

## RULES – INFORMATION

DECEMBER 22, 2016

COMMERCIAL AUTOMOBILE  
COMMERCIAL LIABILITY UMBRELLA

LI-CA-2016-409  
LI-CU-2016-105

## FLORIDA 2016 COMMERCIAL AUTO AND COMMERCIAL LIABILITY UMBRELLA MULTISTATE RULES REVISION ADDRESSING RIDESHARING, DRONES AND PRIMARY AND NONCONTRIBUTORY OPTIONS UPDATED AND APPROVED; EXPLANATORY MATERIAL PROVIDED

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### KEY MESSAGE

We are providing the explanatory material for the implementation of multistate rules revision CL-2016-RRU2 in Florida for insurer information only.

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### BACKGROUND

In circular [LI-CA-2016-400/LI-CU-2016-101](#), we announced the implementation of the multistate rules revision CL-2016-RRU2 in Florida. We inadvertently omitted attaching the explanatory material for the latest Florida rules supplement to that circular.

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### ISO ACTION

We are providing the explanatory material for the Florida rules supplement to multistate filing CL-2016-RRU2.

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### REFERENCE(S)

[LI-CA-2016-400/LI-CU-2016-101](#) (12/14/2016) Florida 2016 Commercial Auto And Commercial Liability Umbrella Multistate Rules Revision Addressing Ridesharing, Drones And Primary And Noncontributory Options Updated And Approved

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### [ATTACHMENT\(S\)](#)

Florida Supplement to CL-2016-RRU2

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# Florida Rules Supplement

## Applicable Lines of Business

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This supplement applies to the following lines of business:

- ◆ Commercial Auto
- ◆ Commercial Liability Umbrella

## About This Filing

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This supplement introduces and revises state exception rules for Division One - Automobile and Division Thirteen - Commercial Liability Umbrella of the Commercial Lines Manual (CLM) to correspond with the revisions made in companion forms filing CL-2016-OFR2 and to accommodate the latest version of the Commercial Auto multistate rules that are in effect in Florida.

**Special Note:** The explanatory material included on pages 1-5, of this filing supplement is **not** being submitted to the Florida Office Of Insurance Regulation (FLOIR) and is provided for insurer information only. Only the marked up versions and final printed copies of the new and revised state exception rules has been provided to the FLOIR in accordance with this Department's streamlined filing procedures.

## Revised Rules

We are revising the following rules:

### **Division One - Automobile**

- ◆ 12. Forms Portfolio Reference
- ◆ 31. Eligibility

### **Division Thirteen - Commercial Liability Umbrella**

- ◆ 25. Description Of Additional Optional Endorsements
- ◆ 53. Description Of Additional Optional Endorsements

We have used a format of ~~striking through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes.

## New Rules

We are introducing the following rules:

### **Division One - Automobile**

- ◆ A3. Transportation Network Services 21. Trucks, Tractors And Trailers - Eligibility
- ◆ 38. Public Transportation - Eligibility

## **Background**

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In the multistate section of this filing:

### **Division One - Automobile**

- ◆ Rule 12. Forms Portfolio Reference was revised to reference new endorsement CA 04 49 - Primary And Noncontributory - Other Insurance Condition;
- ◆ Rules 21. Trucks, Tractors And Trailers - Eligibility and 31. Eligibility (under Section III - Private Passenger Types of the CLM) were revised to generally direct the user to new Rule 116. Transportation Network Services Auto And On-Demand Delivery Services Autos for information concerning transportation network autos and autos used to provide on-demand delivery services;
- ◆ Revised Rule 38. Public Transportation - Eligibility was revised to generally indicate that this section does not apply to transportation network services autos and direct the user to new Rule 116. Transportation Network Services Autos And On-Demand Delivery Services Autos for information concerning transportation network autos;
- ◆ Revised Rule 70. Financed Autos to generally provide instruction on the usage of new optional endorsement CA 26 04 - Amendment Of Single Interest Policy Provisions - Public Or Livery Passenger Conveyance And On-Demand Delivery Services Exclusion; and
- ◆ Rule 116. Transportation Network Services Autos And On-Demand Services Delivery Services Autos was introduced to generally provide guidance on transportation network and on-demand delivery services autos, as well as instructions on the usage of new optional endorsements CA 23 44 - Public Or Livery Passenger Conveyance Exclusion and CA 23 45 - Public Or Livery Passenger Conveyance And On-Demand Delivery Services Exclusion. Related rating procedures for certain autos used for transportation network services were also provided.

However, the latest version of the multistate rules for Division One - Automobile of the CLM is not in effect in Florida.

### **Division Thirteen - Commercial Liability Umbrella**

- ◆ Rules 25. and 53. Description Of Additional Optional Endorsements were revised to provide instruction on the use of new optional Commercial Liability Umbrella endorsements CU 21 89 - Public Or Livery Passenger Conveyance Exclusion and CU 21 90 - Public Or Livery Passenger Conveyance And On-Demand Delivery Services Exclusion in new paragraph 25.C.26. and new optional Commercial Excess Liability endorsements CX 21 46 - Public Or Livery Passenger Conveyance Exclusion and CX 21 47 - Public Or Livery Passenger Conveyance And On-Demand Delivery Services Exclusion in new paragraph 53.B.18.

In the forms supplement to companion filing CL-2016-OFR2, we removed the following endorsements from filing consideration in order to facilitate the approval of this filing, in light of concerns raised by the FLOIR in connection with the various ridesharing and on-demand delivery services exclusions:

- ◆ CA 23 44 - Public Or Livery Passenger Conveyance Exclusion
- ◆ CA 23 45 - Public Or Livery Passenger Conveyance And On-Demand Delivery Services Exclusion
- ◆ CA 26 04 - Amendment Of Single Interest Policy Provisions - Public Or Livery Passenger Conveyance And On-Demand Delivery Services Exclusion
- ◆ CU 21 89 - Public Or Livery Passenger Conveyance Exclusion
- ◆ CU 21 90 - Public Or Livery Passenger Conveyance And On-Demand Delivery Services Exclusion
- ◆ CX 21 46 - Public Or Livery Passenger Conveyance Exclusion
- ◆ CX 21 47 - Public Or Livery Passenger Conveyance And On-Demand Delivery Services Exclusion

State specific variations of the above referenced endorsements will be submitted in a future filing addressing the FLOIR's concerns.

Additionally, multistate endorsement CA 04 49 was replaced with endorsement CA 04 50 - Primary And Noncontributory - Other Insurance Condition to reference the current Commercial Auto coverage forms that are applicable in Florida.

## Explanation of Changes

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### Division One - Automobile

For consistency with the revisions made in the forms supplement to companion filing CL-2016-OFR2 and to accommodate the version of the Commercial Auto multistate rules that are in effect in Florida, we have:

- ◆ Introduced state exception Rule A3. Transportation Network Services Autos to generally provide guidance on transportation network autos and related rating procedures for private passenger types and light trucks used for transportation network services;
- ◆ Revised state exception Rule 12. Forms Portfolio Reference to replace the reference to multistate endorsement CA 04 49 - Primary And Noncontributory - Other Insurance Condition with endorsement CA 04 50 - Primary And Noncontributory - Other Insurance Condition; and
- ◆ Revised and introduced the following state exceptions, in lieu of the corresponding rules submitted in the multistate section of this filing:
  - New Rule 21. Trucks, Tractors And Trailers - Eligibility
  - Revised Rule 31. Eligibility
  - New Rule 38. Public Transportation - Eligibility.

The revision made to multistate Rule 70. Financed Autos won't apply in Florida, since Florida is not on the latest version of the Commercial Auto multistate rules.

### **Division Thirteen - Commercial Liability Umbrella**

For consistency with the revisions made in the forms supplement to companion filing CL-2016-OFR2, we have revised the following state exceptions:

- ◆ Rule 25 Description Of Additional Optional Endorsements to indicate that paragraph C.26., which references endorsements CU 21 89 - Public Or Livery Passenger Conveyance Exclusion and CU 21 90 Florida Public Or Livery Passenger Conveyance And On-Demand Delivery Services Exclusion does not apply; and
- ◆ Rule 53. Description Of Additional Optional Endorsements to indicate that paragraph B.18., which references endorsements CX 21 46 - Public Or Livery Passenger Conveyance Exclusion and CX 21 47 - Public Or Livery Passenger Conveyance And On-Demand Delivery Services Exclusion does not apply.

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## DIVISION ONE – AUTOMOBILE

### **A3. TRANSPORTATION NETWORK SERVICES AUTOS**

#### **A. Eligibility**

This section applies to transportation network services autos used exclusively to provide prearranged transportation services for compensation through an online-enabled application or digital network which connects passengers with drivers. When the coverage form insures transportation network services autos, use Public Transportation Autos Endorsement **CA 24 02** to amend the care, custody or control exclusion. Refer to Paragraph **C.** for rating.

For **all other** autos used for the transportation of members of the public, refer to Section **IV** – Public Transportation.

#### **B. Premium Computation – Transportation Network Services Autos**

For vehicles that would otherwise be rated as a private passenger type described in Rule **31.** or light trucks described in Rule **23.**, use the following rating procedures. For public autos that also operate as transportation network services autos, refer to Rule **38.** For all other vehicles, refer to company.

##### **1. Private Passenger Types**

- a. Follow the premium development procedures in Rule **32.** for the desired coverage(s).
- b. Multiply the result by the appropriate factor in the following tables:

##### **(1) Liability, Basic No-fault And Medical Payments Coverages**

| <b><u>Percentage Of<br/>Transportation Network<br/>Service Auto Use</u></b> | <b><u>Factor</u></b> |
|---|----------------------|
| 80% or more   | 3.50                 |
| 50% to 79.9%  | 3.00                 |
| 20% to 49.9%  | 2.00                 |
| Under 20.0%   | 1.30                 |

**Table A3.B.1.b.(1) Liability, Basic No-fault And Medical Payments Coverages Use Factors**

##### **(2) Other Than Collision Coverage**

| <b><u>Percentage Of<br/>Transportation Network<br/>Service Auto Use</u></b> | <b><u>Factor</u></b> |
|---|----------------------|
| 80% or more   | 1.15                 |
| 50% to 79.9%  | 1.10                 |
| 20% to 49.9%  | 1.05                 |
| Under 20.0%   | 1.00                 |

**Table A3.B.1.b.(2) Other Than Collision Coverage Use Factors**

##### **(3) Collision Coverage**

| <b><u>Percentage Of<br/>Transportation Network<br/>Service Auto Use</u></b> | <b><u>Factor</u></b> |
|---|----------------------|
| 80% or more   | 2.40                 |
| 50% to 79.9%  | 2.00                 |
| 20% to 49.9%  | 1.50                 |
| Under 20.0%   | 1.10                 |

**Table A3.B.1.b.(3) Collision Coverage Use Factors**



## **2. Light Trucks**

a. Follow the premium development procedures in Rule 22. for the desired coverage(s).

b. Multiply the result by the appropriate factor in the following tables:

### **(1) Liability, Basic No-fault And Medical Payments Coverages**

| <b><u>Percentage Of<br/>Transportation Network<br/>Service Auto Use</u></b> | <b><u>Factor</u></b> |
|---|----------------------|
| <u>80% or more</u>  | <u>4.00</u>          |
| <u>50% to 79.9%</u>   | <u>3.10</u>          |
| <u>20% to 49.9%</u>   | <u>2.10</u>          |
| <u>Under 20.0%</u>  | <u>1.30</u>          |

**Table A3.B.2.b.(1) Liability, Basic No-fault And Medical Payments Coverages Use Factors**

### **(2) Other Than Collision Coverage Use Factors**

| <b><u>Percentage Of<br/>Transportation Network<br/>Service Auto Use</u></b> | <b><u>Factor</u></b> |
|---|----------------------|
| <u>80% or more</u>  | <u>1.15</u>          |
| <u>50% to 79.9%</u>   | <u>1.10</u>          |
| <u>20% to 49.9%</u>   | <u>1.05</u>          |
| <u>Under 20.0%</u>  | <u>1.00</u>          |

**Table A3.B.2.b.(2) Other Than Collision Coverage Use Factors**

### **(3) Collision Coverage Use Factors**

| <b><u>Percentage Of<br/>Transportation Network<br/>Service Auto Use</u></b> | <b><u>Factor</u></b> |
|---|----------------------|
| <u>80% or more</u>  | <u>2.60</u>          |
| <u>50% to 79.9%</u>   | <u>2.10</u>          |
| <u>20% to 49.9%</u>   | <u>1.60</u>          |
| <u>Under 20.0%</u>  | <u>1.10</u>          |

**Table A3.B.2.b.(3) Collision Coverage Use Factors**

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## 12. FORMS PORTFOLIO REFERENCE

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Paragraph **A.11.** is replaced by the following:

**11.** Florida Policy Changes **IL 12 07**

The following is added to Paragraph **A.**:

**21.** Primary And Noncontributory – Other Insurance Condition Endorsement **CA 04 50.**

The following is added to Paragraph **B.**:

The following endorsements are applicable in addition to those referenced elsewhere in the Manual:

**CA 01 28** Florida Changes

**CA 02 67** Florida Changes – Cancellation And Nonrenewal

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## **21. TRUCKS, TRACTORS AND TRAILERS – ELIGIBILITY**

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The following is added to Rule 21.:

### **F. Transportation Network Autos**

For transportation network services autos used exclusively to provide prearranged transportation services for compensation through an online-enabled application or digital network which connects passengers with drivers, refer to Rule A3.

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### 31. ELIGIBILITY

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Paragraph B. is replaced by the following:

#### B. Application

This section applies to all private passenger autos which are owned by corporations, partnerships, unincorporated associations, government agencies or rated as part of a fleet and which are insured on a Business Auto or Motor Carrier Coverage Form. This section does not apply to transportation network services autos used exclusively to provide prearranged transportation services for compensation through an online-enabled application or digital network which connects passengers with drivers.

For such autos, refer to Rule A3.

Paragraph C.2.d. is replaced by the following:

d. Use the factors in Table 31.C.2.d. for Operator Experience and Use.

Add the Operator Experience and Use factors to get a total combined factor. Multiply the private passenger types rates developed from the state company rates/ISO loss costs for liability, physical damage, medical payments and basic no-fault coverages by the total combined factor.

| <b>Operator Experience</b>  | <b>Factor</b> |
|---|---------------|
| No operator licensed less than 5 years                              | 0.75          |
| Operator licensed less than 5 years not owner or principal operator | 1.40          |
| Owner or principal operator licensed less than 5 years              | 2.00          |
| <b>Use</b>  | <b>Factor</b> |
| Not driven to work or school  | 0.00          |
| To or from work less than 15 miles                                  | 0.15          |
| To or from work 15 or more miles                                    | 0.25          |

**Table 31.C.2.d. Operator Experience And Use Factors**

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### **38. PUBLIC TRANSPORTATION – ELIGIBILITY**

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Rule 38. is replaced by the following:

- A. This section applies to autos registered or used for the transportation of members of the public, except transportation network services autos used exclusively to provide prearranged transportation services for compensation through an online-enabled application or digital network which connects passengers with drivers. For such transportation network services autos, refer to Rule **A3**.
- B. When the coverage form insures public autos, use Public Transportation Autos Endorsement **CA 24 02** to amend the care, custody or control exclusion.

## DIVISION THIRTEEN – COMMERCIAL LIABILITY UMBRELLA

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### 25. DESCRIPTION OF ADDITIONAL OPTIONAL ENDORSEMENTS

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Paragraphs C.16. and C.26. does not apply.

Paragraph **D.4.** is replaced by the following:

**D. Special Provisions For Certain Types Of Risks Endorsements**

4. Liability coverage for bodily injury to any volunteer firefighter or volunteer worker engaged in firefighting, rescue squad or ambulance corps operations may be excluded by attaching Florida Emergency Vehicles – Volunteer Firefighters And Workers Injuries Excluded Endorsement **CU 22 42.**

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**53. DESCRIPTION OF ADDITIONAL OPTIONAL ENDORSEMENTS**

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Paragraphs B.9. and B.18. does not apply.