

RULES – IMPLEMENTATION

MAY 26, 2023

COMMERCIAL AUTOMOBILE

LI-CA-2023-168

MINNESOTA REVISED MANUAL RULES FOR THE COMMERCIAL AUTO 2022 RULES FILING PROVIDED AND TO BE IMPLEMENTED

KEY MESSAGE

Rules filing [CA-2022-RCP3](#) in Minnesota is provided and to be implemented.

Distribution Date: 12/2023

BACKGROUND

In filing multistate CA-2022-RCP1, we introduced rule changes for Division One – Automobile of the Commercial Lines Manual to implement our new class plan.

In circular [LI-CA-2022-279](#), we provided a Minnesota rules supplement to multistate filing CA-2022-RCP1.

ISO ACTION

We are revising Rule 281 in Minnesota to remove a part of the current premium computation instructions that was inadvertently included.

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

For more information on the status of filings in a particular state, including filed and approved documents, associated circulars and links to Print Ready Manuals and Commercial Lines Manual, please feel free to access our [Filings](#) feature within the ISOnet Circulars product.

INSURANCE DEPARTMENT ACTION

We have received all necessary approvals or acknowledgements, as required by state laws and regulations, from the insurance department in this state.

Note: The announcement of implementation in a particular jurisdiction includes the implementation of the multistate filings and any state supplement and/or amendment filing.

EFFECTIVE DATE

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

COMPANY ACTION

ISO has not filed this revision on behalf of insurers. You must independently determine what revision to make and when to make any revision effective. If you decide to use all or any part of our revision, you are NOT required to file anything with the Insurance Department. 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 Filing Number [CA-2022-RCP3](#) and SERFF Tracking Number [ISOF-133664531](#), 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:

- An existing rating formula is being rewritten.
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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-2023-005](#) 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 12-23 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

REFERENCE(S)

- [LI-CL-2023-005](#) (02/21/2023) Commercial Lines Revised Lead Time Requirements Listing
 - [LI-CA-2022-279](#) (11/28/2022) Minnesota Supplement To The Commercial Auto 2022 Multistate Rules Filing Provided
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ATTACHMENT(S)

Minnesota Filing CA-2022-RCP3

FILES AVAILABLE FOR DOWNLOAD

To download all files associated with this circular, including attachments in the full circular PDF and/or any additional files not included in the PDF, search for the circular number on [ISOnet Circulars](#). Then click the Word/Excel link under the Full Circular column on the Search Results screen.

Please note that in some instances, not all files listed in the Attachment(s) block (if applicable) are included in the PDF.

DATA QUALITY

Statistical plan data reported to ISO is first processed through a system of rigorous automated data verification procedures so that only valid data would be used for ratemaking. Subsequent to this initial data submission review, additional analyses on the statistical plan data involving an even more customized data review for this line were performed by staff. During these processes, various data records were excluded from the review. The ISO staff responsible for this circular also reviewed the data for reasonableness.

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 acknowledgement 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, Daniel Traverso, am an Actuarial Associate for ISO, and I, Kevin Hughes, 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.

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CONTACT INFORMATION

If you have any questions concerning:

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- Other issues for this circular, please contact Customer Support:

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Minnesota Revised Manual Rules For The Commercial Auto 2022 Rules Filing

About This Filing

This filing revises the premium computation instructions in Rule 281.

Revised Rules

We are revising the Cost Of Hire Basis premium computation instructions in Rule 281 in the Minnesota CLM.

We have used a format of ~~striking-through~~ deletions and underlining additions.

Background

In pending filing CA-2022-RCP1, we introduced rule changes for Division One - Automobile of the Commercial Lines Manual to implement our new class plan.

We are revising Rule 281 to remove a part of the current premium computation instructions that was inadvertently included.

Explanation of Changes

We have revised Rule 281 to remove the Personal Injury Protection Coverage Factor from the Cost of Hire Basis premium computation instructions for the Liability and No-fault coverages. This factor does not apply due to the application of the Cost Of Hire Basis Liability And Basic No-fault Coverage Factor, which serves the same purpose of adjusting the Liability and No-fault loss costs, since a separate Personal Injury Protection loss cost is not provided.

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281. MOBILE OR FARM EQUIPMENT

Paragraph **C.2.c.** is replaced by the following:

C. Specified Auto Basis

2. Premium Computation

c. No-fault

For higher limits, refer to company.



Premium = Loss Cost * Mobile Or Farm Equipment Coverage Factor * Personal Injury Protection Deductible Factor * Personal Injury Protection Stacking Factor * Exclusion of Work Loss Benefits Factor

- (1) Refer to the territory loss costs/rates for the Loss Cost. Use the Trucks, Tractors And Trailers Loss Cost.
- (2) Refer to Paragraph **C.2.h.** for the Mobile Or Farm Equipment Coverage Factor.
- (3) Refer to Rule **298.C.** for the Personal Injury Protection Deductible Factor.
- (4) Refer to Rule **293.A.3.** for the Personal Injury Protection Stacking Factor.
- (5) Refer to Rule **293.E.3.** for the Exclusion of Work Loss Benefits Factor.

Paragraphs **D.1.c.(1)** and **D.1.c.(3)** are replaced by the following:

(1) Liability



Premium = Cost Of Hire * Loss Cost * Cost Of Hire Basis Liability And Basic No-fault Coverage Factor * Hired Auto Liability Coverage Factor * (Increased Limits Factor – Deductible Discount Factor) * ~~Personal Injury Protection Coverage Factor~~ / 100

- (a) Refer to Paragraph **D.1.b.** for instructions on calculating the cost of hire.
- (b) Refer to state Table **290.B.3.a.(1)(LC)** for the Loss Cost.
- (c) Refer to Paragraph **D.1.c.(4)** for the Cost Of Hire Basis Liability And Basic No-fault Coverage Factor.
- (d) Refer to Table **290.B.3.a.(3)** for the Hired Auto Liability Coverage Factor.
- (e) Refer to Rule **300.** for the Increased Limits Factor.
- (f) Refer to Rule **298.A.** for the Deductible Discount Factor.
- ~~(g) Refer to Rule **293.B.1.** for the Personal Injury Protection Coverage Factor.~~

(3) No-fault

For higher limits, refer to company.



Premium = Cost Of Hire * Loss Cost * Cost Of Hire Basis Liability And Basic No-fault Coverage Factor * ~~Personal Injury Protection Coverage Factor~~ * Personal Injury Protection Stacking Factor * Exclusion of Work Loss Benefits Factor * Personal Injury Protection Deductible Factor / 100

- (a) Refer to Paragraph **D.1.b.** for instructions on calculating the cost of hire.
- (b) Refer to state Table **290.B.3.a.(1)(LC)** for the Loss Cost. Use the Liability Loss Cost.
- (c) Refer to Paragraph **D.1.c.(4)** for the Cost Of Hire Basis Liability And Basic No-fault Coverage Factor.
- ~~(d) Refer to Rule **293.B.1.** for the Personal Injury Protection Coverage Factor.~~
- ~~(ed)~~ Refer to Rule **293.A.3.** for the Personal Injury Protection Stacking Factor.
- ~~(fe)~~ Refer to Rule **293.E.3.** for the Exclusion of Work Loss Benefits Factor.
- ~~(gf)~~ Refer to Rule **298.C.** for the Personal Injury Protection Deductible Factor.

Paragraph **E.2.c.** is replaced by the following:

c. No-fault

For higher limits, refer to company.



Premium = Loss Cost * Rental Period Basis Factor * Personal Injury Protection Stacking Factor * Exclusion of Work Loss Benefits Factor * Personal Injury Protection Deductible Factor * Number Of Days / 365

- (1) Refer to the territory loss costs/rates for the Loss Cost. Use the Trucks, Tractors And Trailers Loss Cost from the territory of the job site where the leased vehicle will operate.
- (2) Refer to Paragraph **E.2.d.** for the Rental Period Basis Factors.
- (3) Refer to Rule **293.A.3.** for the Personal Injury Protection Stacking Factor.
- (4) Refer to Rule **293.E.3.** for the Exclusion of Work Loss Benefits Factor.

- (5) Refer to Rule **298.C.** for the Personal Injury Protection Deductible Factor.
- (6) Estimate the number of days the vehicle will be leased.