

RULES – IMPLEMENTATION

JUNE 13, 2023

COMMERCIAL AUTOMOBILE

LI-CA-2023-193

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

KEY MESSAGE

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

Effective Date: 1/1/2024

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-2022-199](#), we provided a Pennsylvania rules supplement to multistate filing CA-2022-RCP1.
- [LI-CA-2022-271](#), we provided a replacement rules attachment to filing CA-2022-RCP1 in Pennsylvania.
- [LI-CA-2022-272](#), we provided a Pennsylvania rules supplement amendment to multistate filing CA-2022-RCP1.

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.

ISO ACTION

We are revising Rule 281 in Pennsylvania 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.

EFFECTIVE DATE

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

These changes are applicable to all policies written on or after January 1, 2024.

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-RCP3 and SERFF Tracking Number ISOF-133664533, 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.

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 1-24 (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-2022-272](#) (11/22/2022) Commercial Auto 2022 Multistate Rules Filing Amended And Approved In Pennsylvania
- [LI-CA-2022-271](#) (11/22/2022) Pennsylvania Supplement To The Commercial Auto 2022 Multistate Rules Filing; Replacement Rules Attachment Provided
- [LI-CA-2022-199](#) (08/09/2022) Pennsylvania Supplement To The Commercial Auto 2022 Multistate Rules Filing Provided

ATTACHMENT(S)

Pennsylvania 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.

COPYRIGHT EXPLANATION

The material distributed by Insurance Services Office, Inc. is copyrighted. All rights reserved. Possession of these pages does not confer the right to print, reprint, publish, copy, sell, file or use same in any manner without the written permission of the copyright owner. Permission is hereby granted to members, subscribers and service purchasers to reprint, copy or otherwise use the enclosed material for purposes of their own business use relating to that territory or line or kind of insurance, or subdivision thereof, for which they participate, provided that:

- (A) Where ISO copyrighted material is reprinted, copied, or otherwise used **as a whole**, it must reflect the copyright notice actually shown on such material.
- (B) Where ISO copyrighted material is reprinted, copied, or otherwise used **in part**, the following credit legend must appear at the bottom of each page so used:
Includes copyrighted material of Insurance Services Office, Inc., with its permission.

IMPORTANT NOTICE FOR USERS OF ISO PRODUCTS AND SERVICES

Please make sure that your company has authorized your use of this product and has complied with the requirements applicable in the jurisdiction where you plan to use it.

We distribute both state-specific and multistate products and services. We do not distribute all the multistate products and services for use in every jurisdiction due to corporate policy, regulatory preference, or variations or lack of clarity in state laws.

We provide participating insurers with information concerning the jurisdictions for which our products and services are distributed. Even in those jurisdictions, each insurer must determine what filing requirements, if any, apply and whether those requirements have been satisfied.

Now, as in the past, all of our products and services are advisory, and are made available for optional use by participating insurers as a matter of individual choice. Your company must decide for itself which, if any, ISO products or services are needed or useful to its operation and how those selected for use should be applied. We urge that you be guided by the advice of your attorneys on the legal requirements.

CONTACT INFORMATION

If you have any questions concerning:

- The content of this circular and status of this filing, please contact:

Kevin Hughes, FCAS, MAAA
ISOCL Actuarial
201-469-2617
Kevin.Hughes@verisk.com

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

E-mail: info@verisk.com
Phone: 800-888-4476

Callers outside the United States, Canada, and the Caribbean may contact us using our global toll-free number (International Access Code + 800 48977489). For information on all ISO products, visit us at www.verisk.com/iso. To keep abreast of the latest Insurance Lines Services updates, view www.verisk.com/ils.

Pennsylvania 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 Pennsylvania CLM. We are adding No-fault premium formulas that were inadvertently excluded.

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.

We are adding the formulas which were inadvertently excluded to accompany the factor references in the No-fault premium computation instructions.

Explanation of Changes

We have revised Rule 281 to remove the No-fault 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.

The formulas for the No-fault premium computation instructions have now been included in Rule 281.

Copyright Explanation

The material distributed by Insurance Services Office, Inc. is copyrighted. All rights reserved. Possession of these pages does not confer the right to print, reprint, publish, copy, sell, file or use same in any manner without the written permission of the copyright owner.

Important Note

Insurance Services Office, Inc. (ISO) makes available advisory services to property/casualty insurers. ISO has no adherence requirements. ISO rules and explanatory materials are intended solely for the information and use of ISO's participating insurers and their representatives, and insurance regulators. Neither ISO's general explanations of rules intent nor opinions expressed by members of ISO's staff necessarily reflect every insurer's view or control any insurer's application of manual rules.

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

(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.

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) * ~~No-fault 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.** for the No-fault 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 / 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.** for the No-fault 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 * 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 Factor.

(3) Estimate the number of days the vehicle will be leased.