

LOSS COSTS – IMPLEMENTATION

SEPTEMBER 27, 2024

COMMERCIAL AUTOMOBILE

LI-CA-2024-266

UTAH REVISED UNINSURED MOTORISTS PUBLIC AUTO LOSS COST TO BE IMPLEMENTED

KEY MESSAGE

We are implementing revisions made in Commercial Automobile loss cost filing [CA-2024-RLC2](#).

BACKGROUND

In circular [LI-CA-2023-116](#), we informed you, in part, that, in response to 2023 Utah Laws ____ (former H.B. 113), we anticipated revisions to various Commercial Auto advisory prospective loss costs to reflect the new minimum limits for financial responsibility.

ISO ACTION

In response to 2023 Utah Laws ____ (former H.B. 113), we have revised the Uninsured Motorists Bodily Injury Public Autos loss cost.

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, 2025.

This effective date applies only to those insurers who have filed their Commercial Auto loss cost adjustments to be automatically applicable to future ISO loss cost revisions.

IMPACT ON THE STATISTICAL REPORTING OF LOSS COST MULTIPLIER

For the purpose of reporting your company Loss Cost Multiplier under the CSP, as of January 1, 2025, the multiplier must be based on the relationship between your gross rates and the ISO advisory prospective loss costs contained in this circular.

COMPANY ACTION

You must independently determine the final rates you will use. The action, if any, you must take in response to this filing is dependent upon how you filed to have your loss cost adjustments apply to subsequent revisions of ISO loss costs. Any submission you make with respect to this revision must comply with applicable regulatory filing requirements.

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

WE WILL SUBMIT OUR REFERENCE FILING TO THE INSURANCE DEPARTMENT ON NOVEMBER 27, 2024. ANY SUBMISSION YOU MAY MAKE WITH THE INSURANCE DEPARTMENT WITH RESPECT TO THIS FILING SHOULD NOT BE SUBMITTED PRIOR TO THIS DATE.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Number [CA-2024-RLC2](#) and SERFF Tracking Number [ISOF-G134256288](#), NOT this circular number.

CAUTION: This reference filing revises only certain advisory prospective loss costs for Commercial Auto in this state. In determining whether or not to revise your rates, you should consider the application of your loss cost adjustments to any loss costs not included in this revision.

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-2024-016](#) 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 01-25 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

RELATED RULES REVISION

We are announcing in a separate circular the implementation of a corresponding rules revision. Please refer to the Reference(s) block for identification of that circular.

REFERENCE(S)

- [LI-CA-2024-265](#) (09/27/2024) Utah Revised Uninsured Motorists Insurance Rule To Be Implemented
- [LI-CL-2024-016](#) (03/12/2024) Commercial Lines Revised Lead Time Requirements Listing
- [LI-CA-2023-116](#) (03/31/2023) Utah Former H.B. 113 Regarding Financial Responsibility Under Review

ATTACHMENT(S)

Filing [CA-2024-RLC2](#)

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 acknowledgment 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, Rebecca Gordon, am an Associate Actuarial Consultant 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:

- For the actuarial content of this circular, please contact:
Rebecca Gordon
Actuarial Operations
(201) 469-2623
Rebecca.Gordon@verisk.com
auto@verisk.com
- For the non-actuarial content of this circular, please contact:
Jackson Little
Auto, Compliance and Product Services
(201) 469-3863
Jackson.Little@verisk.com
auto@verisk.com
- Other issues for this circular, please contact Customer Support:
E-mail: info@verisk.com
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Utah Uninsured Motorists Advisory Prospective Loss Cost Revised

About This Filing

This filing is being made in response to 2023 Utah Laws ____ (former H.B. 113).

Revised Loss Cost

We are revising the Uninsured Motorists Bodily Injury Public Autos loss cost in Table 297.B.3.a.(5)(LC).

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

Related Filing(s)

- ♦ CA-2024-RUM2 (Rules)

Background

2023 Utah Laws ____ (former H.B. 113), which became effective May 3, 2023, in part, amends the minimum motor vehicle financial responsibility requirements contained in UTAH CODE ANN. § 31A-22-304 as follows:

- ♦ For split limit policies issued or renewed on or after January 1, 2025, the limits are increased from \$25,000 to \$30,000 because of liability for bodily injury to or death of one person, arising out of the use of a motor vehicle in any one accident, and from \$15,000 to \$25,000 because of liability for injury to, or destruction of, property of others arising out of the use of a motor vehicle in any one accident.
- ♦ For single limit policies issued or renewed on or after January 1, 2025, the limits are increased from \$80,000 to \$90,000 in any one accident whether arising from bodily injury to or the death of others, or from destruction of, or damage to, the property of others.

Currently, Rule 297. Uninsured Motorists Coverage provides, in part, a Public Autos loss cost at the Split Limits Uninsured Motorists Bodily Injury limit of \$25,000/500,000.

Explanation of Changes

In response to 2023 Utah Laws ____ (former H.B. 113), we are revising the advisory prospective loss costs per person limit for public autos from \$25,000 to \$30,000 in Rule 297.B.3.a.(5)(LC).

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Company Decision

We encourage each insurer to decide independently whether the judgments made and the procedures or data used by ISO in developing the enclosed loss costs are appropriate for its use. Some calculations included in this filing involve areas of ISO staff judgment. Each insurer should carefully review and evaluate its own experience in order to determine whether the ISO advisory loss costs are appropriate for its use.

The material has been developed exclusively by the staff of Insurance Services Office, Inc.

297. UNINSURED MOTORISTS INSURANCE

Uninsured Motorists Bodily Injury		
Bodily Injury Limits	Private Passenger Types Per Exposure	Other Than Private Passenger Types Per Exposure
\$ 90,000	\$ 4.38	\$ 5.73
100,000	4.54	5.92
125,000	4.84	6.32
150,000	5.08	6.63
200,000	5.50	7.19
250,000	5.80	7.58
300,000	6.05	7.90
350,000	6.23	8.14
400,000	6.44	8.41
500,000	6.68	8.72
600,000	6.89	9.00
750,000	7.13	9.32
1,000,000	7.40	9.68
1,500,000	7.77	10.15
2,000,000	7.95	10.39

Table 297.B.3.a.(1)(LC) Single Limits Uninsured Motorists Bodily Injury Coverage Loss Costs

Underinsured Motorists Bodily Injury				
Bodily Injury Limits	Private Passenger Types Per Exposure	Other Than Private Passenger Types Per Exposure	Non-owned Autos Per Employee	Hired Autos Per \$100 Of Cost Of Hire
\$ 20,000	\$ 6.50	\$ 4.23	0.214	0.008
65,000	18.08	11.76	0.591	0.021
90,000	23.17	15.06	0.756	0.027
100,000	24.93	16.20	0.815	0.029
125,000	29.28	19.03	0.964	0.035
150,000	33.07	21.49	1.084	0.038
200,000	39.34	25.57	1.293	0.046
250,000	44.64	29.02	1.454	0.052
300,000	48.39	31.46	1.576	0.057
350,000	52.00	33.81	1.695	0.060
400,000	55.10	35.81	1.812	0.064
500,000	60.38	39.25	1.975	0.071
600,000	64.21	41.74	2.096	0.075
750,000	69.63	45.26	2.275	0.081
1,000,000	75.98	49.39	2.477	0.089
1,500,000	84.65	55.03	2.772	0.100
2,000,000	89.91	58.43	2.954	0.104

Table 297.B.3.a.(2)(LC) Single Limits Underinsured Motorists Bodily Injury Coverage Loss Costs

Uninsured Motorists Bodily Injury		
Bodily Injury Limits	Private Passenger Types Per Exposure	Other Than Private Passenger Types Per Exposure
\$ 30,000/65,000	\$ 3.26	\$ 4.27
50,000/100,000	3.84	5.02
100,000/300,000	4.78	6.24
250,000/500,000	5.92	7.75
500,000/1,000,000	6.74	8.81

Table 297.B.3.a.(3)(LC) Split Limits Uninsured Motorists Bodily Injury Coverage Loss Costs

Underinsured Motorists Bodily Injury				
Bodily Injury Limits	Private Passenger Types Per Exposure	Other Than Private Passenger Types Per Exposure	Non-owned Autos Per Employee	Hired Autos Per \$100 Of Cost Of Hire
\$ 10,000/20,000	\$ 3.83	\$ 2.48	0.123	0.004
30,000/65,000	11.52	7.49	0.382	0.013
50,000/100,000	17.20	11.18	0.563	0.020
100,000/300,000	28.30	18.40	0.920	0.033
250,000/500,000	46.28	30.07	1.509	0.054
500,000/1,000,000	61.45	39.94	2.025	0.072

Table 297.B.3.a.(4)(LC) Split Limits Underinsured Motorists Bodily Injury Coverage Loss Costs

Uninsured Motorists Bodily Injury Public Autos	
Bodily Injury Limits	Per Exposure
\$ 2530,000/500,000	\$ 6.2427

Table 297.B.3.a.(5)(LC) Split Limits Public Autos Uninsured Motorists Bodily Injury Coverage Loss Cost

Uninsured Motorists Property Damage		
Property Damage Limits	Private Passenger Types Per Exposure	Other Than Private Passenger Types Per Exposure
\$ 3,500	\$ 0.93	\$ 0.93
5,000	1.09	1.08
10,000	1.30	1.30
15,000	1.38	1.38
25,000	1.47	1.46
50,000	1.55	1.55
100,000	1.64	1.64

Table 297.B.3.a.(6)(LC) Uninsured Motorists Property Damage Coverage Loss Costs

Loss Cost
\$ 1.25

Table 297.B.5.a.(LC) Individual Named Insured Loss Cost

COMMERCIAL AUTOMOBILE
UNINSURED MOTORIST COVERAGE

The Uninsured Motorists (UM) loss costs are not being revised in this filing. The loss cost for the newly introduced \$30,000/500,000 split limit Public Autos UM bodily injury coverage was calculated according to the same methodology as the current Uninsured Motorists loss costs described in filings CA-2010-BRLA1 and CA-2018-BRLA1, using the formula below. In the CA-2018-BRLA1 filing, a change of +27.0% for OTPPT was filed based on an experience review of reported data. This change was applied to the model-based loss cost.

The UM bodily injury loss cost at any limit "k" (UMBI (k)) is

$$\text{UMBI } (\$25/50) * (\sum (\text{WT (g)} * \text{ILFBI (k,g)}))$$

<u>Type of Vehicle Weight</u>	<u>(WT(g))</u>
Personal Auto	88.4%
Light and Medium Trucks, Tractors & Trailers	6.3%
Heavy Trucks, Tractors & Trailers	1.0%
Extra-Heavy Trucks, Tractors & Trailers	0.9%
Private Passenger Types	3.4%

The increased limits factors are shown in Exhibit 1.

Exhibit 1

Bodily Injury Increased Limits Factors

<u>Bodily Injury Limit</u>	<u>Personal Autos</u>	<u>Light and Medium Trucks, Tractors & Trailers</u>	<u>Heavy Trucks, Tractors & Trailers</u>	<u>Extra-Heavy Trucks, Tractors & Trailers</u>	<u>Private Passenger Types</u>	<u>Weighted Average</u>
\$ 90,000	1.45	1.42	1.48	1.49	1.44	1.45
100,000	1.50	1.46	1.53	1.55	1.49	1.50
125,000	1.60	1.55	1.65	1.67	1.59	1.60
150,000	1.68	1.63	1.74	1.78	1.68	1.68
200,000	1.82	1.77	1.90	1.97	1.82	1.82
250,000	1.92	1.87	2.03	2.12	1.93	1.92
300,000	2.00	1.96	2.14	2.25	2.02	2.00
350,000	2.06	2.04	2.23	2.37	2.10	2.06
400,000	2.12	2.11	2.32	2.47	2.17	2.13
500,000	2.20	2.22	2.46	2.66	2.29	2.21
600,000	2.26	2.31	2.58	2.82	2.37	2.28
750,000	2.34	2.42	2.73	3.02	2.48	2.36
1,000,000	2.42	2.56	2.92	3.28	2.60	2.45
1,500,000	2.53	2.73	3.17	3.63	2.77	2.57
2,000,000	2.59	2.85	3.33	3.86	2.87	2.63
30/65	1.08	1.07	1.08	1.08	1.08	1.08
50/100	1.27	1.25	1.29	1.29	1.27	1.27
100/300	1.58	1.54	1.62	1.65	1.57	1.58
250/500	1.96	1.92	2.09	2.19	1.98	1.96
500/1000	2.22	2.24	2.49	2.70	2.31	2.23
30/500	1.59	1.55	1.64	1.67	1.59	1.59

All factors assume a \$25,000 per person/\$50,000 per occurrence base split limit.