

## **COMMERCIAL LINES MANUAL - TEXAS**

### **DIVISION ONE - COMMERCIAL AUTO - STATE RULE EXCEPTIONS**

Rules contained in this division are Nationwide Mutual Insurance Companies' exceptions to corresponding Countrywide ISO Division One rules and State Exceptions. This manual includes copyrighted material of the Insurance Services Office with its permission.

These pages are supplements to the ISO Commercial Auto Manual, Commercial Auto Liability and Schedule Rating Plan, ISO Commercial Auto Physical Damage and Schedule Rating Plan. In every instance, rates, surcharges, factors and rules in these state pages take precedence over ISO rules, rates, factors and loss costs. State Rate and Rule pages take precedence over Company Countrywide Exceptions as found in the Rate and Rule Pages.

#### **Note on Garage Coverages:**

Following ISO's approach, within the Commercial Lines Manual - Commercial Auto, there are rules that contain information pertaining to both Commercial Auto and Garage coverages. Rules 48, 49, 50, and 148 are rules dedicated only to Garage. The Garage coverage is written in only one company. The applicable Garage company is identified in the state exception pages in Rules 48, 49, 50, and 148.

The following exceptions apply to the following companies in Texas unless otherwise noted:

**Allied Property & Casualty Company  
AMCO Insurance Company  
Depositors Insurance Company**

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Replace **Rule 12.** to read as follows:

**RULE 12. FORMS PORTFOLIO REFERENCE**

Refer to the forms portfolio for:

- A.** The following forms are available for use at no additional charge:
- 1** Common Policy Conditions **IL 00 17**
  - 2** Covered Auto Designation Symbol **CA 99 54**
  - 3** Exclusion Or Excess Coverage Hazards Otherwise Insured **CA 99 40**
  - 4** Fiduciary Liability Of Banks **CA 99 13**
  - 5** Governmental Bodies Amendatory Endorsement **CA 99 15**
  - 6** Loss Payable Clause **CA 99 44**
  - 7** Multi-purpose Equipment **CA 23 03**
  - 8** Nuclear Energy Liability Exclusion Endorsement (Broad Form) **IL 00 21**
  - 9** Designated Insured **CA 20 48**
  - 10** Truckers - Intermodal Interchange Uniform Endorsement Form UIIE-1 **CA 23 17**
  - 11** Exclusion Of Federal Employees Using Autos In Government Business **CA 04 42**
  - 12** Exclusion of Designated or Specified Autos **AC 99 93**
  - 13** Auto Service Operations Endorsement **AC 01 03**
  - 14** Texas Truckers Endorsement **CA 23 33**
  - 15** Exclusion of Terrorism **CA 23 84**
  - 16** Exclusion - Delivery Using Non-Owned Autos **AC 20 40**
  - 17** Additional Insured - Primary and Non-Contributory Endorsement **AC 20 41**
  - 18** Advance Notice of Cancellation, Nonrenewal or Coverage Reduction or Restriction Provided By Us **IL 70 02**
  - 19** Advance Notice of Cancellation or Coverage Reduction Or Restriction Provided By Us **IL 70 03**
  - 20** Amendment of Covered Auto Symbol 7 **AC 99 54**

**B. State Amendatory or Special State Endorsements**

The following endorsements are applicable in addition to those referenced elsewhere in the manual. These endorsements are comparable to those included in the Texas Department Of Insurance program.

- CA 04 05** Texas Rural Electrification Cooperative Endorsement  
**CA 04 07** Texas Department of Transportation Endorsement (To Comply With Tex. Transp. Code Ann. Sec. 201.106)  
**CA 04 18** Texas Increased Limits - Other Than Designated Driver

The following endorsements are mandatory and must be attached to all Commercial Auto Coverage Parts:

- CA 01 96** Texas Changes  
**CA 01 97** Texas Changes - Garage Coverage Form  
**CA 02 43** Texas Changes - Cancellation And Nonrenewal

**C.** Applicability and edition dates of forms used with the Business Auto, Motor Carrier and Garage Coverage Forms.

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Remove **23.B.5.** Primary Classifications - Statistical Codes and replace with the following:

**RULE 23. TRUCKS, TRUCK-TRACTORS AND TRAILERS CLASSIFICATIONS**

**B. 5 Primary Classifications - Statistical Codes**  
(Factors are found in the State Rate Pages)

			Radius Class		
Size Class	Business Use Class	Fleet Status	Local 0-75 miles	Intermediate 76-300 miles	Long Distance Over 300 Miles
Light Trucks (0-10,000 lbs. G.V.W.)	Service	Non Fleet	011	012	013
		Fleet	014	015	016
	Retail	Non Fleet	021	022	023
		Fleet	024	025	026
	Commercial	Non Fleet	031	032	033
		Fleet	034	035	036
	Farm	Non Fleet	081	082	083
		Fleet	084	085	086
Zone Rated					
Medium Trucks (10,001-20,000 lbs. G.V.W.)	Service	Non Fleet	211	212	213
		Fleet	214	215	216
	Retail	Non Fleet	221	222	223
		Fleet	224	225	226
	Commercial	Non Fleet	231	232	233
		Fleet	234	235	236
	Farm	Non Fleet	281	282	283
		Fleet	284	285	286
Heavy Trucks (20,001-45,000 lbs. G.V.W.)	Service	Non Fleet	311	312	313
		Fleet	314	315	316
	Retail	Non Fleet	321	322	323
		Fleet	324	325	326
	Commercial	Non Fleet	331	332	333
		Fleet	334	335	336
	Farm	Non Fleet	381	382	383
		Fleet	384	385	386
Extra Heavy Trucks (Over 45,000 lbs. G.V.W.)	Non Farm	Non Fleet	401	402	403
		Fleet	404	405	406
	Farm	Non Fleet	481	482	483
		Fleet	484	485	486
Heavy Truck Tractors (0-45,000 lbs. G.C.W.)	Service	Non Fleet	341	342	343
		Fleet	344	345	346
	Retail	Non Fleet	351	352	353
		Fleet	354	355	356
	Commercial	Non Fleet	361	362	363
		Fleet	364	365	366
	Farm	Non Fleet	391	392	393
		Fleet	394	395	396

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**RULE 23. TRUCKS, TRUCK-TRACTORS AND TRAILERS CLASSIFICATIONS**

**B. 5 Primary Classifications - Statistical Codes**  
(Factors are found in the State Rate Pages)

			Radius Class		
Size Class	Business Use Class	Fleet Status	Local 0-75 miles	Intermediate 76-300 miles	Long Distance Over 300 Miles
Zone Rated					
Extra-Heavy Truck-Tractors (Over 45,000 lbs. G.C.W.)	Non Farm	Non Fleet	501	502	503
		Fleet	504	505	506
	Farm	Non Fleet	581	582	583
		Fleet	584	585	586
Semi-Trailers	Non Farm	Non Fleet	671	672	673
		Fleet	674	675	676
	Farm	Non Fleet	611	612	613
		Fleet	614	615	616
Trailers	Non Farm	Non Fleet	681	682	683
		Fleet	684	685	686
	Farm	Non Fleet	621	622	623
		Fleet	624	625	626
Service or Utility Trailers (0-2,000 lbs. load capacity)	Non Farm	Non Fleet	691	692	693
		Fleet	694	695	696
	Farm	Non Fleet	631	632	633
		Fleet	634	635	636

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Remove **Rule 23.C.** Secondary Classifications - Special Industry Classes and replace with the following:

**RULE 23. TRUCKS, TRUCK-TRACTORS AND TRAILERS CLASSIFICATIONS**

**C. Secondary Classification - Special Industry Classes**

- 1 These classifications apply to all autos (including trailers) and zone rated autos.
- 2 The classification factors are found in the State Rate Pages. The classification factors do not apply to trailers or zone rated autos.
- 3 Where more than one secondary rating factor applies use the highest rated classification unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.

**Motor Carriers (other than private carriers) - Autos used to haul or transport goods, materials or commodities for another, other than autos used in moving operations (use Not Otherwise Specified for them).**

	4th - 6th Digits of Class Code
Common Carriers	210
Contract Carriers	
a. Hauling Chemicals	230
b. Hauling Iron and Steel	240
c. Other than Chemical or Iron and Steel Haulers	220
Exempt Carriers – Livestock Haulers	260
Exempt Carriers – Other than Livestock Haulers	250
Carriers Engaged in Both Private Carriage and Transporting Goods, Materials or Commodities of Others	020
Tow Trucks for Hire (NOTE: tow trucks owned by an auto service business and used to pick up vehicles for repair at that business are classified as Not Otherwise Specified)	030
All Other	290

**Food, Beverage Delivery – Autos used (1) by food manufacturers to transport raw and finished products or (2) used in wholesale distribution of food or drink.**

	4th - 6th Digits of Class Code	
	Food or Beverage Manufacturers	Food or Beverage Wholesalers
Canneries and Packing Plants	310	315
Fish and Seafood	320	325
Frozen Food	330	335
Fruit and Vegetable	340	345
Meat or Poultry	350	355
Beverage Distributor, Including Beer, Ale	360	365
All Other	390	395

**RULE 23. TRUCKS, TRUCK-TRACTORS AND TRAILERS CLASSIFICATIONS**

**C. Secondary Classification - Special Industry Classes**

<b>Specialized Delivery - Autos used in Deliveries Subject to time and similar constraints.</b>	
	4th - 6th Digits of Class Code
Armored Cars	410
Caterers	492
Film Delivery	420
Florists Delivery	491
Magazines or Newspapers	430
Mail and Parcel Post	440
Residential Food Delivery	493
All Other	490

<b>Waste Disposal - Autos transporting salvage and waste material for disposal or resale.</b>	
	4th - 6th Digits of Class Code
Auto Dismantlers	510
Building Wrecking Operators	520
Garbage	530
Junk Dealers	540
All Other	590

<b>Farmers – Autos owned by a farmer used in connection with the operation of his own farm and used to haul commodities owned by the named insured or other farmers. This does not include autos used for custom farming or farm management.</b>		
	4th - 6th Digits of Class Code	
Hauling Chemicals or Petroleum (Herbicides, Pesticides, Fertilizers)	680	
Hauling Owned Products and/or Hauling Farm Products Owned by Other Farmers	No Hauling for Hire or Compensation	Including Any Hauling for Hire or Compensation
a. Dump Vehicles (including Belly Dump)	697	698
b. Vehicles Used to Transport Farm Commodities such as Fruits, Nuts, Vegetables, Hay, Farm Equipment, Machinery, and Similar Dry Cargo	691	692
c. Livestock	620	625
d. Tank Vehicles Used to Transport Milk and Similar Liquid Cargo (Excluding Chemicals or Petroleum)	693	694
Hobby Farm	615	
Special Use Vehicles With More than Incidental Over the Road Use (Hay Squeezes, Manure Spreaders, Water Trucks, and Similar Vehicles)	682	
All Other (including pickups not classified as private passenger vehicles)	690	

**RULE 23. TRUCKS, TRUCK-TRACTORS AND TRAILERS CLASSIFICATIONS**

**C. Secondary Classification - Special Industry Classes**

**Dump and Transit Mix Trucks and Trailers, including those used by contractors (use these factors and codes only when no other secondary classification applies)**

	4th - 6th Digits of Class Code
Excavating	710
Sand and Gravel (Other than Quarrying)	720
Mining	730
Quarrying	740
All Other (including Ready-mix Concrete)	790

**Contractors (Autos other than Dump and transit mix trucks)**

	4th - 6th Digits of Class Code
Buildings – Commercial	810
Buildings – Private Dwellings	820
Electrical, Plumbing, Masonry, Plastering, and Other Repair or Service	830
Excavating	840
Landscaping	891
Street and Road	850
All Other	890

**Not Otherwise Specified (NOS)**

	4th - 6th Digits of Class Code
Auto Repair or Service	970
Custom Farming and Farm Managers	994
Dry Cleaners	981
Funeral Directors (except Limousines, Hearses, and Flower Cars)	996
Hauling Chemicals (herbicides, pesticides, fertilizers) – other than custom farming	992
Logging and Lumbering	910
Manufacturing (Other than Food)	991
Retail Stores	980
Veterinarians	995
Wholesalers (Other than Food Delivery)	999
All Other	990

**RULE 23. TRUCKS, TRUCK-TRACTORS AND TRAILERS CLASSIFICATIONS**

**D. Special Provisions for Certain Risks**

Remove Paragraphs **23.D.2, 5-6, & 8** and replace with the following:

**2 Transporters of Liquid Products**

A coverage form that covers an auto used for the bulk transportation of liquid products must exclude accidents resulting from the erroneous delivery of one liquid product for another or the delivery of any liquid product into the wrong receptacle if the accident occurs after the operations have been completed. This exposure is excluded in Business Auto Endorsement **AC 01 02**.

**5 Rolling Stores**

A coverage form that covers autos equipped as a rolling store must exclude product liability. This exposure is excluded in Business Auto Endorsement **AC 01 02**.

**6 Trailers and Semi-Trailers Used as Showrooms**

- a. Multiply the trailer or semi-trailer primary rating factor by the factor shown in the Rate Pages. The policy must exclude products liability. This exposure is excluded in Business Auto Endorsement **AC 01 02**.
- b. For medical payments coverage, multiply the private passenger medical payments premium for the territory in which the risk is located by the factor shown in the Rate Pages.

**8 Additional Coverages**

Coverage not offered.

**9 Unlicensed Farm or Ranch Trucks (Class Code xxx699x)**

Unlicensed farm or ranch trucks used on the insured's farm or ranch premises may be insured at the rates found in the State Rate Pages.



**RULE 23. TRUCKS, TRUCK-TRACTORS AND TRAILERS CLASSIFICATIONS**

**D. Special Provisions for Certain Risks**

Add the following Paragraph to **Rule 23**:

**10 Farm Lay-Up Credit for Farm or Ranch Trucks**

A lay-up credit may be applied subject to the following provisions to all coverages except Comprehensive and Specified Causes of Loss for premiums for farm or ranch trucks that are used on a seasonal basis.

- a. Eligibility**
  - (1)** The credit applies only to vehicles with commercial classifications except light size class vehicles.
  - (2)** The credit is not available for vehicles with private passenger classifications or unlicensed farm or ranch trucks.
  - (3)** The annual period of lay-up must be at least 3 months.
  - (4)** This credit is not available for vehicles written on a Business Auto policy for a policyholder for whom we do not also write the property and/or liability coverage for the farming operations.
- b.** The credit applies on annual policies. The amount of credit is shown in State Rate Pages.

**RULE 33. PRIVATE PASSENGER PREMIUM DEVELOPMENT**

Countrywide Rule is amended by removing 33.D.1, Youthful Driver Surcharge.

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The following rule is filed for use and available only in **Allied Property and Casualty Insurance Company**.

**RULE 48. AUTO DEALERS ELIGIBILITY**

ISO Countrywide Rule is adopted as filed.

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The following rule is filed for use and available only in **Allied Property and Casualty Insurance Company**.

**RULE 49. AUTO DEALERS PREMIUM DEVELOPMENT**

ISO Countrywide Rule and ISO State Rule Exceptions are adopted as Filed unless otherwise stated in The Company State Rule or Rate Exception Pages.

Apply Loss Cost Multiplier found in State Rate Pages to ISO Loss Costs - Major Classes as filed in the state.

The following rule is filed for use and available only in the **Depositors Insurance Company**.

**RULE 50. AUTO DEALERS ADDITIONAL PROVISIONS**

Countrywide Rule is amended by adding **Rules 50.C.8 through 50.C.17** as follows:

- C. 8 Broad Form/Broad Form Products/Work Performed**  
Use Broad Form Products/Broad Form Work Performed Endorsement **AG 25 54**. This endorsement includes coverage provided under **CA 25 01**. This exclusion relating to property damage to the named insured's products may be eliminated subject to a \$250 deductible per accident. The exclusion relating to "work you performed" is eliminated subject to a \$250 deductible per accident. Use the flat charge found in the state rate pages.
- 9 Franchised Auto Dealers**  
Use Franchised Auto Dealers Endorsement **AG 25 57**. The endorsement combines the following into one form:  
New Auto Sales Protection  
Loss to Customer's Personal Property  
Odometer and Prior Damage Disclosure Liability Coverage  
Title Errors and Omissions Liability Coverage  
Dealers Driveaway Collision Coverage  
Truth in Lending Errors and Omissions Coverage  
Use the flat charge found in the state rate pages.
- 10 Odometer and Prior Damage Disclosure Liability Coverage**  
Use endorsement **AG 25 50**. This endorsement provides coverage for damages as a result of the sale of an auto in which the insured fails to comply with the federal, state or local statute that relate to Odometer and Prior Damage Disclosures. Use the flat charge found in the state rate pages.
- 11 Truth in Lending Errors and Omissions Coverage**  
Use endorsement **AG 25 59**. This endorsement provides coverage for errors or omissions as a result of failing to comply with the Truth in Lending Act of the Consumer Credit Protection Act. Use the flat charge found in the state rate pages.
- 12 Title Errors and Omissions Liability Endorsement**  
Use endorsement **AG 25 60**. This endorsement provides coverage for errors and omissions while performing title paper preparation. Use the flat charge found in the state rate pages.
- 13 Dealers - Replacements and Repairs**  
Use endorsement **AG 25 51**. This endorsement clarifies how Dealer's Physical damage losses will be adjusted. This is a mandatory endorsement attached to all dealer policies.
- 14 Exclusion of Autos Loaned to School Districts.**  
Use endorsement **AG 25 52**. This is an optional endorsement which may be attached to a policy if the auto dealer loans automobiles to a school district for use as a drivers education automobile.
- 15 Limitation of Physical Damage Coverage**  
Use endorsement **AG 25 58**. This endorsement restricts physical damage to vehicles a specified number of years old or newer.

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**16 Insurance Agents Errors and Omissions Coverage**

Use endorsement **AG 25 71**. This endorsement provides errors and omissions coverage for our insured's while acting in the capacity of an agent when selling insurance coverage's related to their garage operations, but only if the insured holds a valid insurance license in the same jurisdiction as their operations. See rate manual for rates.

**17 Customer Complaint Limited Defense Expense Reimbursement Coverage**

Use endorsement **AG 25 67**. This optional endorsement modifies the Garage Coverage Form CA 00 05 to provide limited defense costs coverage for suits arising out of the sale, lease, rental, service or repair of the dealers product in their garage coverage. A \$1,000 each suit deductible applies. The limits available for this coverage form are:

\$10,000 Each Suit / \$100,00 Aggregate Limit  
\$25,000 Each Suit / \$100,00 Aggregate Limit  
\$25,000 Each Suit / \$300,00 Aggregate Limit

See state rate pages.

**RULE 72. FUNERAL DIRECTORS**

Countrywide Rule is amended by adding **Rule 72.B.1. and 72.B.2**

**72.B.1. Limousines and 72.B.2 Hearses and Flower Cars**

For available factors in the state, refer to State Rate pages. For information not in the State Rate pages, refer to ISO.

## RULE 89. NON-OWNERSHIP LIABILITY

### C. Premium Development

Rule 89.C.1.a is replaced by the following:

#### 1. Other than Social Service Agency Risks

##### a. Base Premium

Determine the total number of employees of the Insured at all locations.  
Select the premium from the table on the rate pages for the state where operations are principally conducted.

The following is added to Rule 89.C.1:

##### d. Garage Service Operations

Coverage is provided for the operation of non-owned autos by auto repair shops, service stations, storage garages, and public parking places, or tow truck operators.

- (1) Determine the total number of employees whose principal duty involves the operation of autos.
- (2) Multiply this amount by 0.35
- (3) Multiply the result by the Private Passenger auto Liability rates for the territory where operations are principally conducted.

##### e. Non Owned Auto - Food or Goods Delivery

- (1) This rule applies to businesses with delivery operations which are more than incidental. Incidental means 10% or less of annual receipts.
- (2) The following classifications apply to Non Owned Food and Goods Delivery :  
66XX001 Food & Goods Delivery - All Other  
66XX002 Food Delivery - Deli/Sandwich  
66XX003 Food Delivery - Fast Food  
66XX004 Food Delivery - Pizza
- (3) \$1,000,000 Base Premium Per Retail Location is Developed as Follows:
  - (a) To Determine Base Premium, Use Private Passenger Base Rate found in Rule 33.
  - (b) Determine Receipts per Delivery Location
  - (c) Multiply Delivery Exposure Factor found in the State Rate Pages.
  - (d) Multiply by Total Location Delivery Receipts/1000
  - (e) Limits may be Increased by applying the Increased/Decreased Limit Factors to the Non Owned Base Premium found in the State Rate Pages.

Using total receipts by location, the rate is calculated as follows:

*\$1 million Base Premium X Non-owned Increased Limit  
Factor X Delivery Exposure Factor X (Total Location Delivery  
Receipts/1000) = Location Premium*

- (f) This rule is subject to a Minimum Premium. Refer to state rate pages.
- (4) Rates are subject to applicable Auto Schedule Rating Plan. Rates are not subject to Company Deviations, Segmentation, Multi-Policy Discount Rules or Experience Rating Plans
- (5) Non Owned Auto Food and Goods Delivery Final Policy Premium may be adjusted at Audit.



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**RULE 92. MEDICAL PAYMENTS**

- A.** The premiums for trucks, tractors, trailers, public autos and private passenger types are in the State Rate Pages.
- B.** For zone rate risks, refer to the zone rating tables.
- C.** For all other classes, refer to the section rules.
- D.** For premiums for limits not shown, refer to company.
- E.** Use Auto Medical Payments Coverage Endorsement **AC 99 03**.
- F.** Attach Texas Supplementary Death Benefit Endorsement **CA 99 95**. Refer to company for rating.

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**RULE 93. NO FAULT COVERAGES**

**A. Coverage**

- 1** Personal Injury Protection coverage must be provided when bodily injury liability coverage is written for the owner of an auto or trailer principally garaged in Texas, Unless specifically rejected in writing by a named insured. Use Texas Personal Injury Protection Endorsement **CA 22 64**.  
Once rejected personal injury protection is not required under subsequent renewals issued by the same company or affiliated insurer, unless requested by the named insured in writing.  
Attach Texas Supplementary Death Benefit Endorsement **CA 99 95**. Refer to company for rating.
- 2** An insurer may not, as a condition of providing coverage, require any limit of liability not desired by the insured.
- 3** Limit Options

Coverage Code	Limit
PIP-10	2,500
PIP-20	5,000
PIP-30	10,000
PIP-40	25,000
PIP-50	50,000
PIP-60	75,000
PIP-70	100,000

**RULE 97. UNINSURED MOTORISTS INSURANCE**

**A. Application**

Uninsured Motorists Bodily Injury and Property Damage Coverage must be provided when liability coverage is written for the owner of an auto or trailer which is registered or specifically garaged in Texas unless rejected in writing by the named insured. Use Texas Uninsured/Underinsured Motorists Coverage Endorsement **CA 21 09**.

Once rejected, the coverage is not required under subsequent renewals issued by the same company or affiliated insurer, unless requested by the named insured in writing.

**B. Limits**

The minimum limit is that limit which is required by the Texas Motor Vehicle Safety-Responsibility Act. Higher limits may be written at the option of the insured, but not exceeding the policy's limit of liability.

**C. Deductible**

Property damage liability coverage is subject to \$250 deductible.

**D. Premium Development for Underinsured Motorists Insurance**

Rates are shown in the State Rate Pages.

Primary, Secondary, Fleet, operator experience and use rating factors do not apply.

Do not charge a premium for the following:

- 1** Trailers;
- 2** Hired and non-owned autos.
- 3** Owned vehicles which have not been assigned registration plates (such as Auto Dealers' inventory); or
- 4** Registration plates used to transport non-owned autos (such as drive-away contractors rated under Rule 69).

**E. Modification**

Do not modify the premium under any rating plan or other manual rule provisions.

Remove **Rule 103.B.** Pollution Liability - Broadened Coverage for Covered Autos and replace with the following:

**RULE 103. POLLUTION LIABILITY (Class Code 4800000)**

Countrywide Rule is amended by as follows: Remove and replace Rule 103.A through 103.D with the following:

**A. Coverage in Policy Form Without Endorsement**

Coverage for bodily injury or property damage arising out of the discharge of pollutants that are being transported or towed by, loaded onto or unloaded from, or stored, disposed of, treated or processed in or upon a covered auto, is excluded under the Business Auto and Garage Coverage Forms.

However, coverage for bodily injury, property damage or covered pollution cost or expense arising from the discharge of pollutants that are neither being transported or towed by, nor loaded onto or unloaded from or, (with the exception of certain fuels), stored, disposed of, treated or processed in or upon a covered auto, is included under the Business Auto and Garage Coverage Forms.

The Garage Coverage Form also excludes bodily injury or property damage arising out of any non-vehicular discharges of pollutants at or from certain specified sites or locations.

**B. Pollution Liability - Broadened Coverage For Covered Autos**

The Business Auto and Garage Coverage Forms may be endorsed to delete that part of the pollution exclusion and the definition of "covered pollution cost or expense", for bodily injury, property damage and covered pollution cost or expense relating to discharges of pollutants which are in or upon, being transported or towed by, being loaded onto or unloaded from a covered auto. Use Pollution Liability - Broadened Coverage For Covered Autos - Business Auto, Motor Carrier And Truckers Coverage Forms Endorsement **AC 99 48** or **CA 99 48** for the Business Auto and Motor Carrier Coverage Forms. Use Pollution Liability - Broadened Coverage For Covered Autos - Garage Endorsement **CA 99 55** for the Garage Coverage Form. This extension of coverage does not apply to liability assumed under any contract or agreement.

1 Premium Development

a. Determine the hazard grade (low, medium, or high) based on the type of materials being transported and the quantity being transported.

- 1) Hazardous materials include hazardous waste, hazardous materials, and hazardous substances; explosives; poison gas; liquefied compressed gas or compressed gas; oil, highway route controlled quantity radioactive materials. These are defined in the Code of Federal Regulations Title 49 Sections 171.8, 172.10, and 173.455. Transportation of these materials normally would require a federal motor carrier filing.
- 2) All other materials are non-hazardous.

Determine the hazard grade from the table below:

	Less than 100 gallons	100 to 3,500 gallons	Over 3,500 gallons
Non-hazardous	Low	Medium	Medium
Hazardous	Medium	High	High

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- b. Calculate the premium by multiplying the factor on the rate pages by the developed Liability premium.
  - 1) If specific vehicles are used to transport pollutants, use the sum of the Liability premium for only those vehicles.
  - 2) Otherwise, use the total Liability premium for the policy.
  - 3) If the limit for this endorsement is less than the Liability limit on the policy, adjust the percentage using the following formula:  
$$(\text{Endorsement ILF/Policy Liability ILF}) * \text{Pollution Rate} = \text{Adjusted Pollution Rate}$$
  - 4) Use the ILF factors based on the largest vehicle used to transport pollutants.
- c. Compare the premium from paragraph b. to the minimum premium. If the calculated premium is lower than the minimum premium at the \$100,000 limit, multiply the minimum premium by the already selected ILF to obtain the final endorsement premium.

**C. Total Pollution Exclusions**

Liability arising out of any pollution exposure not otherwise precluded by the non-auto pollution exclusion contained in the Garage Coverage Form may be excluded by use of the Garage Coverage Form - General Liability Coverages - Total Pollution Exclusion Endorsement CA 25 16. For instance, this endorsement may be used by those insureds who have obtained an Underground Storage Tank Policy (Designated Tanks) and/or Pollution Liability Policy.

Use Garage Coverages - Total Pollution Exclusion With A Building Heating, Cooling And Dehumidifying Equipment Exception And A Hostile Fire Exception Endorsement CA 25 36 to exclude all pollution liability except for bodily injury arising out of smoke, fumes, vapor or soot from equipment used to heat, cool or dehumidify the building or equipment used to heat water for personal use by the building occupants or their guests and bodily injury and property damage arising out of heat, smoke or fumes from a hostile fire.

Please refer to the Commercial Lines Manual - Division Six, General Liability for coverage and rating.

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Remove **Rule 107** Fellow Employee Coverage and replace with the following:

**RULE 107. FELLOW EMPLOYEE COVERAGE**

- A.** Subject to underwriting approval, the fellow employee exclusion under Liability coverage of the Business Auto Policy may be deleted for all employees or for employees who hold designated positions. Use Fellow Employee Coverage for Designated Employees/Positions Endorsement **CA 20 56**.
- B.** Multiply the developed applicable liability rate by the factor found in the State Rate Pages.

## RULE 116. AUTOMOBILE SPECIAL RATING PLAN

### A. General Description and Provisions

- 1 This is a plan that is available for certain risks based upon their loss ratio, size of risk and other special characteristics.
- 2 Provisions of the Plan  
The provisions of the plan are as follows:
  - a. Experience Rating
  - b. Schedule Rating
- 3 The debits and/or credits developed under the Experience Rating Plan and Schedule Rating Plan shall be combined in a multiplicative manner.

### B. Experience Rating

This is a method of adjusting premiums based on the actual loss history of the risk. A debit or credit shall be developed based on prior claims history. The factor must be applied to all eligible risks.

#### 1 Eligibility

##### a. Risk or Insured

The term "risk" means the exposures of any one insured under one policy. (If, however, it is not practical to have all coverages under one policy, the insured may still be eligible if all policies have a common expiration date.)

Allied or subsidiary interests shall not be included unless the insured holds a majority financial interest therein or sufficient ownership or management interest merit inclusion with the submission of adequate information and underwriting approval.

##### b. Risk Eligibility

Any risk with 10 or more self-propelled automobiles, for all exposures to be rated, shall be eligible for the application of this plan.

The term "risk," as used in this plan, means the exposures of all Commercial Auto policies written within the Commercial Package policy. The Experience Plan is applied based on the eligibility rule of the Primary Base State for which the risk is located.

##### c. Auto (Garage) Dealers

Any risk that develops an annual manual premium of **\$3,500**, for all exposures to be rated, shall be eligible for the application of the plan provision. See the State Rate Pages under Rule 116 - Automobile Special Rating Plan for Garage Dealers.

#### 2 Experience Used

The experience modification shall be determined from the latest available two years and nine months experience incurred by the insured. The experience period used is two years and nine months, ending 90 days prior to policy expiration date. In the event the experience for the full experience period is not available, a minimum of nine months experience is required. Experience incurred by other insurance companies or self-insured experience shall be used, subject to the period specified above. The company will make a reasonable attempt to gather the loss history information. If the risk is self insured or insured with a company from which the experience is not obtainable, the experience may be used if submitted in the form of a statement signed by the first named insured or corporate officer.

#### 3 Determination of Experience Modification

$$\left\{ \left( \frac{Cnt}{EF \times NV \times Ys} \right) - 1 \right\} \times \{ (Z \times NV \times Ys)^2 + BZ \}$$

##### a. Incurred Claim Count

(1) CNT = Incurred Claim Count

Include any Bodily Injury or Property Damage Liability and Collision claim counts. Only count a claim with both Liability (Bodily Injury or Property Damage) and Collision payments/reserves as one claim. Exclude claims that only have ALAE payments. Include the most recent two years and nine months experience. A minimum of nine months experience is required.

##### b. Expected Claim Count

**AMCO Insurance Company**

**Allied Property and Casualty Insurance Company**

**Depositors Insurance Company**

Effective:

09/01/2014 New

09/01/2014 Renewal

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- (1) EF = Expected Frequency per power unit per year. Include Bodily Injury or Property Damage Liability and Collision claim counts.
- (2) NV = Number of Vehicles. Only count power units scheduled at time of issuance.
- (3) Ys = Number of 12 month terms included subject to minimum of nine months and maximum of two years and nine months.

**c. Credibility Calculation**

- (1) The credibility calculation  $\{(Z \times NV \times Ys)^2 + BZ\}$  is subject to a maximum factor of 1.000. The resulting experience modification is subject to a maximum modification of  $\pm 40\%$ .
- (2) BZ = Base Credibility

**d. Rating Factors**

Refer to State Rate Pages for Rating Factors.

**C. Schedule Rating**

This plan provision is based on risk characteristics (favorable or unfavorable) that are not reflected in any rate modification otherwise applicable. Schedule rating may be used separately or in addition to experience rating. Schedule rating should not be used in such a discriminatory manner as to create rate or premium differential between risks with similar characteristics.

**1 Eligibility**

The same eligibility requirements apply as in B. Experience Rating except:

- a. Business Auto  
Any risk with adjusted Base Manual Annual Premium of \$1,000 shall be eligible for the application of this plan provision.
- b. Auto (Garage) Dealers  
Any risk with adjusted Base Manual Annual Premium of \$1,000 shall be eligible for the application of this plan provision.

**2 Schedule Rating Table**

The manual rates for the risk may be modified in accordance with the following table subject to a maximum modification of 40%.

Applicable Qualification		Modification		
		Credit		Debit
a.	Management and supervision, cooperation and willingness to follow company suggestions	15%	to	15%
b.	Employment program, age, marital status, pay scale and training program	15%	to	15%
c.	Equipment, type, age, condition, regular inspection and repair facilities	15%	to	15%
d.	Safety Program, regular meetings, distribution of safety literature, discussion of accidents, maintenance of records and preparation of accident reports	20%	to	20%



Add **Rule 120** as follows:

**RULE 120. SEGMENTATION RATING PLAN**

**A. Eligibility**

This Plan must be applied to all eligible Commercial Automobile Policies, subject to the limitations in Section B. LIMITATIONS below.

**B. Limitations**

This Plan will not be applied to Commercial Auto (Garage) Dealer Policies. There may be State specific coverage endorsements that Segmentation will not apply to. The specific State Rule for such endorsement will indicate when the Plan does not apply.

**C. Rate and Premium Computation**

Develop an Implementation Factor based upon the Loss and Retention Grades determined by the policy system using segmentation rating variables. Then determine the Mitigation Factor based on the total number of automobiles.

At Renewal, a Travel Capping Table will be used to limit any changes in the Loss or Retention Grade from the prior term.

**1 Implementation Factor**

Use the Implementation Factor Table found in the State Rate Pages

**2 Mitigation Factor**

Determine a Mitigation Factor based on the total number of automobiles on the policy at the time of rating. Use the table found in the State Rate Pages. This is applied before any other Rating Plans.

**3 Segmentation Factor**

Determine the Segmentation Factor using the following formula and factors from the Rules above:

$((\text{Implementation Factor} - 1.0) \times \text{Mitigation Factor}) + 1.00 = \text{Segmentation Factor}$

**RULE 122. BUSINESS AUTO EXTENSION ENDORSEMENT - TEXAS**

**A. Coverage**

Endorsement **AC 01 02TX** Business Auto Extension Endorsement is to be attached to all policies. It serves three purposes:

- 1** It bundles exclusions together rather than addressing them in individual endorsements. Included are exclusions for:
  - expected or intended injury;
  - sexual abuse;
  - explosives;
  - rolling stores (products exclusion);
  - wrong delivery of liquid products; and
  - professional services.
- 2** It clarifies coverage. This includes a provision for the use of parts from non-original equipment manufacturers, damage to insured property exclusion, and the determination of values for items such as advertising wraps and paint customization.
- 3** It provides coverages that are in addition to or broader than those which are provided by the Business Auto Coverage Forms **CA 00 01** or **CA 00 20**. Included are:
  - liability coverage for trailers, farm wagons and farm implements;
  - coverage under covered auto symbol 7 for newly acquired autos;
  - blanket additional insured;
  - accidental airbag discharge coverage;
  - waiver of deductible for glass repair;
  - amended duties for notification in the event of accident;
  - unintentional failure to disclose hazards;
  - inclusion of autos hired or rented by employees as hired autos;
  - emergency lockout coverage for private passenger vehicles; and
  - liberalization clause.

Refer to the endorsement for more information on the coverage provided.

**B. Premium Computation**

There is no premium charge for this endorsement.

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Replace **Rule 123** as follows:

**RULE 123. SINGLE DEDUCTIBLE WITH MULTIPLE POLICIES**

The following rule applies for the following companies:

**Allied Property & Casualty Company  
AMCO Insurance Company  
Depositors Insurance Company  
Nationwide Agribusiness Insurance Company**

Endorsement **AC 01 04TX** Single Deductible With Multiple Policies is a mandatory endorsement for policies written for Farm policyholders in conjunction with a Farm Property policy. With this endorsement on the policy, the single deductible applied to all claims arising out of a single "accident" will be the largest deductible from any of the applicable property (homeowners or farm) or business auto policies.

**RULE 125. WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US**

Countrywide Rule is amended by revising Rule 125.B.3 as follows:

- A. Blanket Waiver of Subrogation Endorsement**
  - 1** The company's right of subrogation may be waived on a blanket basis prior to a loss and when required by contract.
  - 2** Use Endorsement **AC 24 04 B**.
  - 3** Refer to rate pages for rating.
- B. Waiver of Transfer of Rights of Recovery Against Others to Us (Waiver of Subrogation)**
  - 1** The company's right of subrogation may be waived against designated persons or organizations prior to a loss and when required by contract or under certain circumstances.
  - 2** Use Endorsement **CA 04 44**.
  - 3** Refer to rate pages for rating.

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Add **Rule 129** as follows:

**RULE 129. NAMED DRIVER EXCLUSION**

A Named Driver Exclusion may be required for special situations meriting consideration to enable continued coverage. Use Named Driver Endorsement **AC 99 98** and Named Driver Signature Form **DE 59 98**.

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**RULE 139. FLEET DISCOUNT**

**A. Eligibility**

- 1** A Business Automobile policy with 20 or more self propelled automobiles insured under a single policy, at policy inception or renewal effective date, must be eligible for the Fleet Discount.
- 2** The total number of automobiles is determined on the date of processing, date a policy is issued or renewed. Note: Only vehicles insured under the same policy are counted and eligible for the discount under the policy.

**B. Premium Computation**

- 1** The discount rating factor applies to Liability, Medical Payments, Personal Injury and Physical Damage premium for all Trucks, Truck-Tractors, Public Automobiles and Private Passenger Automobiles. Hired and Non Owned Automobile coverages are not eligible for this discount.
- 2** Multiply each coverage premium by the applicable factor found in the State Rate Pages.

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The following rule is filed for use and available only in **Depositors Insurance Company**.

**RULE 148. LARGE PREMIUM DISCOUNT PLAN (LPDP)**

**A. The Large Premium Discount Plan (LPDP)**

- 1** The LPDP may be used to modify the Garage premium to reflect reduced costs due to redundancies developed by large premiums.
- 2** The LPDP is applicable to the Garage Policy when Liability and Property (Physical Damage) Coverages are written together as a Commercial Package. For Garage Policies, the Liability and Property Coverages requirement is met if the Garage Policy includes both Liability and Physical Damage Coverages or can be met if the Garage Policy includes Liability and Property Coverages are written in another Coverage Line within the Commercial Package.

**B. Premium Development**

- 1** Apply the LPDP factor found in the State Rate Pages to the Liability and Physical Damage Coverages.
  - a.** The LPDP Factor does not apply to Uninsured Motorist, Underinsured or Personal Injury Coverages or Flat Charge Premium Endorsement Charges.

Add **Rule 150** as follows:

**RULE 150. DRIVER BASED RATING PLAN**

**A. Eligibility**

This Plan must be applied to all Commercial Automobile Policies, subject to the following limitations:

- 1) This plan will not be applied to Commercial Auto (Garage) Dealer Policies or Composite Rated Commercial Auto Policies.
- 2) There may be State specific coverage endorsements that Driver Based Rating will not apply to. The specific State Rule for such endorsement will indicate when the Plan does not apply.

**B. Rate and Premium Computation**

The Driver Based Rating plan will be calculated using the Driver Characteristics from all rated drivers shown on the policy and a Power Unit to Driver Ratio as of the policy effective date.

- 1) Driver Characteristics include:

- a) Age/Gender Factor
- b) Violation Factor

See state rate manual for tables / factors. Multiply the factor shown in **a.** by the factor shown in **b.** for each rated driver to determine the Individual Driver Factor. Individual Driver Factors are averaged to determine the Average Driver Factor.

- 2) Power Unit to Driver Ratio:

Divide the total number of power units on the policy by the total number of rated drivers to obtain the Power Unit to Driver Ratio.

Multiply the Average Driver Factor by the Power Unit to Driver Ratio to determine the Policy Level Driver Factor. The Policy Level Driver Factor will be applied to all Liability and Collision coverages.

If the policy's original effective date is before **09/01/2014**, a Transition Factor will be used at renewal to limit changes from the prior term.