SECTION A - SCOPE OF REVISION

Summary of Increased Limit Factor Changes A2

Summary of Deductible Discount Factor Changes A3

Revised Increased Limit Factors A4

Revised Deductible Discount Factors A5-A9

**SUMMARY OF INCREASED LIMIT FACTOR CHANGES**

Changes By Table and in Total

The following shows the average effects of the filed changes for risks in each table:

|  |  |  |
| --- | --- | --- |
| Table | Indicated Change | Selected Change |
| Light and Medium | 12.8% | 12.8% |
| Heavy | 13.4% | 13.4% |
| Extra Heavy | 4.8% | 4.8% |
| Zone-rated | -0.1% | -0.1% |
| All Other | 6.9% | 6.9% |
| TOTAL | 10.0% | 10.0% |

Comparison of Current and Revised Increased Limit Factors

The following compares the current and revised increased limit factors for a sample of policy limits:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Table | Policy  Limit  ($,000) | (1)  Current  Factor | (2)  Revised  Factor | (3)  [(2)-(1)]/(1)  Percent  Change |
| Light and Medium | 300 | 1.45 | 1.51 | 4.1% |
|  | 500 | 1.68 | 1.81 | 7.7% |
|  | 1,000 | 2.00 | 2.25 | 12.5% |
|  | 2,000 | 2.30 | 2.69 | 17.0% |
|  |  |  |  |  |
| Heavy | 300 | 1.49 | 1.55 | 4.0% |
|  | 500 | 1.77 | 1.90 | 7.3% |
|  | 1,000 | 2.12 | 2.39 | 12.7% |
|  | 2,000 | 2.48 | 2.92 | 17.7% |
|  |  |  |  |  |
| Extra Heavy | 300 | 1.50 | 1.56 | 4.0% |
|  | 500 | 1.79 | 1.88 | 5.0% |
|  | 1,000 | 2.22 | 2.32 | 4.5% |
|  | 2,000 | 2.66 | 2.83 | 6.4% |
|  |  |  |  |  |
| Zone-rated | 300 | 1.37 | 1.37 | 0.0% |
|  | 500 | 1.59 | 1.59 | 0.0% |
|  | 1,000 | 1.92 | 1.92 | 0.0% |
|  | 2,000 | 2.25 | 2.25 | 0.0% |
|  |  |  |  |  |
| All Other | 300 | 1.42 | 1.47 | 3.5% |
|  | 500 | 1.67 | 1.76 | 5.4% |
|  | 1,000 | 2.04 | 2.18 | 6.9% |
|  | 2,000 | 2.42 | 2.60 | 7.4% |

Page A-4 displays the revised Commercial Automobile Liability increased limit factors as they will appear in the Commercial Lines Manual. The increased limit factors shown are the ratio of the sum of indemnity, ALAE, ULAE and risk load at each specific limit to the same sum evaluated at the basic limit ($100,000). Therefore, the factor listed for the basic limit is 1.00.

**SUMMARY OF DEDUCTIBLE DISCOUNT FACTOR CHANGES**

The following compares the current and revised deductible discount factors for a sample of deductible amounts:

Combined Single Limit Deductible

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Table | Deductible  Amount | (1)  Current  Factor | (2)  Revised  Factor | (3)  [(2)-(1)]/(1)  Percent  Change |
| Non-zone-rated | 1,000 | 0.914 | 0.970 | 6.1% |
|  | 10,000 | 0.637 | 0.835 | 31.1% |
|  | 100,000 | 0.261 | 0.476 | 82.4% |
|  |  |  |  |  |
| Zone-rated | 1,000 | 0.942 | 0.963 | 2.2% |
|  | 10,000 | 0.700 | 0.777 | 11.0% |
|  | 100,000 | 0.320 | 0.429 | 34.1% |

Property Damage Deductible Only

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Table | Deductible  Amount | (1)  Current  Factor | (2)  Revised  Factor | (3)  [(2)-(1)]/(1)  Percent  Change |
| Non-zone-rated | 1,000 | 0.922 | 0.974 | 5.6% |
|  | 10,000 | 0.727 | 0.888 | 22.1% |
|  | 100,000 | 0.671 | 0.849 | 26.5% |
|  |  |  |  |  |
| Zone-rated | 1,000 | 0.947 | 0.966 | 2.0% |
|  | 10,000 | 0.767 | 0.818 | 6.6% |
|  | 100,000 | 0.693 | 0.716 | 3.3% |

This section includes a reproduction of the deductible discount factor rule in the Commercial Lines Manual on page A-5. For more information on these factors, please refer to Section H.

100. INCREASED LIABILITY LIMITS

Paragraph **B.** is replaced by the following:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Combined Single Limit Of Liability (000's) | | 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 | |
|  | 25 |  | 0.60 |  | 0.61 |  | 0.60 |  | 0.66 |  | 0.62 |  |
|  | 70 |  | 0.88 |  | 0.88 |  | 0.87 |  | 0.90 |  | 0.88 |  |
|  | 100 |  | 1.00 |  | 1.00 |  | 1.00 |  | 1.00 |  | 1.00 |  |
|  | 125 |  | 1.09 |  | 1.09 |  | 1.10 |  | 1.07 |  | 1.08 |  |
|  | 150 |  | 1.16 |  | 1.17 |  | 1.18 |  | 1.12 |  | 1.15 |  |
|  | 200 |  | 1.30 |  | 1.32 |  | 1.33 |  | 1.22 |  | 1.27 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 250 |  | 1.41 |  | 1.44 |  | 1.46 |  | 1.30 |  | 1.38 |  |
|  | 300 |  | 1.51 |  | 1.55 |  | 1.56 |  | 1.37 |  | 1.47 |  |
|  | 350 |  | 1.60 |  | 1.65 |  | 1.66 |  | 1.43 |  | 1.56 |  |
|  | 400 |  | 1.67 |  | 1.74 |  | 1.74 |  | 1.49 |  | 1.63 |  |
|  | 500 |  | 1.81 |  | 1.90 |  | 1.88 |  | 1.59 |  | 1.76 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 600 |  | 1.92 |  | 2.02 |  | 1.99 |  | 1.67 |  | 1.87 |  |
|  | 750 |  | 2.07 |  | 2.18 |  | 2.13 |  | 1.78 |  | 2.01 |  |
|  | 1,000 |  | 2.25 |  | 2.39 |  | 2.32 |  | 1.92 |  | 2.18 |  |
|  | 1,500 |  | 2.50 |  | 2.69 |  | 2.61 |  | 2.11 |  | 2.42 |  |
|  | 2,000 |  | 2.69 |  | 2.92 |  | 2.83 |  | 2.25 |  | 2.60 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 2,500 |  | 2.84 |  | 3.12 |  | 3.02 |  | 2.36 |  | 2.75 |  |
|  | 3,000 |  | 2.97 |  | 3.29 |  | 3.18 |  | 2.46 |  | 2.87 |  |
|  | 5,000 |  | 3.36 |  | 3.83 |  | 3.73 |  | 2.75 |  | 3.26 |  |
|  | 7,500 |  | 3.74 |  | 4.38 |  | 4.29 |  | 3.02 |  | 3.64 |  |
|  | 10,000 |  | 4.05 |  | 4.85 |  | 4.79 |  | 3.25 |  | 3.95 |  |

Table 100.B. Increased Liability Limits

98. DEDUCTIBLE INSURANCE

Paragraphs **A.1.** and **A.2.** are replaced by the following:

A. Liability Coverages

**1.** Compute the premium by multiplying the full coverage $100,000 bodily injury and property damage liability premium by the factor selected as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | | Combined  Single Limit | | Property Damage Per Accident | |
|  | Deductible Amount | | Non-zone Rated | Zone-rated | Non-zone Rated | Zone-rated |
|  | $ | 250 | 0.992 | 0.990 | 0.993 | 0.991 |
|  |  | 500 | 0.984 | 0.981 | 0.986 | 0.982 |
|  |  | 1,000 | 0.970 | 0.963 | 0.974 | 0.966 |
|  |  | 2,500 | 0.935 | 0.917 | 0.945 | 0.925 |
|  |  | 5,000 | 0.892 | 0.857 | 0.916 | 0.875 |
|  |  | 10,000 | 0.835 | 0.777 | 0.888 | 0.818 |
|  |  | 20,000 | 0.758 | 0.687 | 0.867 | 0.770 |
|  |  | 25,000 | 0.728 | 0.656 | 0.863 | 0.758 |
|  |  | 50,000 | 0.616 | 0.549 | 0.854 | 0.731 |
|  |  | 75,000 | 0.538 | 0.480 | 0.850 | 0.721 |
|  |  | 100,000 | 0.476 | 0.429 | 0.849 | 0.716 |

Table 98.A.1. Liability Deductible Factors

**2.** The following example uses hypothetical loss costs and increased limits factors for a zone-rated risk for illustrative purposes only. You should determine from your individual companies what rates/loss costs and increased limits factors are actually in effect.

$500,000 bodily injury and property damage liability limit with a $1,000 zone-rated combined single limit deductible.

**a.** Premium for $100,000 full coverage – $2,000.

**b.** $1,000 deductible factor – .963.

**c.** Premium for $100,000 limit with a $1,000 deductible – ($2,000 x .963) = $1,926.

**d.** Increased limit factor for $500,000 limit – 1.53.

**e.** Increment factor over $100,000 limit – .53.

**f.** Dollar increment amount – ($2,000 x .53) = $1,060.00.

**g.** Premium for $500,000 bodily injury and property damage liability with a $1,000 deductible – ($1,926.00 plus $1,060.00) = $2,986.00.

**h.** For deductibles not shown, refer to company.

Paragraph **B.** is replaced by the following:

B. Physical Damage Coverages

For deductibles not shown in the base loss costs, compute the premiums as follows. For stated amount rating, refer to Rule **101.**

1. Private Passenger Types, Trucks, Tractors And Trailers And All Autos Except Zone-rated Risks

a. Computation Procedures

**(1)** Determine the base loss cost.

**(2)** Use Rule **101.** to determine the factor for the age group of the auto being rated. For exposures rated on a stated amount basis, the Age Group factor is always 1.00.

**(3)** Multiply the base loss cost by the Age Group factor.

**(4)** Use Rule **101.** to determine the factor for the original cost new of the auto being rated.

**(5)** Subtract the applicable factor for the deductible desired from the Original Cost New factor.

**(6)** Multiply the result of Paragraph **(3)** by the result of Paragraph **(5).** Alternatively, the following equation will give the appropriate loss cost for every desired deductible:

Base loss cost x Age Group factor from Rule **101.** x (Original Cost New factor – deductible factor from Rule **98.**).

**(7)** The rating procedures in Paragraph **a.** do not apply if the deductible factor is greater than the Original Cost New factor.

b. Deductible Factors

(1) Comprehensive

(a) Private Passenger Types

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Deductible | | | Factor | |
|  | $ | Full |  | -0.410 |  |
|  |  | 50 |  | -0.340 |  |
|  |  | 100 |  | -0.300 |  |
|  |  | 250 |  | -0.160 |  |
|  |  | 500 |  | 0.000 |  |
|  |  | 1,000 |  | 0.160 |  |
|  |  | 2,000 |  | 0.370 |  |
|  |  | 3,000 |  | 0.480 |  |
|  |  | 5,000 |  | 0.650 |  |

Table 98.B.1.b.(1)(a) Private Passenger Types Comprehensive Deductible Factors

(b) Trucks, Tractors And Trailers And All Autos Except Zone-rated Risks

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Deductible | | | Factor | |
|  | $ | Full |  | -0.420 |  |
|  |  | 50 |  | -0.340 |  |
|  |  | 100 |  | -0.280 |  |
|  |  | 250 |  | -0.130 |  |
|  |  | 500 |  | 0.000 |  |
|  |  | 1,000 |  | 0.110 |  |
|  |  | 2,000 |  | 0.260 |  |
|  |  | 3,000 |  | 0.310 |  |
|  |  | 5,000 |  | 0.390 |  |

Table 98.B.1.b.(1)(b) Trucks, Tractors And Trailers And All Autos Except Zone-rated Risks Comprehensive Deductible Factors

(2) Collision

(a) Private Passenger Types

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Deductible | | | Factor | |
|  | $ | 50 |  | -0.130 |  |
|  |  | 100 |  | -0.110 |  |
|  |  | 200 |  | -0.080 |  |
|  |  | 250 |  | -0.070 |  |
|  |  | 500 |  | 0.000 |  |
|  |  | 1,000 |  | 0.110 |  |
|  |  | 2,000 |  | 0.260 |  |
|  |  | 3,000 |  | 0.390 |  |
|  |  | 5,000 |  | 0.560 |  |

Table 98.B.1.b.(2)(a) Private Passenger Types Collision Deductible Factors

(b) Trucks, Tractors And Trailers And All Autos Except Zone-rated Risks

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Deductible | | | Factor | |
|  | $ | 50 |  | -0.120 |  |
|  |  | 100 |  | -0.110 |  |
|  |  | 250 |  | -0.065 |  |
|  |  | 500 |  | 0.000 |  |
|  |  | 1,000 |  | 0.120 |  |
|  |  | 2,000 |  | 0.320 |  |
|  |  | 3,000 |  | 0.450 |  |
|  |  | 5,000 |  | 0.570 |  |

Table 98.B.1.b.(2)(b) Trucks, Tractors And Trailers And All Autos Except Zone-rated Risks Collision Deductible Factors

2. Zone-rated Risks

a. Computation Procedures

**(1)** Determine the base loss cost.

**(2)** Use Rule **101.** to determine the factor for the age group of the auto being rated. For exposures rated on a stated amount basis, the Age Group factor is always 1.00.

**(3)** Multiply the base loss cost by the Age Group factor.

**(4)** Use Rule **101.** to determine the factor for the original cost new of the auto being rated.

**(5)** Subtract the applicable factor for the deductible desired from the Original Cost New factor.

**(6)** Multiply the result of Paragraph **(3)** by the result of Paragraph **(5).** Alternatively, the following equation will give the appropriate loss cost for every desired deductible:

Base loss cost x Age Group factor from Rule **101.** x (Original Cost New factor – deductible factor from Rule **98.**).

**(7)** The rating procedures in Paragraph **a.** do not apply if the deductible factor is greater than the Original Cost New factor.

b. Deductible Factors

(1) Comprehensive

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Deductible | | | Factor | |
|  | $ | Full |  | -0.420 |  |
|  |  | 50 |  | -0.340 |  |
|  |  | 100 |  | -0.280 |  |
|  |  | 250 |  | -0.130 |  |
|  |  | 500 |  | 0.000 |  |
|  |  | 1,000 |  | 0.110 |  |
|  |  | 2,000 |  | 0.260 |  |
|  |  | 3,000 |  | 0.310 |  |
|  |  | 5,000 |  | 0.390 |  |

Table 98.B.2.b.(1) Zone-rated Risks Comprehensive Deductible Factors

(2) Collision

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Deductible | | | Factor | |
|  | $ | 50 |  | -0.120 |  |
|  |  | 100 |  | -0.110 |  |
|  |  | 250 |  | -0.065 |  |
|  |  | 500 |  | 0.000 |  |
|  |  | 1,000 |  | 0.120 |  |
|  |  | 2,000 |  | 0.320 |  |
|  |  | 3,000 |  | 0.450 |  |
|  |  | 5,000 |  | 0.570 |  |

Table 98.B.2.b.(2) Zone-rated Risks Collision Deductible Factors

3. Auto Dealers Blanket Collision

**a.** For $500 deductible, multiply the $250 deductible collision coverage premium by the following factor:

|  |  |
| --- | --- |
|  | Factor |
|  | .65 |

Table 98.B.3.a.Auto Dealers Blanket Collision Coverage – **$500 Deductible Factor**

**b.** For $1,000 deductible, multiply the $250 deductible collision coverage premium by the following factor:

|  |  |
| --- | --- |
|  | Factor |
|  | .35 |

Table 98.B.3.b.Auto Dealers Blanket Collision Coverage – **$1,000 Deductible Factor**

4. Auto Dealers And Garagekeepers Insurance Other Than Collision

Multiply the other than collision coverage premium by the following selected deductible options:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Coverage | Per Auto And Per Occurrence Deductible Options | | |
|  | $100/500 | $250/1,000 | $500/2,500 |
|  | Fire Only | N/A | N/A | N/A |
|  | Fire and Theft Only | 1.00 | 0.90 | 0.75 |
|  | Limited Specified Causes of Loss | 1.00 | 0.90 | 0.75 |
|  | Specified Causes of Loss | 1.00 | 0.90 | 0.75 |
|  | Comprehensive | 1.00 | 0.90 | 0.75 |

Table 98.B.4. Auto Dealers And Garagekeepers Insurance Other Than Collision Deductible Factors