limousines, school, church and urban buses and van pools.
2. All other public automobiles which regularly operate within a 200 mile radius from the street address of principal garaging. For those automobiles regularly operated beyond a 200 mile radius, refer to the Premium Development—Zone Rated Automobiles Rule (Rule 48).

B. Determine the Classification Rating Factor and Class Code as follows:

1. Determine whether the risk is classified as fleet or non-fleet according to the Public Automobile Classifications Rule (Rule 47).
2. Determine the primary rating factor from the Public Automobile Classifications Rule (Rule 47) based on use class and radius class. For van pools, the rating factor is based on seating capacity.
3. Determine the secondary rating factor, if any, from the Public Automobile Classifications Rule (Rule 47) based on the seating capacity.
4. Determine the combined rating factor by adding the secondary rating factor to, or subtracting it from, the primary rating factor.

C. Premium Computation

1. Determine the rating territory 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:

Size Class	Seating Capacity
Light	1-8
Medium	9-20
Heavy	21-60
Extra-heavy	over 60

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

Seating Capacity	Size Class
1-8	Light
9-20	Medium
21-60	Heavy
over 60	Extra-heavy

- c. For a unit that combines a motorized automobile with one or more trailers or semitrailers, refer to company to determine the liability premium.

Rule 47. PUBLIC AUTOMOBILE CLASSIFICATIONS

Classify public automobiles as follows:

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

B. Fleet—Non-Fleet Classification

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

C. Seating Capacity

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

D. Primary Classifications

1. Radius Class—determine radius on a straight line from the street address of principal garaging.
 - a. Local—up to 50 miles—The automobile is not regularly operated beyond a radius of 50 miles from the street address where such automobile is principally garaged.
 - b. Intermediate—51 to 200 miles—The automobile is operated beyond a radius of 50 miles but not regularly beyond a radius of 200 miles from the street address where such automobile is principally garaged.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

PUBLIC TRANSPORTATION

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.

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.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

PUBLIC TRANSPORTATION

m. Social Service Agency Automobile—

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

- (1) This classification includes, for example, automobiles used to transport:
 - (a) senior citizens or other clients to congregate meal centers, medical facilities, social functions, shopping centers;
 - (b) handicapped persons to work or rehabilitative programs;
 - (c) children to day care centers, Head Start programs; and
 - (d) Boy Scout or Girl Scout groups to planned activities.
- (2) The following automobiles are eligible for this classification:
 - (a) Automobiles owned, or leased for one year or more, by the social service agency.
 - (b) Automobiles donated to the social service agency, without a driver.
 - (c) ★Automobiles hired under contract by the social service agency. This does not apply to a subcontractor or any individual that has not executed a contract with a Social Service agency. ❖
- (3) If an automobile has more than one use, use the highest rated classification unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.
- (4) Separate codes and rating factors apply to:
 - (a) Employee-operated automobiles—Automobiles operated by employees of the social service agency. If a social service automobile is also operated by volunteer drivers or other non-agency employees, use the "All Other" classification unless 80% of the use is by agency employees.
 - (b) All Other—Automobiles which do not meet the requirements of paragraph (a).

- (5) Excess liability coverage may be provided to cover automobiles not owned or licensed by the agency while being used in its social service transportation activities. This coverage may be extended to cover the agency's liability only or the liability of both the agency and, on a blanket basis, the individual liability of agency employees or volunteer donors or owners of the automobiles. For automobiles hired, loaned, leased or furnished, refer to Rule 22. For all other non-owned automobiles, refer to Rule 21.

- n. Public Automobile Not Otherwise Classified—This classification includes, but is not limited to automobiles such as country club buses, cemetery buses, real estate development buses, courtesy buses run by hotels and day care facility buses.
- o. See Primary Classifications—Rating Factors and Classification Designators tables.

E. Secondary Classifications. These classifications do not apply to taxicabs, limousines (except airport limousines), van pools and zone rated automobiles.

	Secondary Factor to be combined with Primary Factor		Code to be Inserted in 4th Digit of Classification Code
	School Buses and Church Buses	Other Buses	
Seating Capacity of 1 to 8	.00	– 20	1
Seating Capacity of 9 to 20	+ .10	– 15	2
Seating Capacity of 21 to 60	+ .25	+ .15	3
Seating Capacity of over 60	+ .50	+ .40	4
All Other—not Secondary Rated			9

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

PUBLIC TRANSPORTATION

FLEET PRIMARY CLASSIFICATIONS—RATING FACTORS AND CLASSIFICATION DESIGNATORS

Taxicabs and Limousines		Radius		
		Local Up to 50 Miles	Intermediate 51 to 200 Miles	Long Distance Over 200 Miles
		Liab.	Liab.	Liab.
Taxicab or Similar Passenger Carrying Service	Factor Code	1.00 4189	1.15 4199	1.25 4109
Limousine	Factor Code	.40 4289	.45 4299	.50 4209

School Buses and Church Buses				
School Bus Owned by Political Subdivision or School District	Factor Code	1.20 618—	1.40 619—	1.50 610—
Other School Bus	Factor Code	1.50 628—	1.75 629—	1.90 620—
Church Bus	Factor Code	1.00 638—	1.15 639—	1.25 630—

Other Buses			
Urban Bus	Factor Code	.80 518—	.90 519—

ZONE RATED

Airport Bus or Airport Limousine	Factor Code	.70 528—	.80 529—	1.10 5209
Intercity Bus	Factor Code	1.05 538—	1.20 539—	1.85 5309
Charter Bus	Factor Code	1.00 548—	1.15 549—	1.85 5409
Sightseeing Bus	Factor Code	.75 558—	.85 559—	1.65 5509
Trans. of Athletes and Entertainers	Factor Code	.45 568—	.50 569—	1.00 5609
Social Service Auto Employee-Operated	Factor Code	.55 648—	.65 649—	.95 6409
Social Service Auto All Other	Factor Code	.50 658—	.60 659—	.95 6509
Bus NOC	Factor Code	.55 588—	.65 589—	.95 5809

Van Pools		Seating Capacity			
		1 to 8	9 to 20	21 to 60	Over 60
		Liab.	Liab.	Liab.	Liab.
Employer Furnished	Factor Code	1.00 4111	1.05 4112	1.10 4113	1.50 4114
All Other	Factor Code	1.10 4121	1.15 4122	1.35 4123	1.75 4124

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

PUBLIC TRANSPORTATION

NONFLEET PRIMARY CLASSIFICATIONS—RATING FACTORS AND CLASSIFICATION DESIGNATORS

Taxicabs and Limousines		Radius		
		Local Up to 50 Miles	Intermediate 51 to 200 Miles	Long Distance Over 200 Miles
		Liab.	Liab.	Liab.
Taxicab or Similar Passenger Carrying Service	Factor Code	1.00 4159	1.15 4169	1.25 4179
Limousine	Factor Code	.40 4259	.45 4269	.50 4279

School Buses and Church Buses				
School Bus Owned by Political Subdivision or School District	Factor Code	1.20 615—	1.40 616—	1.50 617—
Other School Bus	Factor Code	1.50 625—	1.75 626—	1.90 627—
Church Bus	Factor Code	1.00 635—	1.15 636—	1.25 637—

Other Buses			
Urban Bus	Factor Code	.80 515—	.90 516—

ZONE RATED

Airport Bus or Airport Limousine	Factor Code	.70 525—	.80 526—	1.10 5279
Intercity Bus	Factor Code	1.05 535—	1.20 536—	1.85 5379
Charter Bus	Factor Code	1.00 545—	1.15 546—	1.85 5479
Sightseeing Bus	Factor Code	.75 555—	.85 556—	1.65 5579
Trans. of Athletes and Entertainers	Factor Code	.45 565—	.50 566—	1.00 5679
Social Service Auto Employee-Operated	Factor Code	.55 645—	.65 646—	.95 6479
Social Service Auto All Other	Factor Code	.50 655—	.60 656—	.95 6579
Bus NOC	Factor Code	.55 585—	.65 586—	.95 5879

Van Pools		Seating Capacity			
		1 to 8	9 to 20	21 to 60	Over 60
		Liab.	Liab.	Liab.	Liab.
Employer Furnished	Factor Code	1.00 4111	1.05 4112	1.10 4113	1.50 4114
All Other	Factor Code	1.10 4121	1.15 4122	1.35 4123	1.75 4124

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

PUBLIC TRANSPORTATION

**Rule 48. PREMIUM DEVELOPMENT—ZONE
RATED AUTOMOBILES**

- A. This Rule applies to all public automobiles, other than taxis, limousines, school, church and urban buses or van pools, which regularly operate beyond a 200 mile radius from the street address of principal garaging.
- B. Determine the zone or zone combination and code for each automobile as follows:
1. Use the long distance zone definitions in the Trucks, Tractors, and Trailers Section.
 2. When an automobile is principally garaged in a regional zone and operates in that zone and in one or more metropolitan zones, the zone combination is the regional zone and the metropolitan zone farthest away.
 3. In all other situations, the zone combination is the zone of principal garaging and the zone included in the automobile's operations farthest from that point.
- Examples:
- a. The automobile is principally garaged in Raleigh, North Carolina (regional zone 47) and operates in Sacramento, California (regional zone 40) and Denver, Colorado (metropolitan zone 10). The proper zone combination is 47 and 10.
 - b. The automobile is principally garaged in Raleigh, North Carolina (regional zone 47) and operates in Asheville, North Carolina (regional zone 47). The proper zone combination is 47.
 - c. The automobile is principally garaged in Charlotte, North Carolina (metropolitan zone 5) and operates in Denver, Colorado (metropolitan zone 10) and Sacramento, California (regional zone 40). The proper zone combination is 5 and 40.

C. Premium Development

1. Determine the Classification Rating Factor and Class Code as follows:
 - a. Determine whether the automobile is classified as fleet or non-fleet according to the Public Automobile Classifications Rule (Rule 47).
 - b. Determine the primary rating factor from the Public Automobile Classifications Rule (Rule 47).
 - c. Secondary rating factors do not apply.
2. Liability and Medical Payments Coverages:
 - a. Determine the fleet or non-fleet base premiums for the zone combination from the zone rating table in the Trucks, Tractors, and Trailers Section (Rule 30).
 - b. Multiply the base premium by the primary rating factor.
3. Uninsured and Underinsured Motorists Insurance:
 - a. Primary and secondary rating factors do not apply.
 - b. Refer to Rule 26 in the Common Coverages Section of this Manual.

**Rule 49. TRANSPORTATION OF MIGRANT
FARM WORKERS BY FARM LABOR
CONTRACTORS**

- A. This Rule applies only to automobiles of a farm labor contractor required to be registered in accordance with the Farm Labor Contractor Act.
- B. **Passenger Hazard Included (Class Code 5926):**
Multiply the non-fleet inter-city bus liability base premium for the highest rated territory in which or through which the automobile will be customarily operated for the transportation of migrant workers by .50.
- C. **Passenger Hazard Excluded (Class Code 5927):**
Coverage for the passenger hazard may be excluded if the farm labor contractor can furnish proof to the Department of Labor that he has other means of protection for migrant workers.
Multiply the non-fleet inter-city bus liability base premium by .375.
- D. If a vehicle insured under this Rule is of a truck type, rate as a vehicle of 21-60 seating capacity in accordance with this Rule.

Rules 50–54. RESERVED FOR FUTURE USE

NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTOMOBILE MANUAL
GARAGE DEALERS SECTION

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

GARAGE DEALERS

**Rule 55. AUTOMOBILE DEALERS—
ELIGIBILITY**

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

B. Classifications and Codes

1. Only one classification and code apply to a risk.

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

**Rule 56. AUTOMOBILE DEALERS—
PREMIUM DEVELOPMENT**

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

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

A. Liability (Limited Coverage for Customers) Coverage

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

1. Class I—employees including part-time employees. Multiply the number of Class I employees working an average of less than 20 hours a week by .50 before determining the number of rating units.
 - a. Proprietors, partners, and officers active in the business; sales persons, general managers, service managers; any employee whose principal duty involves the operation of automobiles or who is furnished a garage automobile. Determine the number of rating units by multiplying the number of these employees by 1.00.
 - b. All other employees. Determine the number of rating units by multiplying the number of employees by .40.
2. Class II—nonemployees. Any individual other than a person described in Class I who is regularly furnished with a dealer's automobile. If more than one person has use of the same furnished automobile, count as only one operator in determining rating units. Determine the number of rating units by multiplying the number of these persons by .55.
3. Franchised and nonfranchised trailer dealers. Multiply the rates in the state rate schedules by total number of employees, then multiply the result by .45.
4. The minimum premium is the dealer's rate shown on the state rate schedules for the highest rated location multiplied by 2.00.

B. Liability—Unlimited Coverage for Customers

1. Liability coverage may be extended to provide unlimited customer coverage.
2. Multiply the total premium developed for the limited liability by 1.05.

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

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

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

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

Mileage	Per Driver Trip Rates	
	Bodily Injury \$25/50	Property Damage \$15
51–200 miles	\$3	\$1
Over 200 miles	5	2

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

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
---	---	---------------------------------------

F. Uninsured Motorists Insurance

Refer to Rule 26 in the Common Coverages Section of this Manual.

Rule 57. AUTOMOBILE DEALERS—ADDITIONAL PROVISIONS

- A. \$100 deductible for completed operations. To eliminate the \$100 deductible that applies to property damage to automobiles arising out of work completed by the named insured, charge an additional .10 of the property damage liability premium. The minimum premium is \$20. (Class Code 7072).

B. Broad Form Products (Class Code 7070)

The exclusion relating to property damage to the named insured's products may be eliminated subject to a \$250 deductible per occurrence. Multiply the property damage liability premium by .10.

C. Pollution Exclusion—Garages

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

When Endorsement CA 25 13 is attached, document company files showing that the Endorsement is needed for the particular risk. Give the insured written notice of coverage change at least 15 days prior to the effective date of the renewal, with a copy to the agent. Do not attach the Endorsement midterm.

Rules 58–70. RESERVED FOR FUTURE USE

NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTOMOBILE MANUAL
SPECIAL TYPES AND OPERATIONS SECTION

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL
SPECIAL TYPES AND OPERATIONS

Rule 71. ELIGIBILITY

This Section applies to all automobiles that are not classified and rated in the other Sections.

Rule 72. PREMIUM DEVELOPMENT

- A. Determine the rating territory from the territory definitions based on the street address of principal garaging.
- B. **Liability.** See specific rating instructions for each classification in this Section.
- C. **Medical Payments.** Refer to specific rules in this Section. If no premium or procedures to determine medical payments are shown, determine premiums as follows:
 - 1. If liability premiums are developed from truck, tractor, and trailer premiums, charge truck, tractor, and trailer medical payments premiums.
 - 2. If liability premiums are developed from private passenger type premiums, charge private passenger medical payments premiums.
- D. **Uninsured and Underinsured Motorists Insurance.** Refer to Rule 26 in this Manual.
- E. Where the rules in this Section refer to trucks, tractors, and trailers base premiums it means the \$25,000/50,000 bodily injury and \$15,000 property damage nonfleet base premiums on the rate schedules. For limits higher than \$25,000/50,000 bodily injury and \$15,000 property damage, use the increased liability limits table that applies to all other risks.

Rule 73. AMBULANCE SERVICES

- A. The policy must exclude coverage for bodily injury to any volunteer worker engaged in rescue squad or ambulance corps operations.
- B. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional service.
- C. **Premium Computation**
 - 1. Ambulances used for emergency purposes (Class Code 7913).
Liability coverages. Multiply the fleet or nonfleet trucks, tractors, and trailers base premium by 3.00.
 - 2. Ambulance type automobiles not used for emergency purposes (Class Code 7914).
Liability coverages. Multiply the fleet or nonfleet trucks, tractors, and trailers base premium by 2.00.

Rule 74. AMPHIBIOUS EQUIPMENT

For automobiles designed to operate on both land and water, rate as land automobiles according to their use.

Rule 75. ANTIQUE AUTOMOBILES (CLASS CODE 9620)

- A. **Eligibility:** This Rule applies to automobiles that are
 - 1. 25 years old or more; and
 - 2. maintained primarily for use in exhibitions, club activities, parades, and other functions of public interest; and
 - 3. occasionally used for other purposes.
- B. **Premium Computation**
Liability: Multiply the private passenger type rates by .25 regardless of the type of automobile. There is a minimum premium of \$14, \$25,000/50,000 bodily injury limits, and \$6, \$15,000 property damage limit, per automobile.

Rule 76. AUTOMOBILE BODY MANUFACTURERS AND INSTALLERS (CLASS CODE 7924)

- A. Compute the premium for owned automobiles, hired automobiles and employers nonownership liability in the usual manner.
- B. Compute the premium for the factory testing hazard by multiplying the appropriate fleet or nonfleet trucks, tractors, or trailers base premium for each employee engaged in these operations by 2.00.

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

- A. **Driver Training Programs—Educational Institutions (Class Code 7926)**
 - 1. **Eligibility:** This Section applies to private passenger automobiles used for driver training as part of a school curriculum.
 - 2. **Premium Computation**
 - a. **Liability coverages.**
 - (1) For automobiles equipped with dual controls, multiply the private passenger type rates by .75. There must be dual brakes to qualify as dual control.
 - (2) For automobiles not equipped with dual controls, multiply the private passenger type rates by 1.50.
 - b. All other coverages. Charge private passenger type rates.
 - 3. A policy covering automobiles used by schools in driver training programs may be written on an annual term for liability coverages with premium prorated to reflect the actual school term. However, do not give credit for Saturdays, Sundays, or holidays or for any other periods of lay-up during the school term.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

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 (Rule 73).
4. Automobiles used for other purposes. Classify and rate the automobile according to its regular use.

C. Medical Payments Coverage for Hired and Nonowned Automobiles

1. Medical payments coverage may be provided for hired and nonowned automobiles.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

SPECIAL TYPES

2. Premium Computation

- a. Multiply the total medical payments premium for all owned automobiles (whether or not all owned automobiles are insured for medical payments) by .50. If there are no owned automobiles, the minimum applies.
- b. The minimum premiums are as follows:

Limit Per Person	Limit Code	Minimum Premium
\$ 500	1	\$10
1,000	3	11
2,000	4	12

Rule 82. GOLFMOBILES

- A. **Eligibility:** This Rule applies to motorized carts which are used to carry golfers and their equipment over a golf course.
- B. **Premium Computation**
Liability and medical payments coverages (Class Code 9460).
 1. Charge 15% of the rates for private passenger types.
 2. A minimum premium of \$14 bodily injury, \$25,000/50,000 limits and \$6 property damage \$15,000 limit shall apply.
 3. All rates and minimum premiums apply for the period of coverage.
- C. Rate golfmobiles used for commercial purposes as motorcycles.

Rule 83. LAW ENFORCEMENT AGENCIES

- A. **Eligibility**
 1. This Rule applies to automobiles used by government law enforcement agencies or police departments.
 2. The policy must exclude coverage for bodily injury to any volunteer worker engaged in rescue squad or ambulance corps operations.
 3. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional service.
- B. **Premium Computation**
 1. Private passenger automobiles (Class Code 7911). Charge private passenger type rates.
 2. Motorcycles (Class Code 7942). Rate according to the Motorcycle Rule (Rule 86) in this Section.
 3. Trailer types. Classify and rate according to the Trucks, Tractors, and Trailers Rules (Rule 30).
 4. All other types (Class Code 7912).
Liability coverages. Multiply the fleet or nonfleet trucks, tractors, and trailers base premiums by 1.60.

Rule 84. LEASING OR RENTAL CONCERNS

- A. **Eligibility**
 1. This Rule applies to risks which lease or rent automobiles to others without drivers. For automobiles leased or rented with drivers, refer to the Truckers Rule (Rule 33) or the Public Automobile Classifications Rule (Rule 47).
 2. Trucks, tractors, or trailers leased or rented by the concern to truckers and buses leased or rented by the concern to bus risks. Refer to company.
- B. **Premium Computation:** When computing the premiums, use the territory where the automobile is principally garaged.

Specified Car Basis.

1. Long term—automobiles leased for one year or more.
 - a. Full coverage for owner and lessee. Rate the automobile at the classification rates in this Manual that apply to the lessee.
 - b. Contingent coverage (Class Code 7219). Liability coverage may be provided if insurance covering the leasing concern on a direct primary basis is provided by the lessee. Multiply the classification rates in this Manual that apply to the lessee by .05.
2. Short term—automobiles rented by the hour, day or week.
 - a. Trucks, tractors, or trailers. Multiply the trucks, tractors, and trailers base premiums by the following factors:

	Liability	Code
Trucks	4.00	7211
Tractors	5.00	7212
Trailers, Semitrailers, and Service Trailers	.25	7213

- b. Private passenger automobiles. (Class Code 7214)
Liability. Multiply the private passenger types rates by 3.00.
- c. Special Types (Class Code 7216).
 - (1) Motorcycles, motorbikes and other similar motor vehicles.
Multiply the rates developed in the Motorcycles Rule (Rule 86) by the following factor:

Liability	
	4.00
 - (2) Snowmobiles and other similar vehicles designed for travel over ice and snow and used primarily off public roads. Multiply the rates developed in the Snowmobile Rule (Rule 89) by the following factor:

Liability	
	4.00
- d. Nondealers garage risks—customer rental (Class Code 7216). For private passenger automobiles rented to customers while their automobiles are temporarily left with named in-

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

SPECIAL TYPES

sured for service, repair or sale, charge the private passenger type rates.

- e. Motor homes (Class Code 7215).

Multiply the rates developed in the Mobile Homes Rule (Rule 85) by the following factor:

Liability	2.00
-----------	------

3. Irregular term—automobiles rented for one month or more but less than one year. Refer to company.

Rule 85. MOBILE HOMES

A. Trailers (Class Code 7963)

1. Mobile home trailers equipped as living quarters (including cooking, dining, plumbing, or refrigeration facilities), other than recreational or camper types designed for use with a private passenger automobile.
 - a. Liability. Multiply the appropriate fleet or nonfleet trucks, tractors, and trailers base premium by .40.
 - b. Medical payments. Charge the trucks, tractors, and trailers premiums.
2. Mobile home trailers designed for use with a private passenger automobile if used with another type automobile.
 - a. Liability. Multiply the appropriate fleet or nonfleet trucks, tractors, and trailers base premium by .40.
 - b. Medical payments. Charge the trucks, tractors, and trailers premiums.

B. Motor Homes (Class Code 7957)

Self-propelled automobiles equipped as living quarters (including cooking, dining, plumbing, or refrigeration facilities).

Bodily Injury and Property Damage Liability—Charge 65% of the rates for private passenger types.

Medical Payments—Use rates for private passenger types.

C. Camper Bodies

1. Pickup trucks used solely in connection with and to transport a camper body or other similar living quarters.

All coverages—Rate as a motor home.
2. Pickups used to transport a portable camper body or similar living quarters but also used for other purposes.

Bodily Injury and Property Damage Liability and Medical Payments—Rate according to the otherwise regular use of the pickup truck.

Rule 86. MOTORCYCLES (CLASS CODE 7942)

- A. Eligibility:** This Rule applies to motorcycles, motorscooters, motorbikes, and any other similar automobiles used for commercial purposes.

B. Premium Computation

1. Liability. Based on the size of the engine in cubic centimeters, multiply the private passenger type rates by the following factors:

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

2. Uninsured and Underinsured Motorists. Refer to Rule 26 in this Manual.

**Rule 87. REGISTRATION PLATES NOT
ISSUED FOR A SPECIFIC
AUTOMOBILE (CLASS CODE 7929)**

A. Eligibility

1. This Rule applies to risks other than automobile dealers which possess registration plates not issued for attachment to a specific automobile.
2. A set of plates is the number of plates required to legally operate an automobile on public roads.

B. Premium Computation

1. Multiply the private passenger type rates by 2.00 for each set of plates.
2. Rate each set of plates assigned by the insured for exclusive use with a specific automobile according to the regular use of the automobile.

**Rule 88. REPOSSESSED AUTOMOBILES—
FINANCE COMPANIES AND BANKS
(CLASS CODE 7925)**

- A. This Rule does not apply to automobiles owned or operated by finance companies and banks for use in the business of the insured or for pleasure purposes. Such automobiles shall be insured in the regular manner.
- B. If a finance company is owned and operated by an automobile sales agency, refer to Garage Section.
- C. In all other cases, automobile finance companies and banks may be insured for the repossession recovery and use in connection with resale of financed automobiles. The premium for this coverage shall be determined as follows:
 1. The rate per car repossessed shall be the rate shown on the rate schedules for private passenger types for the territory in which the principal office of the risk is located, divided by 200.
 2. The advance premium shall be determined by applying the rate per car repossessed to the estimated number of cars repossessed annually.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

SPECIAL TYPES

3. The earned premium shall be determined at the rates in force at the inception of the policy on the basis of the total number of cars repossessed during the policy period.
4. The minimum premium shall be 25% of the rates shown on the rate schedules for private passenger types for the territory in which the principal office of the risk is located. For banks, if the same company insures all owned automobiles, all repossessed automobiles, hired automobiles, and the employers nonownership liability of such risks, a minimum premium of \$14 bodily injury, \$25,000/50,000 limits, and \$6 property damage, \$15,000 limit, applies on a combined basis for the repossessed automobiles, hired automobiles, and employers nonownership liability exposures.

Rule 89. SNOWMOBILES (CLASS CODE 7964)

Snowmobiles and similar vehicles used for commercial purposes, equipped for travel over ice and snow, used principally off public roads, shall be rated as follows:

- A. Bodily Injury (excluding the passenger hazard)—\$18, \$25,000/50,000 limits.
Bodily Injury (including the passenger hazard)—\$52, \$25,000/50,000 limits.
- B. Property Damage—\$12, \$15,000 limit.
- C. Medical Payments—\$10, \$500 per person.
- D. Uninsured and Underinsured Motorists Coverage—Charge rates as shown in Rule 26.
- E. All rates and minimum premiums apply for the period of coverage.
- F. The applicable endorsement shall be attached to the policy.
- G. For equipment of this type used as a public or livery conveyance for passengers and propeller-driven equipment refer to the company for rating.

Rule 90. SPECIAL OR MOBILE EQUIPMENT

A. Land Motor Vehicles Other than Farm Equipment

1. Eligibility: This section applies to vehicles fitting into any of the following categories:
 - a. Specialized equipment such as bulldozers, power shovels, road rollers, graders or scrapers, cranes, street sweepers or other cleaners, diggers, forklifts, pumps, generators, air compressors, drills, and other similar equipment.
 - b. Vehicles maintained solely to provide mobility for permanently attached specialized equipment.
 - c. Vehicles not required to be licensed.
 - d. Automobiles used solely on the named insured's premises or that part of the roads or other accesses that adjoin the premises.

2. Premium Computation

- a. Refer to manuals of General Liability Insurance.
- b. For land motor vehicles (Class Code 7906) other than farm equipment not eligible for general liability insurance, charge the appropriate fleet or nonfleet trucks, tractors, and trailers base premiums.

B. Farm Equipment (Class Code 7907)

1. Eligibility: This section applies to farm tractors, harvesting combines, power driven lawn mowers, and other self-propelled farm equipment used for farming purposes.
2. Premium Computation:
 - a. Liability coverages.
 - (1) Multiply the fleet or nonfleet trucks, tractors, and trailers base premiums by .20.
 - (2) The liability coverage on a policy that covers self-propelled farm equipment must apply at no additional charge to trailers, farm wagons, and farm implements used with such automobiles. The coverage does not apply to the operation of farm machinery.

Rules 91–93. RESERVED FOR FUTURE USE

NOTES

NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTOMOBILE MANUAL
MISCELLANEOUS SECTION

NOTES

NORHT CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

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

Rule 98. PUNITIVE DAMAGES EXCLUSION

Punitive damages must be excluded from all policies providing uninsured and/or underinsured motorists coverage. Use Endorsement CA 21 71.

NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTOMOBILE MANUAL
EXPERIENCE RATING PLAN SECTION

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

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, a 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.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

EXPERIENCE RATING PLAN

C. Actual Loss Ratio

Determine the actual loss ratio by dividing the basic limits losses subject to experience rating by the basic limits premium subject to experience rating. This calculation shall be carried to three decimal places.

D. Credibility

The credibility for the risk is obtained from TABLE B, based on the total basic limits premium subject to experience rating.

E. Experience Modification

(a) If the actual loss ratio is less than the adjusted expected loss ratio, the experience modification is a credit which shall be determined as follows:

$$\left(\frac{\text{Adjusted Expected Loss Ratio} - \text{Actual Loss Ratio}}{\text{Adjusted Expected Loss Ratio}} \right) \times \text{Credibility} = \text{Experience Modification}$$

(b) If the actual loss ratio is greater than the adjusted expected loss ratio, the experience modification is a debit which shall be determined as follows:

$$\left(\frac{\text{Actual Loss Ratio} - \text{Adjusted Expected Loss Ratio}}{\text{Adjusted Expected Loss Ratio}} \right) \times \text{Credibility} = \text{Experience Modification}$$

This calculation shall be carried to three decimal places.

The Experience Modification shall be rounded to two decimal places.

Rule 5. TENTATIVE EXPERIENCE MODIFICATION

If complete experience rating data are not available at the time of policy issuance, a tentative experience modification of 1.50 shall be applied in rating the policy.

Exception: In cases where the experience modification applicable to the preceding term of the policy is higher than 1.50, such higher experience modification must be applied as the tentative experience modification for the current term.

Whenever a tentative experience modification has been applied, endorse the policy (i) noting application of the tentative experience modification and (ii) to provide for subsequent application of any experience modification determined in accordance with this Plan.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

EXPERIENCE RATING PLAN

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

Suppose that we have an insured with Automobile Liability B.I. and P.D. exposures whose adjusted basic limits premium and paid and outstanding losses for the experience period are as follows:

YEAR	ADJUSTED BASIC LIMITS PREMIUM		LOSSES (INCLUDING ALLOCATED CLAIM EXPENSE)*	
	B.I.	P.D.	B.I.	P.D.
1/1/92-12/31/92	\$5,000	\$2,000	\$1,800	\$700
1/1/93-12/31/93	5,000	3,500	2,000	200
1/1/94-12/31/94	7,000	3,000	600	300
TOTAL =	\$25,500			

*basic limits incurred losses limited by MSL and evaluated as of 6/30/95.

The total basic limits premium subject to experience rating is \$25,500 so the appropriate adjusted expected loss ratio from TABLE B is .570.

The appropriate loss development factors from TABLE A are:

For Policy Effective:	B.I.	P.D.
1/1/92 (42 months)	.020	.007
1/1/93 (30 months)	.051	.009
1/1/94 (18 months)	.121	.012

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

BASIC LIMITS LOSSES =	(PREMIUM times AELR times LDF) plus	PAID AND OUTSTANDING LOSSES
(1992 B.I.) =	\$(5,000) X (.570) X (.020) +	\$1,800= \$1,857
(1992 P.D.) =	(2,000) X (.570) X (.007) +	700= 708
(1993 B.I.) =	(5,000) X (.570) X (.051) +	2,000= 2,145
(1993 P.D.) =	(3,500) X (.570) X (.009) +	200= 218
(1994 B.I.) =	(7,000) X (.570) X (.121) +	600= 1,083
(1994 P.D.) =	(3,000) X (.570) X (.012) +	300= 321
TOTAL		\$6,332

The actual loss ratio used in the experience modification formula is \$6,332 ÷ 25,500 or .249.

The credibility factor from TABLE B is .25.

Therefore the unadjusted experience modification is:

$$EM = \frac{(.570 - .249)}{.570} \times .25 = .141$$

And the experience modification is: 1 - .141 = .859

**TABLE A
BASIC LIMITS LOSS DEVELOPMENT FACTORS**

	Latest Policy Year	Prior Policy Year	Next Prior Policy Year
	(18 Months)	(30 Months)	(42 Months)
Automobile Liability—B.I.;25/50	.121	.051	.020
Automobile Liability—P.D.	.012	.009	.007
	(21 Months)	(33 Months)	(45 Months)
Automobile Liability—B.I.;25/50	.098	.041	.015
Automobile Liability—P.D.	.011	.008	.006
	(24 Months)	(36 Months)	(48 Months)
Automobile Liability—B.I.;25/50	.078	.033	.010
Automobile Liability—P.D.	.010	.008	.006
	(27 Months)	(39 Months)	(51 Months)
Automobile Liability—B.I.;25/50	.061	.025	.006
Automobile Liability—P.D.	.009	.008	.005

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

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

EXPERIENCE RATING PLAN

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

Premium	Credibility	Adjusted Expected Loss Ratio		Maximum Single Loss	
		Publics & Zone Rated	All Others	Publics & Zone Rated	All Others
\$ 382- 1157	.01	.398	.372	\$ 4550	\$ 4250
1158- 1948	.02	.486	.455	8450	7900
1949- 2756	.03	.513	.480	10000	9350
2757- 3581	.04	.527	.493	10900	10200
3582- 4423	.05	.535	.502	11500	10800
4424- 5283	.06	.542	.508	12000	11250
5284- 6162	.07	.548	.514	12400	11650
6163- 7060	.08	.552	.519	12750	12000
7061- 7977	.09	.557	.522	13100	12300
7978- 8916	.10	.560	.526	13400	12600
8917- 9875	.11	.564	.529	13700	12850
9876- 10857	.12	.567	.533	14000	13150
10858- 11861	.13	.571	.536	14300	13450
11862- 12888	.14	.574	.539	14600	13700
12889- 13940	.15	.577	.542	14850	13950
13941- 15017	.16	.580	.545	15150	14250
15018- 16121	.17	.583	.548	15450	14500
16122- 17251	.18	.586	.551	15750	14800
17252- 18409	.19	.589	.554	16050	15100
18410- 19597	.20	.591	.556	16350	15350
19598- 20815	.21	.594	.559	16650	15650
20816- 22064	.22	.597	.562	16950	15950
22065- 23346	.23	.599	.565	17250	16250
23347- 24662	.24	.602	.567	17550	16550
24663- 26013	.25	.605	.570	17900	16850
26014- 27401	.26	.608	.573	18250	17200
27402- 28827	.27	.610	.575	18550	17500
28828- 30293	.28	.612	.578	18900	17850
30294- 31801	.29	.615	.580	19250	18200
31802- 33352	.30	.618	.583	19650	18550
33353- 34948	.31	.620	.585	20000	18900
34949- 36592	.32	.622	.588	20400	19250
36593- 38285	.33	.625	.590	20800	19650
38286- 40030	.34	.627	.593	21200	20050
40031- 41829	.35	.629	.595	21600	20400
41830- 43685	.36	.632	.598	22000	20850
43686- 45600	.37	.634	.600	22450	21250
45601- 47577	.38	.636	.602	22900	21700
47578- 49619	.39	.638	.604	23350	22100
49620- 51731	.40	.640	.607	23850	22600
51732- 53914	.41	.642	.609	24300	23050
53915- 56173	.42	.644	.611	24800	23550
56174- 58513	.43	.646	.613	25350	24000
58514- 60936	.44	.648	.615	25850	24550
60937- 63449	.45	.650	.617	26400	25050
63450- 66056	.46	.652	.619	26950	25600
66057- 68761	.47	.654	.621	27550	26150
68762- 71572	.48	.655	.623	28150	26750
71573- 74495	.49	.657	.624	28800	27350
74496- 77535	.50	.658	.626	29450	28000

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

EXPERIENCE RATING PLAN

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

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

EXPERIENCE RATING PLAN

SUPPLEMENT TO THE LIABILITY EXPERIENCE RATING PLAN

Treatment of Immature Losses Due to Change of Carrier

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

The existence of these supplementary loss development factors does not alter the requirements set forth in Rule 3 of the Experience Rating Plan.

BASIC LIMITS LOSS DEVELOPMENT FACTORS		
	Six Month Maturity	Nine Month Maturity
Automobile Liability—B.I.; 25/50	.627	.413
Automobile Liability—P.D.	.510	.263
	12 Month Maturity	15 Month Maturity
Automobile Liability—B.I.; 25/50	.190	.150
Automobile Liability—P.D.	.016	.014

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

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

EXPERIENCE RATING PLAN
SUPPLEMENT

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

Rule 1. ELIGIBILITY

Combination of Entities and Use of Past Experience

(1) EMPLOYEES' AND OFFICERS' AUTOMOBILES

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

(2) COMBINATION OF ENTITIES

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

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

If an entity other than a partnership

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

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

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

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

(3) MERGER OR CONSOLIDATION

Merger—If two or more entities are merged so that the ownership interest (as defined in Rule 4) of all such entities are combined in the surviving entity, the incurred experience of all such merged entities shall be used for experience rating the surviving entity.

Consolidation—If two or more entities are consolidated by replacing them with a new entity combining the ownership interest (as defined in Rule 4 of the prior entities), the

incurred experience of all such consolidated entities shall be used for experience rating the new entity.

(4) CHANGE OF CONTROL, MANAGEMENT, NAME, OPERATIONS OR OWNERSHIP

- a. If there is a change in control, management, name or operations, not accompanied by any change in ownership interest, incurred experience shall be used in future ratings.
- b. If there is a change in ownership interest, either alone or accompanied by a change in control, management, name or operations (other than as respects mergers or consolidations covered by Rule 3 of this Section) incurred experience shall be used in future ratings.

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

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

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

- c. If there is a change in ownership among members of an immediate family, the experience for all entities shall be used in future experience ratings of the risk. For purposes of this rule, members of an immediate family shall include a spouse, father, mother, son, daughter, brother, sister, half-brother, half-sister, step-brother, step-sister, step-child, step-parent, grandchild or grandparent.

Ownership Interest:

1. of any corporation shall be determined on the basis of the ownership of the issued voting stock of any such corporation.
2. if there is no issued voting stock shall be determined on the basis of its members if the entity is other than a partnership.
3. if there is neither issued voting stock nor members shall be determined on the basis of the board of directors or comparable governing body if the entity is other than a partnership.
4. of any partnership shall be determined in accordance with the participation of each general partner in the profits of the partnership.
5. shall be deemed to be vested in a fiduciary when a fiduciary is involved. However, "fiduciary" shall not include a debtor in possession or a trustee under a revocable trust.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

**EXPERIENCE RATING PLAN
SUPPLEMENT**

(5) JOINT VENTURES

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

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

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

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

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

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

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE

(State Code 32)

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	1.62	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

(State Code 32)

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE

SUPPLEMENTARY RATING PROCEDURES

Rule 2. INCREASED LIMITS

B. Property Damage

PROPERTY DAMAGE FACTORS

Limits Identifier Code (3)

Limit of Liability (1000s)	Limit Code	1. Light and Medium Trucks	2. Heavy Trucks And Truck-Tractors	3. Extra Heavy Trucks And Truck-Tractors	4. Trucks, Tractors And Trailers Zone Rated	5. All Other Risks
65	9	1.05	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 REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE

SUPPLEMENTARY RATING PROCEDURES

Rule 24. MEDICAL PAYMENTS

For limits not shown on the state rate schedules, compute the premium as follows:

A. Private Passenger Types

\$250 Limit (Limit Code 7)—decrease the \$500 limit premium by \$1.

B. Trucks, Tractors, and Trailers and Public Automobiles

1. Other than zone rated automobiles:

Limit	Limit Code	Multiply the \$500 limit premium by the following factors
\$250	7	.85
750	2	1.10

2. Zone rated automobiles:

Limit	Limit Code	Multiply the \$500 limit premium by the following factors
\$ 250	7	.85
750	2	1.10
1,000	3	1.20
2,000	4	1.30

NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTOMOBILE MANUAL
TERRITORIES SECTION

NOTES

TERRITORY DEFINITIONS

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

TERRITORY DEFINITIONS

Territory Code	Territory Code
ONCLO COUNTY territory comprises all territory in Onslow County not included in Camp LeJeune territory 023	SAMPSON COUNTY territory comprises all territory in Sampson County023
ORANGE COUNTY see Burlington-Graham and Remainder of State.	SCOTLAND COUNTY territory comprises all territory in Scotland County.....023
PAMLICO COUNTY territory comprises all territory in Pamlico County 023	SEYMOUR JOHNSON AIR FORCE BASE territory comprises all territory in Seymour Johnson Air Force Base in Wayne County.....019
PASQUOTANK COUNTY territory comprises all territory in Pasquotank County 023	TYRRELL COUNTY territory comprises all territory in Tyrrell County.....023
PENDER COUNTY territory comprises all territory in Pender County..... 023	VANCE COUNTY territory comprises all territory in Vance County.....023
PERQUIMANS COUNTY territory comprises all territory in Perquimans County..... 023	WAKE COUNTY territory comprises all territory in Wake County not included in Raleigh territory021
PITT COUNTY territory comprises all territory in Pitt County not included in Greenville territory..... 023	WARREN COUNTY territory comprises all territory in Warren territory.....023
RALEIGH territory comprises the entire city of Raleigh, all territory in Wake County included in the townships of Cary, House Creek, Meredith, Neuse River, Raleigh, St. Mary's, St. Matthews and Swift Creek and the entire town of Knightdale in St. Matthews and Marks Creek townships, including all of the following towns, cities or places 016	WASHINGTON COUNTY territory comprises all territory in Washington County023
Asbury College View Milburnie	WAYNE COUNTY territory comprises all territory in Wayne County not included in Goldsboro or Seymour Johnson Air Force Base territories.....023
Auburn Edgeton Millbrook	WILMINGTON territory comprises all of New Hanover County and in addition the following towns, cities or places017
Boushell Fetner Neuse	Belville Lanvale Navassa
Camp Polk Garner Oakdale	Clairmont Leland Woodburn
Caraleigh Macedonia South Raleigh	El Paso
Carolina Pines McCullers Westover	WILSON territory comprises the entire town of Wilson and all territory in Wilson County included in the township of Wilson021
Cary Method Wilders Grove	WILSON COUNTY territory comprises all territory in Wilson County not included in the Rocky Mount or Wilson territories023
RANDOLPH COUNTY see Lexington Thomasville and Remainder of State.	WINSTON-SALEM territory comprises the entire city of Winston-Salem and all territory in Forsyth County included in the townships of Broadbay, Middle Fork, Old Town, South Fork and Winston, including all of the following towns, cities or places.....018
ROBESON COUNTY territory comprises all territory in Robeson County..... 023	Alsbaugh Frontis Reynolda
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 021	Atwood Hanes Tiretown
Armstrong Dortches Winsteads	Daisy Ogburntown Walkertown
Brake Chapel	Fisherville Oldtown
ROWAN COUNTY see Concord-Kannapolis-Salisbury and Remainder of State.	REMAINDER OF STATE024

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

TERRITORY DEFINITIONS

LIST OF IMPORTANT CITIES AND TOWNS

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

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

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

TERRITORY DEFINITIONS

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

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

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL**

(State Code 32)

TERRITORY DEFINITIONS

City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
O					
Oakdale, Wake.....	016	Roxboro, Person.....	024	Thomasville, Davidson.....	022
Oak Grove, Durham.....	013	Rural Hall, Forsyth.....	022	Thrift, Mecklenburg.....	012
Oakhurst, Mecklenburg.....	012	Rutherfordton, Rutherford.....	024	Tiretown, Forsyth.....	018
Oakley Buncombe.....	011	S			
Oakridge, Guilford.....	022	Saint Pauls, Robeson.....	023	Toast, Surry.....	024
Ogburntown, Forsyth.....	018	Salisbury, Rowan.....	022	Tokay, Cumberland.....	020
Oldtown, Forsyth.....	018	Sanford, Lee.....	024	Trenton, Jones.....	023
Ossipee, Alamance.....	022	Saratoga, Wilson.....	023	Trinity, Randolph.....	022
Oteen, Buncombe.....	011	Saxaphaw, Alamance.....	024	Troy, Montgomery.....	024
Owens, Cumberland.....	020	Scotland Neck, Halifax.....	023	Tryon, Polk.....	024
Oxford, Grantville.....	024	Selma, Johnston.....	023	V	
P					
Paw Creek, Mecklenburg.....	012	Selwyn Park, Mecklenburg.....	012	Valdese, Burke.....	024
Pembroke, Robeson.....	023	Seymour Johnson A.F.B., Wayne.....	019	Valmead, Caldwell.....	024
Pharrs Mill, Cabarrus.....	022	Shallotte, Brunswick.....	023	Victory, Cumberland.....	020
Phillipsville, Haywood.....	024	Sharpsburg, Edgecombe, Nash & Wilson.....	021	Victory, Gaston.....	022
Pikeville, Wayne.....	023	Shaws, Cumberland.....	020	W	
Pilot Mountain, Surry.....	024	Shelby, Cleveland.....	024	Wade, Cumberland.....	020
Pinehurst, Moore.....	024	Shiloh, Buncombe.....	011	Wadesboro, Anson.....	024
Pinetops, Edgecombe.....	023	Siler City, Chatham.....	024	Wake Forest, Wake.....	021
Pineville, Mecklenburg.....	022	Skyland, Buncombe.....	011	Walkertown, Forsyth.....	018
Pinkney Gaston.....	022	Slocomb, Cumberland.....	020	Wallace, Duplin.....	023
Pinoca, Mecklenburg.....	012	Smithfield, Johnston.....	023	Walnut Cove, Stokes.....	024
Pioneer Mills, Cabarrus.....	022	Smyre, Gaston.....	022	Warrenton, Warren.....	023
Pittsboro, Chatham.....	024	Snowhill, Greene.....	023	Warsaw, Duplin.....	023
Pleasant Garden, Guilford.....	022	Southern Pines, Moore.....	024	Washington, Beaufort.....	023
Plymouth, Washington.....	023	South Fayetteville, Cumberland.....	020	Waynesville, Haywood.....	024
Pomona, Guilford.....	014	South Gastonia, Gaston.....	022	Weaverville, Buncombe.....	022
R					
Raeford, Hoke.....	023	Southmont Davidson.....	024	Welcome, Davidson.....	022
Ragan, Gaston.....	022	Southport Brunswick.....	023	Weldon, Halifax.....	023
Raleigh, Wake.....	016	South Raleigh, Wake.....	016	Wendell, Wake.....	021
Ramseur, Randolph.....	024	South River, Rowan.....	022	Wentworth, Rockingham.....	024
Randleman, Randolph.....	024	South Rosemary, Halifax.....	023	Westend, Guilford.....	015
Ranlo, Gaston.....	022	Sparta, Alleghany.....	024	Westover, Wake.....	016
Red Springs, Robeson.....	023	Spencer, Rowan.....	022	Whitakers, Edgecombe & Nash.....	023
Redwood, Durham.....	013	Spencer Mountain, Gaston.....	022	Whiteville, Columbus.....	023
Reidsville, Rockingham.....	024	Spindale, Rutherford.....	024	Whitnel, Caldwell.....	024
Reynolda, Forsyth.....	018	Spray, Rockingham.....	024	Wilders Grove, Wake.....	016
Richmond Hill, Alamance.....	022	Spring Hope, Nash.....	023	Wilkesboro, Wilkes.....	024
Ridge, Gaston.....	022	Spring Lake, Cumberland.....	020	Williamston, Martin.....	023
Ridgecrest, Buncombe.....	022	Spruce Pine, Mitchell.....	024	Wilmington, New Hanover.....	017
Ridgeview, Mecklenburg.....	012	Stanley, Gaston.....	022	Wilson, Wilson.....	021
Roanoke Rapids, Halifax.....	023	Stantonsburg, Wilson.....	023	Windsor, Bertie.....	023
Robbins, Moore.....	024	Statessville, Iredell.....	024	Winnabow, Brunswick.....	023
Robbinsville, Graham.....	024	Staton, Pitt.....	021	Winsteads Chapel, Nash.....	021
Robersonville, Martin.....	023	Stedman, Cumberland.....	023	Winston-Salem, Forsyth.....	018
Roberta Mills, Cabarrus.....	022	Stokedale, Guilford.....	022	Winterville, Pitt.....	023
Rockingham, Richmond.....	024	Stony Point, Alexander.....	024	Woodburn, Brunswick.....	017
Rockwell, Rowan.....	024	Summerfield, Guilford.....	022	Woodfin, Buncombe.....	011
Rocky Mount, Edgecombe & Nash.....	021	Sunnyside, Gaston.....	024	Worthville, Randolph.....	024
Rocky Ridge, Cabarrus.....	022	Swannanoa, Buncombe.....	022	Y	
Rocky River, Cabarrus.....	022	Swanquarter, Hyde.....	023	Yadkin Junction, Rowan.....	022
Rolesville, Wake.....	021	Sweponville, Alamance.....	024	Yadkinville, Yadkin.....	024
Roseboro, Sampson.....	023	Sylva, Jackson.....	024	Yanceyville, Caswell.....	024
Roslin, Cumberland.....	020	T			
Rougemont, Durham.....	022	Tabor City, Columbus.....	023	Yost, Rowan.....	022
Rowland, Robeson.....	023	Tarboro, Edgecombe.....	023	Youngs Springs, Wilson.....	021
Z					
				Zebulon, Wake.....	021

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

NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTOMOBILE MANUAL
COMMERCIAL AUTOMOBILE LIABILITY RATES SECTION

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

**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	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

(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	1.04
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

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

LIGHT AND MEDIUM TRUCKS

Terr	Class	Bodily Injury Limit			Property Damage Limit			Medical Payments Limit		
		25/50	50/100	100/300	15	25	50	500	1000	2000
		Limit Code			Limit Code			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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

HEAVY TRUCKS AND TRUCK-TRACTORS

Terr	Class	Bodily Injury Limit			Property Damage Limit			Medical Payments Limit		
		25/50	50/100	100/300	15	25	50	500	1000	2000
		Limit Code								
		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			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

EXTRA HEAVY TRUCKS AND TRUCK-TRACTORS

Terr	Class	Bodily Injury Limit			Property Damage Limit			Medical Payments Limit		
		25/50	50/100	100/300	15	25	50	500	1000	2000
		Limit Code			Limit Code			Limit Code		
		46	49	52	03	05	08	1	3	4
11	Non-Fleet	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			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

PRIVATE PASSENGER TYPES

	Bodily Injury Limit			Property Damage Limit			Medical Payments Limits		
	25/50	50/100	100/300	15	25	50	500	1000	2000
Territory	Limit Code						Limit Code		
	46	49	52	03	05	08	1	3	4
11	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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

TAXIS AND LIMOUSINES

Terr	Class	Bodily Injury Limit			Property Damage Limit			Medical Payments Limits		
		25/50	50/100	100/300	15	25	50	500	1000	2000
		Limit Code			Limit Code			Limit Code		
		46	49	52	03	05	08	1	3	4
11	Non-Fleet	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

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

SCHOOL AND CHURCH BUSES

Terr	Class	Bodily Injury Limit			Property Damage Limit			Medical Payments Limits		
		25/50	50/100	100/300	15	25	50	500	1000	2000
		Limit Code						Limit Code		
		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

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

ALL OTHER BUSES

Terr	Class	Bodily Injury Limit			Property Damage Limit			Medical Payments Limit		
		25/50	50/100	100/300	15	25	50	500	1000	2000
		Limit Code			Limit Code			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			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

VAN POOLS

Terr	Class	Bodily Injury Limit			Property Damage Limit			Medical Payments Limits		
		25/50	50/100	100/300	15	25	50	500	1000	2000
		Limit Code			Limit Code			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
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

GARAGES

		Bodily Injury Limit			Property Damage Limit		
		25/50	50/100	100/300	15	25	50
Territory	Class	Limit Code			Limit Code		
		46	49	52	03	05	08
11	Dealers	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
COMMERCIAL AUTOMOBILE MANUAL

INDEX

Rule		Page
—A—		
8	Additional Premium Changes	7
47	Airport Bus or Limousine	37
73	Ambulance Services	49
74	Amphibious Equipment	49
32	Amusement Devices	26
75	Antique Automobiles	49
76	Automobile Body Manufacturers and Installers	49
55	Automobile Dealers	45
57	Automobile Dealers—Additional Provisions	46
56	Automobiles Furnished for Regular Use	45
77	Automobile Repair Training	49
—B—		
88	Banks—Repossessed Automobiles	52
33	Bobtail Operations	26
76	Body Manufacturers	49
32	Business Use Class	19
47	Buses	37
—C—		
85	Camper Bodies	52
4	Cancellation	3
7	Certification—Financial Responsibility Laws	6
47	Charter Bus	37
47	Church Bus	37
Classifications		
47	Public Transportation	37
32	Trucks, Tractors, and Trailers	19
19	Combination of Interests	11
32	Commercial Use	19
Cost of Hire Basis		
22	Hired Automobiles	12
33	Truckers	26
—D—		
87	Dealers Plates	52
55	Dealers	45
12	Deductible Insurance	7
78	Drive-Away Contractors	50
20	Drive Other Car Coverage	11
77	Driver Training Programs	49
—E—		
Eligibility		
55	Automobile Dealers	45
45	Public Transportation	37
71	Special Types and Operations	49
30	Trucks, Tractors, and Trailers	19
55	Equipment and Implement Dealers	45
96	Experience Rating	57
—F—		
23	Family Drive Other Car Coverage	12
90	Farm Equipment	52
32	Farmers	23

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

Rule	Page
13 Farmers Automobiles	8
88 Finance Companies	52
7 Financial Responsibility Laws—Certification	6
80 Fire Departments	50
Fleet Classifications	
47 Public Transportation	37
32 Trucks, Tractors, and Trailers	19
81 Flower Cars	50
32 Food Delivery	23
55 Franchised Dealers	45
81 Funeral Directors	50
—G—	
82 Golfmobiles	51
32 Gross Combination Weight	19
32 Gross Vehicle Weight	19
—H—	
81 Hearses	50
22 Hired Automobiles	12
1 How to Classify Automobiles	3
—I—	
55 Implement Dealers	45
2 Increased Limits	3
23 Individual as the Named Insured	12
5 Installment Payments	6
47 Inter-City Buses	37
—L—	
83 Law Enforcement Agencies	51
84 Leasing or Rental Concerns	51
12 Liability Deductibles	7
Limousines	
81 Funeral Directors	50
47 Public Transportation	37
32 Liquid Products, Transporters of	26
—M—	
32 Manufacturers	23
24 Medical Payments	12
11 Minimum Premium	7
90 Mobile Equipment	53
85 Mobile Home Trailers	52
85 Motor Homes	52
86 Motorcycles	52
—N—	
Nonfleet Classifications	
47 Public Transportation	37
32 Trucks, Tractors, and Trailers	19
55 Nonfranchised Dealers	45
21 Nonownership Liability	11

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

Rule		Page
—P—		
25	Partnership as the Named Insured—Nonownership Liability	12
56	Pick Up or Delivery of Automobiles	45
83	Police Departments	51
3	Policy Period	3
57	Pollution Exclusion—Garages—Automobile Dealers	46
27	Pollution Liability	14
8	Premium Changes	7
	Premium Development	
56	Automobile Dealers	45
46	Other than Zone Rated Public Automobiles	37
31	Other than Zone Rated Trucks, Tractors, and Trailers	19
72	Special Types and Operations	49
48	Zone Rated Public Automobiles	42
34	Zone Rated Trucks, Tractors, and Trailers	26
10	Premium Rounding	7
	Primary Classification Factors and Codes	
47	Public Transportation	37
32	Trucks, Tractors, and Trailers	18
14	Private Passenger Types	8
45	Public Transportation	37
98	Punitive Damages Exclusion	57
—R—		
	Radius Class	
47	Public Transportation	37
32	Trucks, Tractors, and Trailers	20
	Rating Factors	
47	Public Transportation	40
32	Trucks, Tractors, and Trailers	21
87	Registration Plates Not Issued for a Specific Automobile	51
6	Reinstatement	6
95	Reinsurance Facility Risks, Rating Procedures	57
88	Repossessed Automobiles	52
32	Retail Use	20
94	Retrospective Rating	57
9	Return Premium Changes	7
32	Rolling Stores	26
—S—		
47	School Bus	38
	Secondary Classifications	
47	Public Transportation	39
32	Trucks, Tractors, and Trailers	23
32	Semitrailers	20
32	Service Use	20
47	Sightseeing Bus	38
97	Single Limit Coverages	57
32	Size Class	20
89	Snowmobiles	52
47	Social Service Agencies	39
90	Special or Mobile Equipment	52
47	Special Trips Provisions	39
32	Specialized Delivery	24
7	Surcharges	7
6	Suspension	6
—T—		
47	Taxicabs	38
32	Trailers	20
32	Trailers or Semitrailers Used as Showrooms	26

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

Rule	Page
47 Transportation of Athletes and Entertainers	38
47 Transportation of Employees	38
49 Transportation of Migrant Workers by Farm Labor Contractors	42
87 Transporter Plates	51
32 Transporters of Explosives	26
32 Transporters of Liquid Products	26
33 Truckers	26
32 Trucks	19
32 Trucks, Tractors, and Trailers Classifications	19
—U—	
26 Uninsured and Underinsured Motorists Insurance	12
56 Unlimited Customer Coverage—Dealer Risks	45
47 Urban Bus	38
—V—	
47 Van Pools	38
—W—	
32 Waste Disposal	24
—Z—	
Zone Rated Automobiles	
48 Public Transportation	42
34 Trucks, Tractors, and Trailers	26
Experience Rating Plan	E-1–E-10
Supplementary Rating Procedures	S-1–S-5
Territory Definitions	T-1–T-8
Rates	R-1–R-13

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL**

EFFECTIVE DATES

RULES OF OPERATION

Membership Obligations	October 1, 1982
Eligibility	October 1, 1982
Extent of Coverage	May 5, 2006
Rules and Rates; Policy Forms	September 1, 1984
Termination of Insurance	October 1, 1982
Commissions	October 1, 1982
Service Standards	April 1, 1989
Minimum Underwriting Requirements	December 1, 1995
Member Responsibilities	October 1, 1982

GENERAL RULES SECTION

Rule 1.	April 1, 2003
Rule 2.	August 1, 1995
Rule 3.	October 1, 1982
Rule 4.	October 1, 1982
Rule 5.	April 1, 1995
Rule 6.	October 1, 1982
Rule 7.	October 1, 1982
Rule 8.	October 1, 1982
Rule 9.	October 1, 1982
Rule 10.	October 1, 1982
Rule 11.	October 1, 1982
Rule 12.	October 1, 1982
Rule 13.	April 1, 1989
Rule 14.	February 1, 1997
Rule 15.	Reserved for Future Use
Rule 16.	Reserved for Future Use
Rule 17.	Reserved for Future Use
Rule 18.	Reserved for Future Use

COMMON COVERAGES SECTION

Rule 19.	April 1, 1989
Rule 20.	August 1, 1995
Rule 21.	April 1, 2003
Rule 22.	August 1, 1995
Rule 23.	April 1, 1989
Rule 24.	April 1, 1989
Rule 25.	October 1, 1982
Rule 26.	November 1, 2001
Rule 27.	August 1, 1992
Rule 28.	Reserved for Future Use
Rule 29.	Reserved for Future Use

TRUCKS, TRACTORS, AND TRAILERS SECTION

Rule 30.	April 1, 1989
Rule 31.	May 1, 1994
Rule 32.	November 1, 2001
Rule 33.	August 1, 1995
Rule 34.	July 1, 2000
Rule 35.	Reserved for Future Use
Rule 36.	Reserved for Future Use
Rule 37.	Reserved for Future Use
Rule 38.	Reserved for Future Use
Rule 39.	Reserved for Future Use
Rule 40.	Reserved for Future Use
Rule 41.	Reserved for Future Use
Rule 42.	Reserved for Future Use
Rule 43.	Reserved for Future Use
Rule 44.	Reserved for Future Use

PUBLIC TRANSPORTATION SECTION

Rule 45.	October 1, 1982
Rule 46.	October 1, 1982
Rule 47.	March 1, 2004
Rule 48.	April 1, 1989
Rule 49.	October 1, 1982
Rule 50.	Reserved for Future Use
Rule 51.	Reserved for Future Use
Rule 52.	Reserved for Future Use
Rule 53.	Reserved for Future Use
Rule 54.	Reserved for Future Use

GARAGE DEALERS SECTION

Rule 55.	April 1, 2003
Rule 56.	April 1, 2003
Rule 57.	November 18, 1985
Rule 58.	Reserved for Future Use
Rule 59.	Reserved for Future Use
Rule 60.	Reserved for Future Use
Rule 61.	Reserved for Future Use
Rule 62.	Reserved for Future Use
Rule 63.	Reserved for Future Use
Rule 64.	Reserved for Future Use
Rule 65.	Reserved for Future Use
Rule 66.	Reserved for Future Use
Rule 67.	Reserved for Future Use
Rule 68.	Reserved for Future Use
Rule 69.	Reserved for Future Use
Rule 70.	Reserved for Future Use

SPECIAL TYPES AND OPERATIONS SECTION

Rule 71.	October 1, 1982
Rule 72.	August 1, 1995
Rule 73.	October 1, 1982
Rule 74.	October 1, 1982
Rule 75.	August 1, 1995
Rule 76.	October 1, 1982
Rule 77.	April 1, 1989
Rule 78.	October 1, 1982
Rule 79.	Reserved for Future Use
Rule 80.	October 1, 1982
Rule 81.	October 1, 1982
Rule 82.	August 1, 1995
Rule 83.	October 1, 1982
Rule 84.	October 1, 1982
Rule 85.	April 1, 1989
Rule 86.	October 1, 1982
Rule 87.	October 1, 1982
Rule 88.	April 1, 2003

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

Rule 89. August 1, 1995
Rule 90. October 1, 1982
Rule 91. Reserved for Future Use
Rule 92. Reserved for Future Use
Rule 93. Reserved for Future Use

MISCELLANEOUS SECTION

Rule 94. October 1, 1982
Rule 95. October 1, 1982
Rule 96. October 1, 1982
Rule 97. October 1, 1982
Rule 98. May 1, 1989

SUPPLEMENTARY RATING PROCEDURES SECTION

Rule 2. November 1, 2001
Rule 24. October 1, 1982

EXPERIENCE RATING PLAN SECTION

Rule 1. February 1, 1997
Rule 2. October 1, 1982
Rule 3. October 1, 1982
Rule 4. August 1, 1995
Rule 5. August 1, 1995

EXPERIENCE RATING PLAN SECTION SUPPLEMENT SECTION

Basic Limits Loss Development Factors Table August 1, 1995
Rule 1. April 1, 1989

TERRITORIES SECTION June 1, 1980

COMMERCIAL AUTOMOBILE LIABILITY RATES SECTION July 1, 2005

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

March, 2009

2009 COMMERCIAL AUTOMOBILE INSURANCE RATE FILING
BY THE NORTH CAROLINA REINSURANCE FACILITY

- Q. Would you state your full name and business address?
- A. Raymond F. Evans, Jr., CPCU, 5401 Six Forks Road, Raleigh, North Carolina 27609.
- Q. Are you employed by the North Carolina Reinsurance Facility ("Facility")?
- A. Yes.
- Q. In what capacity?
- A. I am the General Manager.
- Q. How long have you been employed by the Facility?
- A. Since September, 2000.
- Q. What is the Facility's function with respect to rates for commercial automobile insurance?
- A. The Facility makes rates for commercial automobile liability insurance written in North Carolina that is ceded to the Facility.
- Q. Would you summarize your educational background?
- A. I graduated from Ohio State University with a Bachelor of Science Degree in Accounting. I am also a Chartered Property and Casualty Underwriter.
- Q. What was your work experience after graduation and prior to beginning work for the Facility?

- A. From March 1966 to August 2000 I worked in various capacities with the State Automobile Insurance Companies.
- Q. Can you identify the document (Exhibit RF-1) dated March 19, 2009?
- A. Yes. This is a portion of a filing ("Filing") that is dated March 19, 2009, submitted by the Facility to the Honorable Wayne Goodwin, Commissioner of Insurance, with respect to revised commercial automobile liability insurance rates in North Carolina for ceded business. The entire Filing is comprised of Exhibits RF-1 through RF-5.
- Q. Do you know how the expense data underlying the Filing were compiled?
- A. Yes. The underwriting expense provisions included in the Filing were derived on the basis of a special call for expense experience that is issued on an annual basis to all member companies of the Facility. The responses received from that special call were compiled, checked and furnished to Insurance Services Office ("ISO") for incorporation into the Filing. The expense data were checked, reconciled and edited before they were sent to ISO for use in the Filing.
- Q. Was the special call information which was furnished to ISO in connection with the Filing correct and accurate to the best of your knowledge, information and belief?
- A. Yes.
- Q. Can you identify the document (Exhibit RF-2) entitled the North Carolina Reinsurance Facility Commercial Automobile Manual of Rules and Rates?
- A. Yes. The North Carolina Reinsurance Facility Commercial Automobile Manual of Rules and Rates is a manual of the rules, rates and classifications used to write commercial automobile liability insurance ceded to the Facility. This manual and any approved amendments are on file with the North Carolina Department of Insurance and a copy is maintained at the offices of the Facility.
- Q. To the extent that actuarial expertise was necessary in the preparation of this Filing, where did the Facility obtain that expertise?

- A. Actuarial expertise was obtained from ISO. 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, 2009.
- 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

March, 2009

Q. Please state your name and business address.

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

Q. By whom are you employed?

A. I am employed by Insurance Services Office ("ISO") and have been employed by ISO since June 23, 1975.

Q. What are your responsibilities at ISO?

A. I am responsible for overseeing the Commercial Automobile Division at ISO. The Commercial Automobile division (CAD) is responsible for ISO's Commercial Automobile coverage program, including experience level evaluations, manuals, and policy forms and endorsements.

ISO performs experience reviews for the Commercial Automobile coverage in virtually all states plus the District of Columbia and Puerto Rico.

Q. What is your employment background?

A. When I was first employed by ISO, it was as an Actuarial Assistant in ISO's Personal Lines Actuarial Services Division. Later I transferred to the Personal Property Actuarial Division and was promoted to the levels of Actuarial Assistant Senior, Assistant Supervisor, and Supervisor. I was then appointed Assistant Regional Actuary and was later promoted to Assistant Manager in the Line of Insurance Department. In 1985, I joined the Actuarial Development Department as Assistant Actuary, where I received promotions to Associate Actuary and Actuary & Manager. I am now Assistant Vice President of the Commercial Automobile Division.

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

A. I have a Bachelor of Science degree in mathematics and a Master of Science degree in applied mathematics from Polytechnic Institute of Brooklyn. I am a Fellow of the Casualty Actuarial Society ("CAS") and a member of the American Academy of Actuaries. I have served on the CAS Examination Committee and chaired the Rate of Return Task Force of the Casualty Committee of the Actuarial Standards Board, a part of the American Academy of Actuaries.

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

A. As part of my duties at ISO, I am familiar with data collection and experience review procedures in use in states other than North Carolina. I have participated in filings for Commercial Automobile for many states. I am responsible at the present time for either preparing or supervising the preparation of rate filings for all the states, the District of Columbia and Puerto Rico for which ISO has jurisdiction as an advisory organization.

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

A. Through ISO, I have been involved in the preparation of the Commercial Automobile rate filing for the Reinsurance Facility in two respects. First, we collect rate-related statistical data from a significant number of the companies which write Commercial Automobile insurance in North Carolina. The Property Casualty Insurers Association of America ("PCI") is the statistical organization which collects data from the other companies. The data which the PCI collects are

sent to us at ISO and we compile all of the data and put them in proper format so that they can be reviewed to determine whether rates are adequate or inadequate. Second, we provide consulting actuarial services directly to the Reinsurance Facility. My staff and I worked closely with the North Carolina Reinsurance Facility staff and the NCRF Rating Committee with respect to the ratemaking procedures and trends which are utilized in the filing. The Rating Committee is 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 Trucks, Tractors, & Trailers, 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>Filed</u> <u>Change</u>	<u>Filed</u> <u>Change</u>	<u>Combined</u>
Trucks, Tractors, & Trailers Liability			
Bodily Injury	-17.0%	5.8%	-12.2%
Property Damage	-10.3%	2.1%	-8.4%
Combined	-14.7%	4.6%	-10.8%

Garage Liability

Bodily Injury	-33.5%	10.3%	-26.7%
Property Damage	-13.1%	0.6%	-12.6%
Combined	-26.0%	6.7%	-21.0%

Private Passenger Types

Bodily Injury	-5.5%	4.6%	-1.2%
Property Damage	-2.4%	1.6%	-0.8%
Combined	-4.4%	3.6%	-1.0%

Grand Total

Bodily Injury	-18.8%	5.2%	-14.6%
Property Damage	-10.6%	1.7%	-9.1%
Combined	-16.0%	4.0%	-12.6%

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, 2009. 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 Trucks, Tractors, & Trailers, Garages, and Private Passenger Types coverages in Section B. The years are the latest available.

For the Trucks, Tractors, & Trailers and Private Passenger Types classes, the loss experience used in the filing is what we call "accident year" experience. The five years of experience used in the filing are the accident years ending December 31, 2002 to December 31, 2006. For example, the losses for the accident year ended December 31, 2002 consist of all losses caused by

accidents which occurred during the one year period ended December 31, 2002. If an accident occurred December 31, 2002 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, 2002. 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, 2002 to December 31, 2006. These five policy year-ending periods are sometimes referred to as policy years 2001 to 2005, as they consist of the policies issued in 2001 through 2005. For example, policy year 2001 experience consists of the experience for all policies issued from January 1, 2001 to December 31, 2001; the term policy year-ending 12/31/2002 comes from the fact that the expiration of these policies is one year after issue, so a policy issued on December 31, 2001 expires on December 31, 2002. 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 Trucks, Tractors, & Trailers 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. Exhibit RF-1 is divided into seven sections. Sections A and B display the exhibits where the rate level changes are determined. Exhibit 1 of Section A shows the overall calculation of the basic 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 Trucks, Tractors, & Trailers, 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 Trucks, Tractors, & Trailers liability coverages for the North Carolina Reinsurance Facility. Sheet 1 displays the calculation of the rate level loss ratio for bodily injury and property damage coverages for the Trucks, Tractors, & Trailers classes. Sheet 2 displays the adjustment of the experience period incurred losses and loss adjustment expenses to be used on Section B, Exhibit 1, Sheet 1. The data shown is for ceded business. It is the experience on policies which are placed in the Reinsurance Facility.

My testimony will concentrate on the calculations underlying the Trucks, Tractors, & Trailers bodily injury coverage on this exhibit. This is done to simplify the explanations and to provide examples of the calculations in the filing. Although I will be focusing my testimony on the Trucks, Tractors, & Trailers bodily injury coverage, the concepts and explanations apply to the other classes and coverages unless stated otherwise.

Q. Column (1) on Section B, Exhibit 1, Sheet 1 for bodily injury contains a reference to "30/60/25". What does that mean?

A. These 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 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. This is detailed in Sections E, F, and G. The use of the "basic limits" premiums and losses for the purpose of determining statewide average rates is a proper procedure to be followed and is widely accepted. To illustrate how it works, assume that a risk bought a policy with 100/300

bodily injury policy limits and had an accident which caused the risk's insurer to make a payment to a claimant of \$75,000. The premium which is shown in column 1 is the premium which the policy would have cost the risk at today's rates assuming that the risk had bought only the 30/60 basic limits. The unadjusted losses which are shown in row 1 of this exhibit, sheet 2 would include only \$30,000 as opposed to the \$75,000 total loss.

- Q. Referring again to column 1, Section B, Exhibit 1, Sheet 1 entitled "Earned Premium at Present Rates," what does the figure \$11,612,242 represent and how was it determined?
- A. It represents the total amount of premium which would have been paid by Facility policyholders for basic limits Trucks, Tractors, & Trailers bodily injury coverage for accident year ending 12/31/2006 if current Facility rates had been in effect. It is calculated by extending the exposures at the current Facility rates.
- Q. Are the earned premium at present rates for the other classes and coverages calculated in the same manner?
- A. The earned premiums at present rates for Trucks, Tractors, & Trailers property damage, and Private Passenger Types bodily injury and property damage are calculated in the same manner. 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, 2006 or one of the preceding one-year periods, as noted. These figures include both losses which have already been paid as well as losses which are not yet paid and are represented by outstanding claim reserves. The figure also includes allocated loss adjustment expenses. Allocated loss adjustment expenses are expenses which relate to a specific claim. For example, the fees which an insurance company pays to attorneys to defend a claim or to outside adjusters to investigate that claim would be classified as allocated loss adjustment expenses. On the other hand, adjustment-related expenses which cannot be identified

to a specific claim are called unallocated loss adjustment expenses. An example of this would be the salaries and overhead associated with operating a company's in-house claims department. Allocated loss adjustment expenses are included in the row 1 figures; unallocated loss adjustment expenses are not.

Q. Have the losses and allocated loss adjustment expenses as reported by the companies been adjusted in any way?

A. Yes, there are several adjustments. First, as I mentioned earlier, ratemaking is done on a basic limits basis. For that reason we adjust the reported losses by eliminating those losses which exceed the amount which would have been paid had the policy limits been 30/60. The second adjustment results from the use of a loss development factor. Third is the inclusion of unallocated loss adjustment expense. Finally, trend is applied to the reported losses.

Q. What is the purpose of adjusting the reported losses by applying a loss development factor?

A. Reported losses need to be adjusted for loss development in order to appropriately reflect the late emergence of claims as well as changes in the value of known claims. This is accomplished through the use of loss development factors. For Trucks, Tractors, & Trailers, the losses as they are reported to ISO and PCI cover all accidents which occurred during the year-ended periods 12/31/2002 to 12/31/2006. When they are reported they are evaluated as of March 31, 2007. As of this date, some of the losses have already been paid and some have not, i.e., they are represented by loss reserves. The loss reserves, of course, are estimates of what will ultimately be paid on these outstanding claims. Since we want the estimates to be as accurate as possible, we look at history to see how losses have changed, or "developed," in the past from the time they were initially reported to the time they were ultimately paid. For example, if we look back and see that historically there has been a 1% increase in the amount of losses from the time they were initially reported as reserves until the time they were ultimately paid, we would logically assume that the same development pattern will hold true for losses incurred during future accident years. Accordingly we would make an adjustment by increasing the losses as they are initially reported by 1%.

Q. What causes losses to change or develop as you have described?

A. The losses which are paid as of the date of the initial reporting, of course, do not change. As to the reserve portion of the losses, however, changes would typically result from the fact that the ultimate loss payments are more or less than estimated at the time of the initial report. Another factor would be the late reporting of claims. For example, if an accident occurred on December 26 of any given year and for some reason was not reported to the company in a timely fashion, it might very well be that the losses as initially reported would not include any provision for that particular claim. By the time of the next year's evaluation, however, the claim would have worked its way into the system and the total loss would include either the paid amount or the reserved amount for that particular claim. This would cause an upward development in the losses as initially reported.

Q. Would you please turn to Exhibit 1 of Section D of Exhibit RF-1 and explain how the loss development factors for Trucks, Tractors, & Trailers bodily injury were calculated?

A. The Trucks, Tractors, & Trailers bodily injury loss development factors are calculated on Sheets 1 through 3 of this Exhibit. The data is North Carolina only experience reported to ISO for Facility and voluntary business. Link ratios for several twelve month periods have been calculated and then the "best three of five" method is used to determine the three year link ratio average. Specifically, the highest and lowest link ratios from the latest five years have been removed from the calculation and the remaining three ratios are used to calculate the three year average. The Facility and voluntary factors are then credibility weighted and the resulting link ratio averages are then multiplied to produce loss development factors to ultimate settlement. The ultimate settlement is assumed to be 123 months.

Q. Mr. Whitman, you mentioned that voluntary and Facility data was used in determining loss development factors even though this revision pertains to a revision of Facility rates. Can you explain the reasoning for this?

A. The 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 Trucks, Tractors, & Trailers bodily injury coverage?

A. This same procedure is used to calculate the Private Passenger Types basic limit loss development factors. For Garages basic limits and for Trucks, Tractors, & Trailers, Private Passenger Types, and Garages total limits, however, only ISO Facility data is used. This is because Facility data showed significantly different development patterns than voluntary data for these coverages. Also, 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 \$885,686 represents.

A. These are the unallocated loss adjustment expenses associated with accidents that occurred in the accident year ended December 31, 2006. 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 13.3% 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, 2007 were 13.3% of incurred losses and allocated loss adjustment expenses for the same period. Thus it is reasonable and appropriate to use the same 13.3% 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, 2009 effective date, what we are doing in the filing is making rates to cover policies issued during the period July 1, 2009 to June 30, 2010. 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 12/31/2002 to 12/31/2006. 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 7/1/09 - 6/30/10 period. Row 4 shows what is generally referred to as the trend factor. It is the anticipated annualized rate of change in losses. For the bodily injury liability coverage, the annual factor is -2.1% per year. In order to apply that annual trend to policies to be written under the new rates, the trend is applied over a period from 8.00 years for the 12/31/2002 experience to 4.00 years for the 12/31/2006 experience, as shown in footnote (C). Mathematically, this is done by raising the factor of 0.979 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 2.0% for basic limits and 4.5% for total limits, and an average annual change in claim frequency of -4.0%. These percentages are shown in Section D, Exhibit 2 of Exhibit RF-1.

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

A. They were determined by an analysis of past experience, separately for claim cost and claim frequency. For claim cost, trend lines, which are technically referred to as exponential curves, were determined for several different time intervals in order to determine what the actual changes have been in the recent past. The data from which the trends were calculated are the cost data for ISO companies writing Commercial Automobile voluntary insurance in North Carolina as well as multistate data. These data are what we generally refer to as "internal trend" data. After making these calculations to determine what the past changes in loss severity have been, we analyzed the historical trends and considered other relevant factors which would affect our judgment as to whether those historical trends are likely to continue into the future. Based on that review and analysis, the Rating Committee exercised its informed judgment and selected the severity trends which are utilized in the filing. Historically, frequency trend for commercial auto liability has been quite variable, often cyclical in nature. As a result, an exponential curve like the one used for severity trend does not fit the data well over the long term. Frequency trend is being selected to be -4.0% for bodily injury and -1.5% for property damage to reflect the recent pattern in frequency trend as well as the economic environment. The claim cost and claim frequency data are shown in Section D, Exhibit 2.

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

A. Yes, they are.

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

A. The average annual change in expenses of +3.0% represents the appropriate prospective change in general expenses, other acquisition expenses and unallocated loss adjustment expenses. These expenses are treated as fixed expenses and do not vary in direct relationship to the actual premium dollars. These expenses represent salaries, overhead, rents and other expenses that should vary according to general economic trends and not as a direct function of how premium increases or decreases. For example, commissions are calculated as a percent of premium. If the premium rate goes up a certain percentage, the dollars of commission go up by the same

percentage. On the other hand, the salary paid to an employee in the Home Office, which is a part of general expenses or other acquisition expenses, is not directly tied to premium. Just because premium may go up 10% does not mean that the employee's salary will go up 10%. The salary will be influenced by general economic trends and not by what the premium level is doing. That is why general expenses, other acquisition expenses and unallocated loss adjustment expenses are treated differently from those expenses that vary as a function of premium in this filing.

Q. Would you explain the derivation of the +3.0% factor in row 5?

A. The +3.0% factor is based on an analysis of the latest average annual change in the All Items CPI (both including and excluding energy), and the Compensation Cost Index. The Rating Committee added the analysis using the All Items CPI (excluding energy) this year because it was concerned that the recent volatility in energy prices has made the All Items CPI more volatile and therefore less valuable as a predictor of future costs. A 50/50 weighting of the All Items CPI and the Compensation Cost Index is utilized to estimate changes in these expenses. The data are shown in Section D, Exhibit 3 of Exhibit RF-1. Based on an analysis of this data, a selected factor of +3.0% is quite reasonable.

Q. Would you explain row 6 of Section B, Exhibit 1, Sheet 2 labeled "trended losses and loss adjustment expenses"?

A. The figures in row 6 are calculated by applying trend factors to the developed losses and allocated loss adjustment expenses in row 2 and the unallocated loss adjustment expenses in row 3. The trend factors are based on the selected annual trends shown in rows 4 and 5 raised to the appropriate power. The trended loss and loss adjustment expenses are the loss and loss adjustment expenses expected to prevail for policies issued in the one year period 7/1/2009 to 6/30/2010. These loss and loss adjustment expenses are then used in Section B, Exhibit 1, Sheet 1 to calculate the loss and loss adjustment ratios in column 3.

Q. Turning back to Section B, Exhibit 1, Sheet 1, how are the loss and loss adjustment ratios in column 3 used?

- A. These loss and loss adjustment ratios are used in a series of steps to calculate the rate level loss ratio shown in row 10. We use five years of Facility experience to calculate the rate level loss ratio in order to ensure stable indications. The table of weights used in weighting these loss and loss adjustment ratios is shown on Section D, Exhibit 5. Whenever appropriate, we assign a greater weight to the latest year. The weights used for the Trucks, Tractors, & Trailers classes are shown in column 4 of Section B, Exhibit 1, Sheet 1. The resulting weighted loss and loss adjustment ratios are shown in row 6. The next step in calculating the rate level loss ratio is accounting for the credibility of the experience. Credibility is based upon the five year total of claims for the coverage. The standard for full credibility is 1084 claims for Trucks, Tractors, & Trailers and Private Passenger Types and 683 for Garages risks. The tables for determining partial credibility are shown in Section D, Exhibit 5. The weighted loss and loss adjustment ratios are assigned credibility based on these tables. The complement of credibility is assigned to the adjusted expected loss ratio shown in row 8. For the Trucks, Tractors, & Trailers classes, the number of claims exceeds the full credibility standard so a credibility of 1.00 is given to the weighted loss and loss adjustment ratio in row 6. This results in the rate level loss ratios in row 10 being equal to the weighted loss and loss adjustment ratios in row 6.
- Q. Would you explain the purpose of row 7 - "expected loss ratio" and row 8 - "adjusted expected loss ratio" more fully?
- A. The expected loss ratio is the percentage of the premium dollar you will have available to pay for loss and loss adjustment expenses. The adjusted expected loss ratio represents what you would expect the loss and loss adjustment expense ratio to be without benefit of any later experience since the last filing. It is calculated by applying the average combined loss and loss adjustment expense trend factor to the expected loss ratio.
- Q. What is the source of the expense provisions shown in footnote (C) on Section B, Exhibit 1, Sheet 1?
- A. They were calculated from the North Carolina Special Expense Call for 2007 data. We used the expense ratios collected under the special call with two exceptions. For commissions, a 10%

provision is used for Trucks, Tractors, & Trailers, Garages and Private Passenger Types since there is only a 10% commission allowance for Facility business. For Garages, an additional 3% provision is added to the general expense provision to account for expenses specific to these classes, that is, expenses due to inspection costs and auditing of exposures. This percentage is a reasonable and historically accepted estimate of the additional expense incurred in writing and servicing a garage policy. The general expense provisions for the other classes of business were reduced so that, overall, the general expense provisions used average to the provisions indicated by the special call.

Q. What is the significance of the rate level loss ratio shown for Trucks, Tractors, & Trailers bodily injury in row 10 of Section B, Exhibit 1, Sheet 1?

A. The figure of 0.677 means that losses and loss adjustment expenses will be lower than premium income by 32.3%. This means the Facility would make 32.3 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 +3.0%. Earlier in my testimony, I explained the derivation of this trend factor.

Q. What is the significance of the ratio 0.804 shown on row 3 for Trucks, Tractors, & Trailers bodily injury of Section A, Exhibit 1?

A. This ratio means that the Facility would make 19.6 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 0.876 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 (2.4%).

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 9.32%, the derivation of which I will discuss later in my testimony. Mathematically, this investment income provision of 9.32% is added to the expected loss and fixed expense provision of 87.6% to obtain a provision of 96.92% 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

96.92%. For Trucks, Tractors, & Trailers bodily injury, the projected loss & fixed expense ratio of 0.804 is less than 0.9692 and thus indicates a rate level change (after reflecting investment income) of -17.0%.

Q. Are the remaining calculations for the other classes and coverages on Section A, Exhibit 1, performed in essentially the same manner as the 30/60 Trucks, Tractors, & Trailers bodily injury coverage?

A. Yes.

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

A. The reflection of the 9.32% investment income provision decreased the indicated rate level need for Trucks, Tractors, & Trailers bodily injury liability by 8.8 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, 2007. From the earned premium the mean unearned premium reserve is calculated. The portion of the earned premium that is held as unearned premium reserve is determined from the average unearned premium reserve for the year 2006. In this case, the mean unearned premium reserve is 43.5% 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 18.8% of premiums. The calculation of this 18.8% is shown in the explanatory notes. The average agents balance includes amounts that have been booked as written premiums but have not been paid by insureds due to installment premium plans.

Part C shows the calculations of the expected mean loss reserves held by the companies. Line C-2 entitled Expected Incurred Losses and Loss Adjustment Expenses is based upon the expense provisions utilized in the filing. The expected mean loss reserve in line C-3 is based upon the 2005 and 2006 ratios of mean loss reserves to incurred losses for commercial auto data only.

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

Once you have determined how much is available for investment, you then apply the average investment return to determine total investment earnings. This estimate was provided to us by the Facility. Line E shows an average rate of return of 5.23%.

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 9.32% as a percent of earned premium.

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

A. Yes.

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

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

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

A. Section C derives the proposed Facility territory base rates and presents the exhibits of revised Facility manual rate pages. Exhibit 2 refers to the Trucks, Tractors, & Trailers and related classes. Exhibit 3 refers to the Garages classes, 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 30/60 bodily injury coverage; Sheet 2 derives the territory base rates for \$25,000 property damage coverage.

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

A. Exhibit 1 summarizes the standard relativities used for determining revised rates for medical payments coverage and public automobile bodily injury and property damage liability coverage. This exhibit also summarizes the procedure for calculating the revised rates for hired cars coverage.

Q. Turning to Exhibit 2, Sheet 1 of Section C, would you explain the calculations on this exhibit?

A. This exhibit displays the calculations underlying the revised Facility territory base rates for Trucks, Tractors, & Trailers 30/60 bodily injury liability coverage. The revised Facility base

rates are based upon the voluntary territory relationships that became effective on 12/1/2008. We base the revised Facility rates on the voluntary relationships because of the larger volume of voluntary experience and because we continue to believe, as we have in the past, that it is reasonable to assume that the Facility territory experience mirrors the voluntary territory relationships. Column 2 displays the voluntary base loss costs by territory in effect on that date. Column 4 displays these voluntary territory base loss costs indexed to the overall statewide average voluntary base loss cost. This index in column 4 is applied to the revised overall statewide average Facility base rate shown in the footnote. As an example, the revised rate for territory 11 is calculated by multiplying the index of 0.945 shown in column 4 by the overall statewide average base rate of 155.8242. The result of this calculation is \$147.254 shown in column 5; rounding column 5 to the nearest whole dollar yields a revised base rate for territory 11 of \$147 as shown in column 6. Column 7 shows the base rate change by territory. It is calculated by dividing column 6 by column 3.

Q. Are the revised Facility territory base rates for the other classes and coverages determined in a manner similar to the Trucks, Tractors, & Trailers bodily injury base rates?

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

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

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

Q. Do you have an opinion as an actuary as to whether the filed basic limit rate level changes are fully justified and, if so, what is that opinion?

A. Yes. In my opinion they are fully justified.

Q. Please describe Sections E-G of Exhibit RF-1.

- A. The Reinsurance Facility's increased limits 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, 2009 was assumed in the compilation of the filing material. This is the same date assumed in the calculation of the proposed rates in Sections A-D of Exhibit RF-1.

- Q. Is that in fact the proposed effective date?

- A. Yes, it is.

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

- A. The supporting data for the indicated increased limits factor changes in Sections E-G consist of both accident year and policy year data. The Trucks, Tractors, & Trailers, Private Passenger Types and Publics (other than Buses) data are recorded on an accident year basis. All other data (including Garages, Buses, and Miscellaneous Risks) are recorded on a policy year basis. As previously described, policy year experience is compiled based on the year that the applicable policy was issued, while accident year experience is compiled based on the year that the accident occurred.

- Q. How are Sections E-G arranged?

- A. Section E presents a summary of the indicated increased limits factor changes. Section F contains detailed exhibits of the increased limits experience review. Section G presents the

revised increased limits factors as they will appear in the North Carolina Reinsurance Facility Commercial Automobile Manual of Rules and Rates.

- Q. Mr. Whitman, please turn to Exhibit 1 in Section F. Would you explain the calculations in this exhibit?
- A. Exhibit 1, Sheet 1 of Section F presents the calculation of the indicated change in bodily injury increased limits factors (+5.2%). 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, 2009. Sheet 2 of this exhibit presents the calculation of the indicated change in property damage increased limits factors (+1.7%).
- 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, 2009. The final trended values appear by class group on Sheet 3 of Exhibit 4. These final values are summed across class groups and the resultant numbers are used to obtain the indicated average increased limits factors in Exhibit 1.
- Q. How are the present average increased limits factors calculated?
- A. The present average increased limits factors are calculated as a weighted average of the increased limits factors which are currently in effect for the North Carolina Reinsurance Facility. Exhibit 5, Sheets 1 and 2 present the weights which are used. These weights are based on the basic limit loss distribution for risks ceded to the Facility, which uses losses (including allocated loss adjustment expense) reported to ISO from calendar accident year ending 06/30/2003 through calendar accident year ending 06/30/2006.
- 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 +5.2%. This is calculated in Exhibit 1, Sheet 1 of Section F as the indicated average factor divided by the present average factor minus unity $(2.117/2.013) - 1 = .052$. In order to achieve this percentage change, a uniform excess change factor is calculated by dividing the indicated average excess portion $(2.117 - 1.000 = 1.117)$ by the present average excess portion

$(2.013 - 1.000 = 1.013)$. The result of this calculation $(1.117/1.013 = 1.1027)$ 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 (1.63). The excess portion of this factor $(1.63 - 1.00 = 0.63)$ is multiplied by the uniform excess change factor $(0.63 * 1.1027 = 0.69)$ 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 $(0.69 + 1.00 = 1.69)$. This results in a change of +3.7% $((1.69/1.63) - 1 = 0.037)$ 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 +5.2% for bodily injury and +1.7% 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
DOUGLAS A. WILLIAMS

2009 COMMERCIAL AUTOMOBILE INSURANCE
RATE FILING
BY THE NORTH CAROLINA REINSURANCE FACILITY

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

A. Douglas A. Williams, 401 South Tryon Street Suite 300,
Charlotte, North Carolina.

Q. By whom are you employed?

A. Wachovia Bank, N.A., a Wells Fargo Company.

Q. In what capacity?

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

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

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

Q. Is it correct that Wachovia 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/Wachovia for seventeen years. Evergreen became a wholly-owned subsidiary of Wachovia as a result of a corporate merger that was effective in 2001.

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

A. Fifteen years.

Q. How long 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, 2008.

Q. In connection with the Facility's 2009 Commercial Automobile Insurance rate filing, did the Facility request that you make any calculations concerning the investment yield that the Facility could reasonably expect during the two-year period ending April 30, 2011?

A. Yes.

Q. Did you make those calculations?

A. Yes I did. I was requested in November, 2008 to make the calculations. Based on the size of the portfolio in November, 2008 and the yields at that time, I arrived at an estimate of the yield during the two-year period beginning May 1, 2009 and ending April 30, 2011 of approximately 5.23%.

Q. Would you please describe how your calculations were performed.

A. Yes. To determine the investment yield that the Facility could reasonably expect during the two-year period ending April 30, 2011, I divided the Facility's portfolio as it stood at the beginning of November, 2008 into three segments. The first segment included investments which

will mature before May 1, 2009. The second segment consisted of investments which will mature during the period May 1, 2009 through April 30, 2011. The third segment consisted of all investments which will mature after April 30, 2011.

In looking at the third segment, the investments which will not mature until after April 30, 2011, we obviously know what the yields on those are. I assumed that those assets would continue to earn the same yields throughout the period May 1, 2009 through April 30, 2011.

As to the first segment, i.e., the investments which will mature before May 1, 2009, 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 May 1, 2009 through April 30, 2011. For those

assets, I simply applied the current rate up until the maturity date. From the maturity date until April 30, 2011, I applied the Assumed Reinvestment Rate. In other words, I assumed that these investments will continue to earn at their present rate until maturity and that after maturity they will be re-invested at the Assumed Reinvestment Rate.

Q. Have you been advised that the Facility moved the effective date of its commercial automobile rate filing from May 1, 2009 to July 1, 2009 subsequent to your determination of the investment yield estimate?

A. Yes, we were recently advised of that change.

Q. Have you made a calculation of what you believe the investment yield will be for the two year period beginning with the new effective date of July 1, 2009?

A. No, I have not been requested to make that calculation. My understanding is that the Facility's usual practice is to include in its filings the information that was presented to and relied upon by its committees in the preparation of its filings and that the decision to change the effective date of this filing occurred after most of that work had been done. However, based on my knowledge of the Facility's portfolio (there are only two bonds in the portfolio that mature during the period May 1 to July 1, 2009), I am confident that using July 1 as the effective date in my original calculations would have had very little impact, if any, on the yield estimate.

Q. Do you have an opinion as to whether the 5.23% investment yield estimate that is based on your calculations and the assumptions used in your methodology is a reasonable estimate of what the Facility's investment yield will be?

A. Yes, I do have an opinion.

Q. What is that opinion?

A. I believe that the estimated yield is reasonable given the assumptions and timing of my original calculations. I would hasten to add, though, that the experience and activity in the financial markets in recent months have been volatile and quite unusual, and I believe that, if I were to calculate now an investment yield estimate for the Facility's portfolio for the two year period ending June 30, 2011, it would very likely be lower than 5.23%. Therefore, it is my opinion at this time that the 5.23% yield estimate is reasonable given all of the circumstances surrounding its determination and use in this filing but that it is very likely higher than the yield estimate that would result if it were calculated at this time.

Q. Does that conclude your pre-filed testimony?

A. Yes.