

RULES – FILED AND APPROVED

OCTOBER 11, 2022

COMMERCIAL AUTOMOBILE

LI-CA-2022-238

DELAWARE REVISED COMMERCIAL AUTO MANUAL RULES FILED AND APPROVED

KEY MESSAGE

Delaware exceptions to Rules 12. and 49., and the introduction of an exception to Rule 48. of Division One – Commercial Automobile of the Commercial Lines Manual have been filed and approved under ISO filing designation CA-2022-RRU1.

BACKGROUND

In companion forms filing CA-2022-OAD1, we have introduced CA 05 30, Delaware Changes – Auto Dealers Coverage Form, which revises the Auto Dealers Coverage Form to state that Paragraph 2.b.(4) of the Who Is An Insured provision found in Covered Autos Liability Coverage, does not apply.

ISO ACTION

To complement the changes in the companion forms filing, we have:

- Revised Rule 12. Forms Portfolio Reference to reference new CA 05 30, Delaware Changes – Auto Dealers Coverage Form Endorsement.
- Incorporated Paragraph C.1.e. into Delaware Rule 49. Auto Dealers – Premium Development For Common Coverages to include reference to mandatory CA 05 30, Delaware Changes – Auto Dealers Coverage Form Endorsement in lieu of withdrawn multistate endorsement CA 25 15, Full Covered Auto Liability Limit For Customers.
- Introduced a Delaware state exception to Rule 48. Auto Dealers – Eligibility to remove reference to the multistate Without Full Covered Autos Liability For Customers Coverage class codes.

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

INSURANCE DEPARTMENT ACTION

The Delaware Department of Insurance has approved filing CA-2022-RRU1.

EFFECTIVE DATE

The ISO revision is subject to the following rule of application:

These changes are applicable to all policies written on or after March 1, 2023.

COMPANY ACTION

If you have authorized us to file on your behalf and decide:

- To use our revision and effective date, you are not required to file anything with the Insurance Department.
- To use our revision with a different effective date, to use our revision with modification, or to not use our revision, you must make an appropriate submission with the Insurance Department.

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

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Designation Number CA-2022-RRU1, and SERFF Tracking Number ISOF-133407383, not this circular number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

RATING SOFTWARE IMPACT

New attributes being introduced with this revision:

- New, additional factors are being introduced.
- Class codes are being removed.

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-2022-006](#) 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 3-23 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

RELATED FORMS REVISION

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

REFERENCE(S)

- [LI-CA-2022-237](#) (10/11/2022) Delaware – Auto Dealers Coverage Form Endorsement Filed And Approved
- [LI-CL-2022-006](#) (02/22/2022) Revised Lead Time Requirements Listing

[ATTACHMENT\(S\)](#)

Filing [CA-2022-RRU1](#)

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Revision To Delaware Commercial Auto Manual Rules

About This Filing

This filing revises the Delaware exceptions to Rules **12.** and **49.**, and introduces an exception to Rule **48.** of Division One – Commercial Automobile of the Commercial Lines Manual in conjunction with the revisions in companion forms filing CA-2022-OAD1.

Revised Rules

We are revising the following rules:

- ◆ Rule **12.** Forms Portfolio Reference
- ◆ Rule **49.** Auto Dealers – Premium Development For Common Coverages

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

New Rule

- ◆ We are introducing Rule **48.** Auto Dealers – Eligibility.

Related Filing(s)

- ◆ CA-2022-OAD1 (Forms).

Background

In companion forms filing CA-2022-OAD1, we are introducing CA 05 30, Delaware Changes – Auto Dealers Coverage Form, which revises the Auto Dealers Coverage Form to state that Paragraph **2.b.(4)** of the Who Is An Insured provision found in Covered Autos Liability Coverage, does not apply.

Explanation of Changes

To complement the changes in the companion forms filing, we are:

- ◆ Revising Rule **12.** Forms Portfolio Reference to reference new CA 05 30, Delaware Changes – Auto Dealers Coverage Form Endorsement, which is mandatory for use with the Auto Dealers Coverage Form.

In addition, we are:

- ◆ Incorporating Paragraph **C.1.e.** into Delaware Rule **49**. Auto Dealers – Premium Development For Common Coverages to include reference to mandatory CA 05 30, Delaware Changes – Auto Dealers Coverage Form Endorsement in lieu of withdrawn multistate endorsement CA 25 15, Full Covered Auto Liability Limit For Customers. Accordingly, the rule now instructs that liability coverage must be extended to provide the full covered autos liability limit for customers and the related rating factor must be applied.
- ◆ Introducing a Delaware state exception to Rule **48**. Auto Dealers – Eligibility to remove reference to the multistate Without Full Covered Autos Liability For Customers Coverage class codes, as the state exception to Rule **49**. is being revised to state that liability coverage is extended to provide the full covered autos liability limit to customers.

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12. FORMS PORTFOLIO REFERENCE

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

The following endorsements are mandatory and must be attached to all Commercial Auto Coverage Parts; except as otherwise indicated:

CA 01 77 Delaware Changes

CA 02 55 Delaware Changes – Cancellation And Nonrenewal

In lieu of **CA 02 55**, Delaware Cancellation Changes Endorsement **PA 02 55** must be attached if:

1. The named insured is an individual; and
2. The policy covers less than five autos and only covers private passenger type autos that does not insure the motor vehicle hazard of garages, motor vehicle sales agencies, repair shops, service stations, or public parking places and is not issued under an assigned risk plan.

CA 05 30 Delaware Changes – Auto Dealers Coverage Form (For use with the Auto Dealers Coverage Form)

IL 01 51 Delaware Changes – Civil Union

48. AUTO DEALERS – ELIGIBILITY

Paragraph **B.1.** is replaced by the following:

B. Classifications And Codes

1. Covered Autos Liability, General Liability And Physical Damage

Only one classification and code applies to a risk for covered autos liability, general liability and physical damage coverages.

<u>Classification</u>	<u>Full Covered Autos Liability Limit For Customers Coverage</u>
Franchised private passenger auto dealer (with or without any other type of franchise)	<u>7304</u>
Franchised truck or truck-tractor dealer (with or without any other type of franchise except private passenger auto franchise)	<u>7314</u>
Franchised motorcycle dealer including all two wheeled cycle vehicles (no private passenger or truck franchise)	<u>7324</u>
Franchised recreational vehicle dealer (no private passenger, snowmobile or residence type mobile home trailer franchise)	<u>7334</u>
Other franchised self-propelled land motor vehicle dealer	<u>7347</u>
Non-franchised dealer (any risk described above that is not a franchised dealer)	<u>7357</u>
Franchised and non-franchised residence trailer dealers	<u>7361</u>
Franchised and non-franchised commercial trailer dealers	<u>7363</u>
Equipment and implement dealer (no other franchise)	<u>7365</u>

Table 48.B.1. Covered Autos Liability, General Liability And Physical Damage

49. AUTO DEALERS – PREMIUM DEVELOPMENT FOR COMMON COVERAGES

Paragraph **C.1.e.** is replaced by the following:

- e.** Liability coverage must be extended to provide the full covered autos liability limit for customers under Delaware Changes – Auto Dealers Coverage Form Endorsement **CA 05 30**. Multiply the liability premium developed in the preceding paragraph by the following factor:

Factor
<u>1.25</u>

Table 49.C.1.e. Full Covered Autos Liability Limit For Customers Liability Coverage Factor

Table **49.F.2.a.** is replaced by the following:

	Medical Payments Limit Per Person			
	\$500	\$1,000	\$2,000	\$5,000
Locations And Operations	.008	.010	.011	.013

Table 49.F.2.a. Dealers Medical Payments Coverage Factors