



LOSS COSTS – IMPLEMENTATION

JANUARY 18, 2018

COMMERCIAL AUTOMOBILE

LI-CA-2018-019

NEVADA REVISED COMMERCIAL AUTO ADVISORY PROSPECTIVE LOSS COSTS TO BE IMPLEMENTED

KEY MESSAGE

This circular announces the implementation of revised Commercial Auto advisory prospective loss costs in Nevada.

BACKGROUND

In circular [LI-CA-2017-193](#), we announced that:

2017 Nev. Stat. ___ (former S.B. 308), which becomes effective July 1, 2018, revises, in part, NEV. REV. STAT. § 485.185 to increase the minimum limit for motor vehicle insurance coverage for payment of tort liabilities arising from the maintenance or use of the motor vehicle:

- From \$15,000 to \$25,000 for bodily injury to or death of one person in any crash;
- From \$30,000 to \$50,000 for bodily injury to or death of two or more persons in any one crash; and
- From \$10,000 to \$20,000 for injury to or destruction of property of others in any one crash.

Based on our initial review, we anticipated revising various Nevada forms, rules, and loss costs for the ISO Commercial Auto Program to reflect the revisions in 2017 Nev. Stat. ___ (former S.B. 308), as they relate to financial responsibility requirements.

ISO ACTION

In response to 2017 Nev. Stat. ___ (former S.B. 308), we revised Rule 97. in the Nevada loss costs pages to revise the minimum limits for uninsured motorists insurance for bodily injury to \$50,000 for single limits and to \$25,000/\$50,000 for split limits and updated the advisory prospective loss costs.

Refer to the attached explanatory material for complete details about the filing.

EFFECTIVE DATE

We do not establish an effective date for Commercial Auto loss costs revisions in Nevada. Each insurer that elects to utilize this revision is responsible for determining its own effective date.

We will issue this material under cover of a Notice bearing a date of July 2018 or the earliest possible date.

IMPACT ON THE STATISTICAL REPORTING OF LOSS COST MULTIPLIER

For the purpose of reporting your company Loss Cost Multiplier under the CSP, as of July 1, 2018, the multiplier must be based on the relationship between your gross rates and the ISO advisory prospective loss costs contained in referenced circular [LI-CA-2017-151](#).

COMPANY ACTION

You must independently determine the final rates you will use and the effective date of any rate change. If you decide to use our prospective loss costs to revise your rates, you are NOT required to file anything with the Nevada Division of Insurance.

You must document your files in case the Insurance Department wishes to review the information at a later date. In all internal correspondence on this revision, you should refer to ISO Revision Designation Number CA-2017-RUMLC, NOT this circular number.

RATING SOFTWARE IMPACT

New attributes being introduced with this revision:

- Current loss costs are being revised.
- Current factors are being revised.

POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies, to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2017-074](#) contains the ISO Guide To Renewals With Changed Conditions For Commercial Lines, which is available only as a guide to assist participating companies in complying with various conditional renewal statutes or regulations, for the major commercial lines of insurance serviced by ISO. The information in the Guide does not necessarily reflect all requirements or exceptions that may apply, and it is not intended as a substitute for your review of all applicable statutes and regulations concerning policyholder notification.

REVISION DISTRIBUTION

We will issue a Notice to Manualholders with an edition date of 7-18 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

RELATED RULES REVISION

We are announcing in a separate circular the filing of a corresponding Commercial Auto rules revision. Please refer to the Reference(s) block for identification of that circular.

REFERENCE(S)

- [LI-CA-2018-018](#) (01/18/2018) Nevada Revised Commercial Auto Manual Rule To Be Implemented
- [LI-CL-2017-074](#) (11/20/2017) Revised Lead Time Requirements Listing
- [LI-CA-2017-193](#) (06/13/2017) Nevada Former S.B. 308 Concerning Financial Responsibility Requirements Under Review; Filings On Hold
- [LI-CA-2017-151](#) (05/02/2017) Nevada Revised Commercial Auto Advisory Prospective Loss Costs To Be Implemented

ATTACHMENT(S)

Filing CA-2017-RUMLC

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ACKNOWLEDGMENT OF ACTUARIAL QUALIFICATIONS

The American Academy of Actuaries' "Qualifications Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" requires that an actuary issuing a Statement of Actuarial Opinion should include an acknowledgment with the opinion that he/she has met the qualification standards of the AAA. ISO considers this loss cost filing a Statement of Actuarial Opinion; therefore we are including the following acknowledgment:

I, David Terné, am a Director of Actuarial Operations for ISO and I, James Davidson, am an Actuarial Director for Commercial Auto for ISO. We are jointly responsible for the content of this Statement of Actuarial Opinion. We are both members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

CONTACT INFORMATION

If you have any questions concerning:

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Nevada Commercial Auto Loss Costs Revision In Response To Former S.B. 308

About This Filing

We are revising Rule 97. Uninsured Motorists Insurance in the Nevada Loss Cost Pages to the Commercial Lines Manual in response to 2017 Nev. Stat. ____ (former S.B. 308).

Revised Loss Costs

We are revising advisory prospective loss costs within Rule 97. Uninsured Motorists Insurance.

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

Related Filing(s)

The following companion filings are being filed with a concurrent effective date:

- ◆ Rules filing CA-2017-RILL1 contains the related rules filing.

Background

Currently, Rule 97. Uninsured Motorists Insurance in the Nevada Loss Cost Pages to the Commercial Lines Manual reflects minimum limits for uninsured motorists insurance of \$30,000 for bodily injury single limit and \$15,000/\$30,000 for split limits.

2017 Nev. Stat. ____ (former S.B. 308), which becomes effective July 1, 2018, revises, in part, NEV. REV. STAT. § 485.185 to increase the minimum limit for motor vehicle insurance coverage for payment of tort liabilities arising from the maintenance or use of the motor vehicle from \$15,000 to \$25,000 for bodily injury to or death of one person in any crash; from \$30,000 to \$50,000 for bodily injury to or death of two or more persons in any one crash; and from \$10,000 to \$20,000 for injury to or destruction of property of others in any one crash.

Explanation of Changes

In response to 2017 Nev. Stat. ____ (former S.B. 308), we are revising Rule 97. in the Nevada loss costs pages to revise the minimum limits for uninsured motorists insurance for bodily injury to \$50,000 for single limits and to \$25,000/\$50,000 for split limits and updating the advisory prospective loss costs.

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Company Decision

We encourage each insurer to decide independently whether the judgments made and the procedures or data used by ISO in developing the enclosed advisory prospective loss costs are appropriate for its use. Some calculations included in this filing involve areas of ISO staff judgment. Each insurer should carefully review and evaluate its own experience in order to determine whether the ISO advisory prospective loss costs are appropriate for its use.

The material has been developed exclusively by the staff of Insurance Services Office, Inc.

97. UNINSURED MOTORISTS INSURANCE

Uninsured Motorists Bodily Injury		
Bodily Injury Limits	Private Passenger Types Per Exposure	Other Than Private Passenger Types Per Exposure
\$ 30,000	\$ 34.57	\$ 23.78
40,000	41.92	28.70
\$ 50,000	\$ 44.8147.90	\$ 30.6932.70
100,000	68.3971.85	46.4248.67
125,000	78.1084.36	52.8754.99
150,000	85.3488.98	57.6860.04
200,000	98.90402.75	66.6869.18
250,000	108.94412.64	73.3475.73
300,000	117.08421.34	78.7481.49
350,000	124.75428.78	83.8286.44
400,000	130.64435.07	87.7390.64
500,000	141.31445.54	94.7797.52
600,000	148.86453.27	99.78102.64
750,000	159.52463.77	106.82409.59
1,000,000	172.68476.92	115.50418.25
1,500,000	189.36493.79	126.51429.39
2,000,000	200.91205.34	134.12437.00
2,500,000	209.63213.88	139.87442.63
3,000,000	216.27220.54	144.24446.99
5,000,000	233.82238.05	155.78458.53
7,500,000	246.37250.79	164.03466.94
10,000,000	253.48257.89	168.72474.59

Table 97.B.1.a.(LC) Single Limits Uninsured (Includes Underinsured) Motorists Bodily Injury Coverage Loss Costs

Uninsured Motorists Bodily Injury		
Bodily Injury Limits	Private Passenger Types Per Exposure	Other Than Private Passenger Types Per Exposure
\$ 15,000/30,000	\$ 24.81	\$ 17.20
\$ 25,000/50,000	\$ 32.2734.57	\$ 22.2823.78
50,000/100,000	50.7253.60	34.6236.50
100,000/300,000	75.1778.82	50.9453.34
250,000/500,000	112.98417.03	76.0278.66
500,000/1,000,000	143.90448.43	96.4899.23
1,000,000/2,000,000	174.82479.05	116.90419.65
2,500,000/5,000,000	211.89246.42	141.35444.40
5,000,000/10,000,000	235.58239.82	156.94459.69

Table 97.B.1.b.(LC) Split Limits Uninsured (Includes Underinsured) Motorists Bodily Injury Coverage Loss Costs

Loss Cost
\$ 1.25

Table 97.B.2.a.(4)(LC) Individual Named Insured Loss Cost