

LOSS COSTS – IMPLEMENTATION

JANUARY 20, 2017

COMMERCIAL AUTOMOBILE

LI-CA-2017-030

TEXAS REVISED COMMERCIAL AUTO ADVISORY PROSPECTIVE LOSS COSTS TO BE IMPLEMENTED

KEY MESSAGE

Loss costs representing a **+1.3%** statewide change are acknowledged.

BACKGROUND

In circular [LI-CA-2016-369](#), we advised you that we submitted filing CA-2016-BRLA1 to the Insurance Department.

INSURANCE DEPARTMENT ACTION

The Insurance Department has acknowledged this revision as filed.

CHANGE(S)

The statewide advisory loss cost level changes are:

CLASS	IMPLEMENTED
Truck, Tractors & Trailers	0.5%
Private Passenger Types	8.1%
Auto Dealers	2.0%
Total All Classes	1.3%

EFFECTIVE DATE

We do not establish an effective date for Commercial Auto loss costs revisions in this state. Each insurer that elects to utilize this revision is responsible for determining its own effective 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 June 1, 2017, 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-2016-369](#).

COMPANY ACTION

You must independently determine whether to revise your rates and when to make any revision effective.

If you decide to use our loss costs in support of your rate filing, then you must:

- Make an appropriate submission in accordance with applicable statutes and the filing requirements promulgated by the Texas Department of Insurance (TDI) and contained in its filing manual ("Property and Casualty Filings Made Easy");
- Determine the expense and profit components to include in your rates;
- Determine what modifications, if any, to the loss costs are appropriate for your company (any modification must be supported by your individual company data);
- Select an effective date; and
- Advise your production forces of your decisions.

For guidance on submission requirements, consult the ISO State Filing Handbook.

If you decide to utilize ISO's submission(s), you need only reference the submission(s) in your filing. You do not have to attach it to your filing.

NOTE: The TDI has classified this filing as a rate filing.

In all correspondence with the TDI on this revision, you should refer to State Tracking Number **S632592** for the rate filing. Do NOT refer to this circular number or the ISO Filing Designation Number.

RATING SOFTWARE IMPACT

No new attributes are being introduced with this revision.

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-2016-091](#) 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.

FUTURE ISO ACTION

We will provide a status report for this and other Basic Limits Loss Costs (BRLA1) revisions. Please refer to the Insurance Lines Services web site (www.verisk.com/ils). In addition to other information, this web site contains copies of major multistate filing status reports that are updated approximately every two weeks.

REVISION DISTRIBUTION

We will issue a Notice to Manualholders with an edition date of 6-17 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

REFERENCE(S)

- [LI-CL-2016-091](#) (11/17/2016) Revised Lead Time Requirements Listing
- [LI-CA-2016-369](#) (11/10/2016) Texas Revised Commercial Auto Advisory Prospective Loss Costs Filed

PERSON(S) TO CONTACT

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