

RULE 19. DISCOUNTS**Multi-Car**

An individual (or lawfully married individuals residing in the same household), who owns two or more automobiles and purchases coverage from the same company for at least two such automobiles, shall be entitled to a reduction of the premium applicable to Coverage Parts 1, 2, 4, 5, 7, 8 and 9. At least two of the automobiles must be private passenger vehicles as defined in Rule 27, except that vehicles classified as antiques are not eligible. The premium reduction applies only to private passenger vehicles as defined in Rule 27. Refer to the Miscellaneous Rating Factors page for the applicable discount.

Anti-Theft Device

Refer to Anti-Theft Devices Standards and Discounts Section.

Class 15

Premiums otherwise applicable to class 10 automobiles shall be reduced by 25% for insureds age 65 or older. If the principal operator becomes age 65 during the policy year, the class 10 premium must be adjusted as of that date. The premium adjustment shall be credited to the policyholder on that date unless that date is within sixty days of the expiration date of the policy, in which case the adjustment may be credited to the renewal policy. A notice of this classification change must be sent to the policyholder either prior to or with the proposed adjustment. The policyholder is required to notify the company of any change in operator usage which would affect entitlement to the discount. To apply the discount:

- Compute 75% of the class 10 rate for each part and display the exact dollar and cents results for each part.

The 25% discount is applied to the final premium for each part after all other discounts and rating factors have been completed. It is the last step in the rating process prior to the application of the Safe Driver Insurance Plan points or credit.

Annual Mileage Discount

A discount of the premium paid for Parts 1, 2, 3, 4, 5, 6, 7, 8 and 12 will be given to eligible policyholders on request, when the annual mileage of the vehicle falls into one of two categories. The discount will be based on the actual mileage driven in the previous policy year as determined by a comparison of two odometer readings, at least six months apart, from Registry of Motor Vehicle information or the Annual Mileage Discount Form and other standard automobile insurance forms available to the company. Refer to the Miscellaneous Rating Factors page for the applicable categories and discounts.

1. Eligibility

The vehicle must be a private passenger vehicle as defined in Rule 27, except that vehicles classified as Antiques are not eligible. The company may request that the applicant for the discount complete the Annual Mileage Discount Form approved by the Commissioner of Insurance for the verification of eligibility for the discount.

2. Verification

The company may use the odometer readings provided by the applicant on the Annual Mileage Discount Form or other standard forms available to the company, in order to verify the mileage driven in the past year. The company shall compute the annualized difference between the odometer reading at the time of application and the previous odometer reading to determine eligibility. If a vehicle replaces a vehicle which is receiving the discount, the annual mileage of the prior vehicle will be attributed to the replacement vehicle.

The company may use information from the Vehicle Inspection System of the Registry of Motor Vehicles to verify annual mileage. The difference in the two most recent odometer readings reported by the Registry, if at least six months apart, shall be annualized to determine eligibility for the discount. If the Registry reports only one reading, which is more than six months before the application for the discount, the applicant may provide a current odometer reading on the Annual Mileage Discount Form, and the difference shall be annualized to determine eligibility.

If two odometer readings, at least six months apart, are not available to the company through the Registry of Motor Vehicles, the Annual Mileage Discount Form or other standard forms, the vehicle is not eligible for the annual mileage discount.

3. Application of Discount

The applicable discount applies to rates otherwise determined for each insured vehicle by coverage, limits purchased, territory, driver class, and model year and symbol prior to the application of points or credit under the Safe Driver Insurance Plan.

Passive Restraint Discount

A discount of the premium paid for Parts 2, 3, 6 and 12 will be given to eligible policyholders for qualifying vehicles which contain occupant safety features approved by the Commissioner of Insurance. These features are: an airbag installed for either the driver's seating position or both front outboard designated seating positions or an automatic seatbelt installed for either the driver's seating positions or both front outboard designated seating positions. Refer to the Miscellaneous Rating Factors page for the applicable discount.

Advanced Driver Training

A discount will be applied to parts 1, 2, 4, 5 and 7 for an insured who is assigned a rate class of either 25 or 26 and has successfully completed both the basic and advanced driver training courses as prescribed by the MA Registry of Motor Vehicles. The qualifying advanced driver training courses include only those given by the advanced driver training schools approved by the MA Registry. This discount will apply only to

private passenger type vehicles. The discount can be added to a policy at any time during the term and will be removed once the driver is no longer a class 25 or 26.

Refer to Rule 11 for the application of the discount and refer to the Miscellaneous Rating Factors page for the applicable discount.

Loyalty Discount

A discount will be applied to the total policy premium for an insured whose automobile policy has been insured with one of the companies within the Arbella Insurance Group for at least twelve consecutive months. It can be added to a policy only as of the effective date and cannot be added midterm. The discount will be removed once a policy has no longer been in effect for 12 consecutive months.

An exception may be allowed for a policy which is part of a book transfer and has been insured with the agent for at least twelve consecutive months.

An exception may be allowed on a policy that has not been insured for twelve consecutive months, but the insured has one or more other private passenger automobile policies that have been insured with one of the companies within the Arbella Insurance group for at least twelve consecutive months.

This discount will not apply to a policy in Category 7. Refer to Rule 11 for the application of the discount and refer to the Miscellaneous Rating Factors page for the applicable discount.

Multi-Vehicle Policy Discount

A discount will be applied to parts 1, 2, 4, 5, 7, 8 and 9 for a policy that covers two or more automobiles, motor homes, motorcycles, trailers, or any combination. The discount can be added to a policy at any time during the term. The discount will be removed once a policy no longer has multiple vehicles.

This discount will not apply to a policy in Category 7. Refer to Rule 11 for the application of the discount and refer to the Miscellaneous Rating Factors page for the applicable discount.

Account Credit Discount

A discount will be applied to the total policy premium for an insured that has:

- a. one or more additional personal lines policies insured with one of the companies within the Arbella Insurance Group, subject to agent verification, or
- b. an HO-3, HO-4 or HO-6 with the Fair Plan or another company that does not write Massachusetts private passenger automobile policies. This homeowners policy must be written by the same agent who writes the automobile policy.

This discount will apply only when the other policy is a personal lines policy other than an auto. The discount can be added to a policy at any time during the term. The discount will be removed once the insured no longer has at least one additional qualifying personal lines policy with the Arbella Insurance group or a Homeowners policy with the Fair Plan or another company that does not write MA private passenger automobile policies.

This discount will not apply to a policy in Category 7. Refer to Rule 11 for the application of the discount and refer to the Miscellaneous Rating Factors page for the applicable discount.

Student Away at School Discount

A discount will be applied to parts 1, 2, 4, 5, 7, and 9 for a rated inexperienced operator provided that each of the following criteria is met:

- a) The operator is classified in operator classes 17, 18, 20, 21, 25, 26.
- b) The operator is a student residing at an accredited educational institution over 100 road miles from the automobile's place of principal garaging.
- c) The student operator does not have regular access to the covered vehicle while at school.

This discount will apply only to private passenger type vehicles except vehicles classified as antiques are not eligible.

This discount will not apply to a policy in Category 7. Refer to the Miscellaneous Rating Factors page for the applicable discount.

Hybrid or Electric Vehicle Discount

A discount for parts 1, 2, 4, 5, 7, 8, and 9 will be applied for qualified hybrid vehicles that use two or more distinct power sources to propel the vehicle or for qualified vehicles propelled solely by an electric power source.

This discount will apply only to private passenger type vehicles except vehicles classified as antiques are not eligible.

This discount will not apply to a policy in Category 7. Refer to the Miscellaneous Rating Factors page for the applicable discount.

Arbella Advantage

A discount will be applied to the total policy premium of a new business policy submitted through Arbella.com for an insured that has:

- a) One or more additional personal lines policies other than auto insured with one of the companies within the Arbella Insurance Group, subject to agent verification, or
- b) An HO-3, HO-4 or HO-6 for a primary residence insured with the Fair Plan or through Privilege Underwriters Reciprocal Exchange. This homeowners policy must be written by the same agent who writes the automobile policy.

This discount will apply at new business and then continue to apply upon the first renewal. Eligible policyholders must have had their most recent auto insurance with a company other than Arbella. The discount may be removed once the insured no longer has at least one additional qualifying personal lines policy with the Arbella Insurance group or a Homeowners policy with the Fair Plan.

An eligible policy must include vehicles of the private passenger type or motor homes/camper bodies. Vehicles classified as antiques or motorcycles are not eligible to receive this discount. Refer to Rule 11 for the application of the discount and refer to the Miscellaneous Rating Factors page for the applicable discount.

Driver Simulator Discount

Beginning 5/1/10, a discount will be applied to parts 1, 2, 4, 5 and 7 on a vehicle for which the rated operator is an insured who is assigned a rate class of either 25 or 26 and has successfully completed the basic driver training and an advanced driver training program that has both simulator based and on-line components and is preapproved by Arbella. This discount will apply only to private passenger type vehicles. This discount can be added to a policy at any time and will be removed once the driver is no longer a class 25 or 26.

Refer to Rule 11 for the application of the discount and refer to the Miscellaneous Rating Factors page for the applicable discount.

Marketing Partners Discount

A discount will be applied to the policy when an insured has a verifiable business relationship* with a marketing partner of Arbella during the 12 months preceding the policy effective date and is continuously enrolled in either Electronic Funds Transfer (EFT) or has paid their policy in full at the time of the submission of the new business application or by the policy's effective date at renewal. *A verifiable business relationship is defined as an individual who is a verifiable financial contributor to an IRS Section 501(c)(3) organization.

The discount will be removed if any of these conditions are no longer met. Refer to Rule 11 for the application of the discount and refer to the Miscellaneous Rating Factors page for the applicable discount.

Paid In Full Discount

A discount will be applied to the total policy premium for an insured whose automobile policy has been paid in full. For new business, full payment must be made with the down payment. For renewal business, full payment must be made by the first installment due date. This discount can only be added to a policy as of the policy's effective date and cannot be added midterm.

Policies with finance company payments do not qualify for the discount. This discount will not apply to a policy in Category 7 and cannot be combined with our Marketing Partners Discount.

Refer to Rule 11 for the application of the discount and refer to the Miscellaneous Rating Factors page for the applicable discount.

Continuous Coverage

The premium for Parts 1, 2, 4 and 5 will be reduced following Arbella's verification of a rated operator's eligibility for the continuous coverage discount. The discount shall apply to each rated operator that has been insured without a lapse in coverage under an automobile insurance policy for the 12 month period preceding the effective date of the policy. A rated operator is considered continuously insured if the operator was the named, listed, or rated insured on an automobile insurance policy for the 12 month period preceding the effective date of the policy.

1. Eligibility

The vehicle must be a private passenger vehicle as defined in Rule 27.

To be eligible for the discount when the policy is first written by Arbella, a copy of the coverage selections page confirming coverage up to the effective date of the new policy for any or all of the operator(s) listed on the application must be attached to the new business application submitted to Arbella in accordance with CAR Rule 31.B.5. Rated operators that are not eligible for the continuous coverage discount are:

- a. Operators that have been licensed less than 12 months;
- b. Operators that are new to Massachusetts who cannot demonstrate proof of licensing for the previous 12 months and are assigned to Class 20 or 21 in accordance with rule 28.B of this manual are not eligible for the continuous coverage discount;
- c. Operators assigned as the rated operator on a vehicle according to Rule 28 of this manual when the policy is first written by the company for whom a copy of the prior policy coverage selection page(s) indicating that the operator was insured up to the effective date of the new policy has not been furnished; and
- d. Any operators insured under a policy written by Arbella that is cancelled due to non-payment of premium and results in a lapse in coverage at any time during the policy's term.

2. Verification

Upon timely receipt of the prior policy coverage selections page for an operator that will be a rated operator under the policy, Arbella shall verify that operator's eligibility for the continuous coverage discount using the Uninsured Motorist System of the Registry of Motor Vehicles, direct confirmation of continuous coverage with the prior insurer shown by the prior policy coverage selection page, or other reputable vendors of

automobile insurance coverage information.

For rated operators who are new to Massachusetts that can demonstrate licensure for the 12 months preceding the policy effective date, Arbella shall attempt to verify the operator's eligibility for the discount through direct confirmation of continuous coverage with the prior insurer shown by the prior policy coverage selection page, or other vendors of automobile insurance coverage information. If eligibility for the discount cannot be confirmed through any of the verification processes described above, the discount shall not apply.

Continued eligibility for the discount at renewal shall be based on Arbella's internal policy records for the previous 12 months.

This discount only applies to Category 7. Refer to the Miscellaneous Rating Factor page for the applicable discount factor.

Low Frequency

The premium for Parts 1, 2, 4 and 5 will be reduced following Arbella's verification of a rated operator's eligibility for the low frequency discount. The discount shall apply to each rated operator that has 4 or less merit rating points as defined in Rule 56 – Safe Driver Insurance Plan, and where a claim payment under any or all of the above coverage parts has not been made to or on behalf of the rated operator in connection with more than one accident during the three years preceding the effective date of the policy.

1. Eligibility

The vehicle must be a private passenger vehicle as defined in Rule 27.

2. Verification

Arbella has elected to use a "short form" verification process as allowed in CAR Rule 31.B.5. Under the short form option, Arbella agrees to verify each rated operator's eligibility for the low frequency discount for each policy solely on the basis of the information used to compute the rated operator's merit rating adjustment under Rule 56 of this manual and the claim payments it makes under the provisions of the policy.

This discount only applies to Category 7. Refer to the Miscellaneous Rating Factor page for the applicable discount factor.

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An individual (or lawfully married individuals residing in the same household), who owns two or more automobiles and purchases coverage from the same company for at least two such automobiles, shall be entitled to a reduction of the premium applicable to Coverage Parts 1, 2, 4, 5, 7, 8 and 9. At least two of the automobiles must be private passenger vehicles as defined in Rule 27, except that vehicles classified as antiques are not eligible. The premium reduction applies only to private passenger vehicles as defined in Rule 27. Refer to the Miscellaneous Rating Factors page for the applicable discount.

Anti-Theft Device

Refer to Anti-Theft Devices Standards and Discounts Section.

Class 15

Premiums otherwise applicable to class 10 automobiles shall be reduced by 25% for insureds age 65 or older. If the principal operator becomes age 65 during the policy year, the class 10 premium must be adjusted as of that date. The premium adjustment shall be credited to the policyholder on that date unless that date is within sixty days of the expiration date of the policy, in which case the adjustment may be credited to the renewal policy. A notice of this classification change must be sent to the policyholder either prior to or with the proposed adjustment. The policyholder is required to notify the company of any change in operator usage which would affect entitlement to the discount. To apply the discount:

- Compute 75% of the class 10 rate for each part and display the exact dollar and cents results for each part.

The 25% discount is applied to the final premium for each part after all other discounts and rating factors have been completed. It is the last step in the rating process prior to the application of the Safe Driver Insurance Plan points or credit.

Annual Mileage Discount

A discount of the premium paid for Parts 1, 2, 3, 4, 5, 6, 7, 8 and 12 will be given to eligible policyholders on request, when the annual mileage of the vehicle falls into one of two categories. The discount will be based on the actual mileage driven in the previous policy year as determined by a comparison of two odometer readings, at least six months apart, from Registry of Motor Vehicle information or the Annual Mileage Discount Form and other standard automobile insurance forms available to the company. Refer to the Miscellaneous Rating Factors page for the applicable categories and discounts.

1. Eligibility

The vehicle must be a private passenger vehicle as defined in Rule 27, except that vehicles classified as Antiques are not eligible. The company may request that the applicant for the discount complete the Annual Mileage Discount Form approved by the Commissioner of Insurance for the verification of eligibility for the discount.

2. Verification

The company may use the odometer readings provided by the applicant on the Annual Mileage Discount Form or other standard forms available to the company, in order to verify the mileage driven in the past year. The company shall compute the annualized difference between the odometer reading at the time of application and the previous odometer reading to determine eligibility. If a vehicle replaces a vehicle which is receiving the discount, the annual mileage of the prior vehicle will be attributed to the replacement vehicle.

The company may use information from the Vehicle Inspection System of the Registry of Motor Vehicles to verify annual mileage. The difference in the two most recent odometer readings reported by the Registry, if at least six months apart, shall be annualized to determine eligibility for the discount. If the Registry reports only one reading, which is more than six months before the application for the discount, the applicant may provide a current odometer reading on the Annual Mileage Discount Form, and the difference shall be annualized to determine eligibility.

If two odometer readings, at least six months apart, are not available to the company through the Registry of Motor Vehicles, the Annual Mileage Discount Form or other standard forms, the vehicle is not eligible for the annual mileage discount.

3. Application of Discount

The applicable discount applies to rates otherwise determined for each insured vehicle by coverage, limits purchased, territory, driver class, and model year and symbol prior to the application of points or credit under the Safe Driver Insurance Plan.

Passive Restraint Discount

A discount of the premium paid for Parts 2, 3, 6 and 12 will be given to eligible policyholders for qualifying vehicles which contain occupant safety features approved by the Commissioner of Insurance. These features are: an airbag installed for either the driver's seating position or both front outboard designated seating positions or an automatic seatbelt installed for either the driver's seating positions or both front outboard designated seating positions. Refer to the Miscellaneous Rating Factors page for the applicable discount.

Advanced Driver Training

A discount will be applied to parts 1, 2, 4, 5 and 7 for an insured who is assigned a rate class of either 25 or 26 and has successfully completed both the basic and advanced driver training courses as prescribed by the MA Registry of Motor Vehicles. The qualifying advanced driver training courses include only those given by the advanced driver training schools approved by the MA Registry. This discount will apply only to

private passenger type vehicles. The discount can be added to a policy at any time during the term and will be removed once the driver is no longer a class 25 or 26.

Refer to Rule 11 for the application of the discount and refer to the Miscellaneous Rating Factors page for the applicable discount.

Loyalty Discount

A discount will be applied to the total policy premium for an insured whose automobile policy has been insured with one of the companies within the Arbella Insurance Group for at least twelve consecutive months. It can be added to a policy only as of the effective date and cannot be added midterm. The discount will be removed once a policy has no longer been in effect for 12 consecutive months.

An exception may be allowed for a policy which is part of a book transfer and has been insured with the agent for at least twelve consecutive months.

An exception may be allowed on a policy that has not been insured for twelve consecutive months, but the insured has one or more other private passenger automobile policies that have been insured with one of the companies within the Arbella Insurance group for at least twelve consecutive months.

This discount will not apply to a policy in Category 7. Refer to Rule 11 for the application of the discount and refer to the Miscellaneous Rating Factors page for the applicable discount.

Multi-Vehicle Policy Discount

A discount will be applied to parts 1, 2, 4, 5, 7, 8 and 9 for a policy that covers two or more automobiles, motor homes, motorcycles, trailers, or any combination. The discount can be added to a policy at any time during the term. The discount will be removed once a policy no longer has multiple vehicles.

This discount will not apply to a policy in Category 7. Refer to Rule 11 for the application of the discount and refer to the Miscellaneous Rating Factors page for the applicable discount.

Account Credit Discount

A discount will be applied to the total policy premium for an insured that has:

- a. one or more additional personal lines policies insured with one of the companies within the Arbella Insurance Group, subject to agent verification, or
- b. an HO-3, HO-4 or HO-6 with the Fair Plan or another company that does not write Massachusetts private passenger automobile policies. This homeowners policy must be written by the same agent who writes the automobile policy.

This discount will apply only when the other policy is a personal lines policy other than an auto. The discount can be added to a policy at any time during the term. The discount will be removed once the insured no longer has at least one additional qualifying personal lines policy with the Arbella Insurance group or a Homeowners policy with the Fair Plan or another company that does not write MA private passenger automobile policies.

For the purposes of this discount, the inexperienced children of Arbella insureds receiving the Account Credit may also receive the account credit on their policies while residing with their parents.

This discount will not apply to a policy in Category 7. Refer to Rule 11 for the application of the discount and refer to the Miscellaneous Rating Factors page for the applicable discount.

Student Away at School Discount

A discount will be applied to parts 1, 2, 4, 5, 7, and 9 for a rated inexperienced operator provided that each of the following criteria is met:

- a) The operator is classified in operator classes 17, 18, 20, 21, 25, 26.
- b) The operator is a student residing at an accredited educational institution over 100 road miles from the automobile's place of principal garaging.
- c) The student operator does not have regular access to the covered vehicle while at school.

This discount will apply only to private passenger type vehicles except vehicles classified as antiques are not eligible.

This discount will not apply to a policy in Category 7. Refer to the Miscellaneous Rating Factors page for the applicable discount.

Hybrid or Electric Vehicle Discount

A discount for parts 1, 2, 4, 5, 7, 8, and 9 will be applied for qualified hybrid vehicles that use two or more distinct power sources to propel the vehicle or for qualified vehicles propelled solely by an electric power source.

This discount will apply only to private passenger type vehicles except vehicles classified as antiques are not eligible.

This discount will not apply to a policy in Category 7. Refer to the Miscellaneous Rating Factors page for the applicable discount.

Arbella Advantage

A discount will be applied to the total policy premium of a new business policy submitted through Arbella.com for an insured that has:

- a) One or more additional personal lines policies other than auto insured with one of the companies within the Arbella Insurance Group, subject to agent verification, or
- b) An HO-3, HO-4 or HO-6 for a primary residence insured with the Fair Plan or through Privilege Underwriters Reciprocal Exchange. This homeowners policy must be written by the same agent who writes the automobile policy.

This discount will apply at new business and then continue to apply upon the first renewal. Eligible policyholders must have had their most recent auto insurance with a company other than Arbella. The discount may be removed once the insured no longer has at least one additional qualifying personal lines policy with the Arbella Insurance group or a Homeowners policy with the Fair Plan.

An eligible policy must include vehicles of the private passenger type or motor homes/camper bodies. Vehicles classified as antiques or motorcycles are not eligible to receive this discount. Refer to Rule 11 for the application of the discount and refer to the Miscellaneous Rating Factors page for the applicable discount.

Driver Simulator Discount

Beginning 5/1/10, a discount will be applied to parts 1, 2, 4, 5 and 7 on a vehicle for which the rated operator is an insured who is assigned a rate class of either 25 or 26 and has successfully completed the basic driver training and an advanced driver training program that has both simulator based and on-line components and is preapproved by Arbella. This discount will apply only to private passenger type vehicles. This discount can be added to a policy at any time and will be removed once the driver is no longer a class 25 or 26.

Refer to Rule 11 for the application of the discount and refer to the Miscellaneous Rating Factors page for the applicable discount.

Marketing Partners Discount

A discount will be applied to the policy when an insured has a verifiable business relationship* with a marketing partner of Arbella during the 12 months preceding the policy effective date and is continuously enrolled in either Electronic Funds Transfer (EFT) or has paid their policy in full at the time of the submission of the new business application or by the policy's effective date at renewal. *A verifiable business relationship is defined as an individual who is a verifiable financial contributor to an IRS Section 501(c)(3) organization.

The discount will be removed if any of these conditions are no longer met. Refer to Rule 11 for the application of the discount and refer to the Miscellaneous Rating Factors page for the applicable discount.

Paid In Full Discount

A discount will be applied to the total policy premium for an insured whose automobile policy has been paid in full. For new business, full payment must be made with the down payment. For renewal business, full payment must be made by the first installment due date. This discount can only be added to a policy as of the policy's effective date and cannot be added midterm.

Policies with finance company payments do not qualify for the discount. This discount will not apply to a policy in Category 7 and cannot be combined with our Marketing Partners Discount.

Refer to Rule 11 for the application of the discount and refer to the Miscellaneous Rating Factors page for the applicable discount.

Continuous Coverage

The premium for Parts 1, 2, 4 and 5 will be reduced following Arbella's verification of a rated operator's eligibility for the continuous coverage discount. The discount shall apply to each rated operator that has been insured without a lapse in coverage under an automobile insurance policy for the 12 month period preceding the effective date of the policy. A rated operator is considered continuously insured if the operator was the named, listed, or rated insured on an automobile insurance policy for the 12 month period preceding the effective date of the policy.

1. Eligibility

The vehicle must be a private passenger vehicle as defined in Rule 27.

To be eligible for the discount when the policy is first written by Arbella, a copy of the coverage selections page confirming coverage up to the effective date of the new policy for any or all of the operator(s) listed on the application must be attached to the new business application submitted to Arbella in accordance with CAR Rule 31.B.5. Rated operators that are not eligible for the continuous coverage discount are:

- a. Operators that have been licensed less than 12 months;
- b. Operators that are new to Massachusetts who cannot demonstrate proof of licensing for the previous 12 months and are assigned to Class 20 or 21 in accordance with rule 28.B of this manual are not eligible for the continuous coverage discount;
- c. Operators assigned as the rated operator on a vehicle according to Rule 28 of this manual when the policy is first written by the company for whom a copy of the prior policy coverage selection page(s) indicating that the operator was insured up to the effective date of the new policy has not been furnished; and
- d. Any operators insured under a policy written by Arbella that is cancelled due to non-payment of premium and results in a lapse in coverage at any time during the policy's term.

2. Verification

Upon timely receipt of the prior policy coverage selections page for an operator that will be a rated operator under the policy, Arbella shall verify that operator's eligibility for the continuous coverage discount using the Uninsured Motorist System of the Registry of Motor Vehicles, direct confirmation of continuous coverage with the prior insurer shown by the prior policy coverage selection page, or other reputable vendors of automobile insurance coverage information.

For rated operators who are new to Massachusetts that can demonstrate licensure for the 12 months preceding the policy effective date, Arbella shall attempt to verify the operator's eligibility for the discount through direct confirmation of continuous coverage with the prior insurer shown by the prior policy coverage selection page, or other vendors of automobile insurance coverage information. If eligibility for the discount cannot be confirmed through any of the verification processes described above, the discount shall not apply.

Continued eligibility for the discount at renewal shall be based on Arbella's internal policy records for the previous 12 months.

This discount only applies to Category 7. Refer to the Miscellaneous Rating Factor page for the applicable discount factor.

Low Frequency

The premium for Parts 1, 2, 4 and 5 will be reduced following Arbella's verification of a rated operator's eligibility for the low frequency discount. The discount shall apply to each rated operator that has 4 or less merit rating points as defined in Rule 56 – Safe Driver Insurance Plan, and where a claim payment under any or all of the above coverage parts has not been made to or on behalf of the rated operator in connection with more than one accident during the three years preceding the effective date of the policy.

1. Eligibility

The vehicle must be a private passenger vehicle as defined in Rule 27.

2. Verification

Arbella has elected to use a "short form" verification process as allowed in CAR Rule 31.B.5. Under the short form option, Arbella agrees to verify each rated operator's eligibility for the low frequency discount for each policy solely on the basis of the information used to compute the rated operator's merit rating adjustment under Rule 56 of this manual and the claim payments it makes under the provisions of the policy.

This discount only applies to Category 7. Refer to the Miscellaneous Rating Factor page for the applicable discount factor.

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Anti-Theft Device

Refer to Anti-Theft Devices Standards and Discounts Section.

Class 15

Premiums otherwise applicable to class 10 automobiles shall be reduced by 25% for insureds age 65 or older. If the principal operator becomes age 65 during the policy year, the class 10 premium must be adjusted as of that date. The premium adjustment shall be credited to the policyholder on that date unless that date is within sixty days of the expiration date of the policy, in which case the adjustment may be credited to the renewal policy. A notice of this classification change must be sent to the policyholder either prior to or with the proposed adjustment. The policyholder is required to notify the company of any change in operator usage which would affect entitlement to the discount. To apply the discount:

- Compute 75% of the class 10 rate for each part and display the exact dollar and cents results for each part.

The 25% discount is applied to the final premium for each part after all other discounts and rating factors have been completed. It is the last step in the rating process prior to the application of the Safe Driver Insurance Plan points or credit.

Annual Mileage Discount

A discount of the premium paid for Parts 1, 2, 3, 4, 5, 6, 7, 8 and 12 will be given to eligible policyholders on request, when the annual mileage of the vehicle falls into one of two categories. The discount will be based on the actual mileage driven in the previous policy year as determined by a comparison of two odometer readings, at least six months apart, from Registry of Motor Vehicle information or the Annual Mileage Discount Form and other standard automobile insurance forms available to the company. Refer to the Miscellaneous Rating Factors page for the applicable categories and discounts.

1. Eligibility

The vehicle must be a private passenger vehicle as defined in Rule 27, except that vehicles classified as Antiques are not eligible. The company may request that the applicant for the discount complete the Annual Mileage Discount Form approved by the Commissioner of Insurance for the verification of eligibility for the discount.

2. Verification

The company may use the odometer readings provided by the applicant on the Annual Mileage Discount Form or other standard forms available to the company, in order to verify the mileage driven in the past year. The company shall compute the annualized difference between the odometer reading at the time of application and the previous odometer reading to determine eligibility. If a vehicle replaces a vehicle which is receiving the discount, the annual mileage of the prior vehicle will be attributed to the replacement vehicle.

The company may use information from the Vehicle Inspection System of the Registry of Motor Vehicles to verify annual mileage. The difference in the two most recent odometer readings reported by the Registry, if at least six months apart, shall be annualized to determine eligibility for the discount. If the Registry reports only one reading, which is more than six months before the application for the discount, the applicant may provide a current odometer reading on the Annual Mileage Discount Form, and the difference shall be annualized to determine eligibility.

If two odometer readings, at least six months apart, are not available to the company through the Registry of Motor Vehicles, the Annual Mileage Discount Form or other standard forms, the vehicle is not eligible for the annual mileage discount.

3. Application of Discount

The applicable discount applies to rates otherwise determined for each insured vehicle by coverage, limits purchased, territory, driver class, and model year and symbol prior to the application of points or credit under the Safe Driver Insurance Plan.

Passive Restraint Discount

A discount of the premium paid for Parts 2, 3, 6 and 12 will be given to eligible policyholders for qualifying vehicles which contain occupant safety features approved by the Commissioner of Insurance. These features are: an airbag installed for either the driver's seating position or both front outboard designated seating positions or an automatic seatbelt installed for either the driver's seating positions or both front outboard designated seating positions. Refer to the Miscellaneous Rating Factors page for the applicable discount.

Advanced Driver Training

A discount will be applied to parts 1, 2, 4, 5 and 7 for an insured who is assigned a rate class of either 25 or 26 and has successfully completed both the basic and advanced driver training courses as prescribed by the MA Registry of Motor Vehicles. The qualifying advanced driver training courses include only those given by the advanced driver training schools approved by the MA Registry. This discount will apply only to

private passenger type vehicles. The discount can be added to a policy at any time during the term and will be removed once the driver is no longer a class 25 or 26.

Refer to Rule 11 for the application of the discount and refer to the Miscellaneous Rating Factors page for the applicable discount.

Loyalty Discount

A discount will be applied to the total policy premium for an insured whose automobile policy has been insured with one of the companies within the Arbella Insurance Group for at least twelve consecutive months. It can be added to a policy only as of the effective date and cannot be added midterm. The discount will be removed once a policy has no longer been in effect for 12 consecutive months.

An exception may be allowed for a policy which is part of a book transfer and has been insured with the agent for at least twelve consecutive months.

An exception may be allowed on a policy that has not been insured for twelve consecutive months, but the insured has one or more other private passenger automobile policies that have been insured with one of the companies within the Arbella Insurance group for at least twelve consecutive months.

This discount will not apply to a policy in Category 7. Refer to Rule 11 for the application of the discount and refer to the Miscellaneous Rating Factors page for the applicable discount.

Multi-Vehicle Policy Discount

A discount will be applied to parts 1, 2, 4, 5, 7, 8 and 9 for a policy that covers two or more automobiles, motor homes, motorcycles, trailers, or any combination. The discount can be added to a policy at any time during the term. The discount will be removed once a policy no longer has multiple vehicles.

This discount will not apply to a policy in Category 7. Refer to Rule 11 for the application of the discount and refer to the Miscellaneous Rating Factors page for the applicable discount.

Account Credit Discount

A discount will be applied to the total policy premium for an insured that has:

- a. one or more additional personal lines policies insured with one of the companies within the Arbella Insurance Group, subject to agent verification, or
- b. an HO-3, HO-4 or HO-6 with the Fair Plan or another company that does not write Massachusetts private passenger automobile policies. This homeowners policy must be written by the same agent who writes the automobile policy.

This discount will apply only when the other policy is a personal lines policy other than an auto. The discount can be added to a policy at any time during the term. The discount will be removed once the insured no longer has at least one additional qualifying personal lines policy with the Arbella Insurance group or a Homeowners policy with the Fair Plan or another company that does not write MA private passenger automobile policies.

For the purposes of this discount, the inexperienced children of Arbella insureds receiving the Account Credit may also receive the account credit on their policies while residing with their parents.

This discount will not apply to a policy in Category 7. Refer to Rule 11 for the application of the discount and refer to the Miscellaneous Rating Factors page for the applicable discount.

Student Away at School Discount

A discount will be applied to parts 1, 2, 4, 5, 7, and 9 for a rated inexperienced operator provided that each of the following criteria is met:

- a) The operator is classified in operator classes 17, 18, 20, 21, 25, 26.
- b) The operator is a student residing at an accredited educational institution over 100 road miles from the automobile's place of principal garaging.
- c) The student operator does not have regular access to the covered vehicle while at school.

This discount will apply only to private passenger type vehicles except vehicles classified as antiques are not eligible.

This discount will not apply to a policy in Category 7. Refer to the Miscellaneous Rating Factors page for the applicable discount.

Hybrid or Electric Vehicle Discount

A discount for parts 1, 2, 4, 5, 7, 8, and 9 will be applied for qualified hybrid vehicles that use two or more distinct power sources to propel the vehicle or for qualified vehicles propelled solely by an electric power source.

This discount will apply only to private passenger type vehicles except vehicles classified as antiques are not eligible.

This discount will not apply to a policy in Category 7. Refer to the Miscellaneous Rating Factors page for the applicable discount.

Arbella Advantage

A discount will be applied to the total policy premium of a new business policy submitted through Arbella.com for an insured that has:

- a) One or more additional personal lines policies other than auto insured with one of the companies within the Arbella Insurance Group, subject to agent verification, or
- b) An HO-3, HO-4 or HO-6 for a primary residence insured with the Fair Plan or through Privilege Underwriters Reciprocal Exchange. This homeowners policy must be written by the same agent who writes the automobile policy.

This discount will apply at new business and then continue to apply upon the first renewal. Eligible policyholders must have had their most recent auto insurance with a company other than Arbella. The discount may be removed once the insured no longer has at least one additional qualifying personal lines policy with the Arbella Insurance group or a Homeowners policy with the Fair Plan.

An eligible policy must include vehicles of the private passenger type or motor homes/camper bodies. Vehicles classified as antiques or motorcycles are not eligible to receive this discount. Refer to Rule 11 for the application of the discount and refer to the Miscellaneous Rating Factors page for the applicable discount.

Driver Simulator Discount

Beginning 5/1/10, a discount will be applied to parts 1, 2, 4, 5 and 7 on a vehicle for which the rated operator is an insured who is assigned a rate class of either 25 or 26 and has successfully completed the basic driver training and an advanced driver training program that has both simulator based and on-line components and is preapproved by Arbella. This discount will apply only to private passenger type vehicles. This discount can be added to a policy at any time and will be removed once the driver is no longer a class 25 or 26.

Refer to Rule 11 for the application of the discount and refer to the Miscellaneous Rating Factors page for the applicable discount.

Marketing Partners Discount

A discount will be applied to the policy when an insured has a verifiable business relationship* with a marketing partner of Arbella during the 12 months preceding the policy effective date and is continuously enrolled in either Electronic Funds Transfer (EFT) or has paid their policy in full at the time of the submission of the new business application or by the policy's effective date at renewal. *A verifiable business relationship is defined as an individual who is a verifiable financial contributor to an IRS Section 501(c)(3) organization.

The discount will be removed if any of these conditions are no longer met. Refer to Rule 11 for the application of the discount and refer to the Miscellaneous Rating Factors page for the applicable discount.

Paid In Full Discount

A discount will be applied to the total policy premium for an insured whose automobile policy has been paid in full. For new business, full payment must be made with the down payment. For renewal business, full payment must be made by the first installment due date. This discount can only be added to a policy as of the policy's effective date and cannot be added midterm.

Policies with finance company payments do not qualify for the discount. This discount will not apply to a policy in Category 7 and cannot be combined with our Marketing Partners Discount.

Refer to Rule 11 for the application of the discount and refer to the Miscellaneous Rating Factors page for the applicable discount.

Continuous Coverage

The premium for Parts 1, 2, 4 and 5 will be reduced following Arbella's verification of a rated operator's eligibility for the continuous coverage discount. The discount shall apply to each rated operator that has been insured without a lapse in coverage under an automobile insurance policy for the 12 month period preceding the effective date of the policy. A rated operator is considered continuously insured if the operator was the named, listed, or rated insured on an automobile insurance policy for the 12 month period preceding the effective date of the policy.

1. Eligibility

The vehicle must be a private passenger vehicle as defined in Rule 27.

To be eligible for the discount when the policy is first written by Arbella, a copy of the coverage selections page confirming coverage up to the effective date of the new policy for any or all of the operator(s) listed on the application must be attached to the new business application submitted to Arbella in accordance with CAR Rule 31.B.5. Rated operators that are not eligible for the continuous coverage discount are:

- a. Operators that have been licensed less than 12 months;
- b. Operators that are new to Massachusetts who cannot demonstrate proof of licensing for the previous 12 months and are assigned to Class 20 or 21 in accordance with rule 28.B of this manual are not eligible for the continuous coverage discount;
- c. Operators assigned as the rated operator on a vehicle according to Rule 28 of this manual when the policy is first written by the company for whom a copy of the prior policy coverage selection page(s) indicating that the operator was insured up to the effective date of the new policy has not been furnished; and
- d. Any operators insured under a policy written by Arbella that is cancelled due to non-payment of premium and results in a lapse in coverage at any time during the policy's term.

2. Verification

Upon timely receipt of the prior policy coverage selections page for an operator that will be a rated operator under the policy, Arbella shall verify that operator's eligibility for the continuous coverage discount using the Uninsured Motorist System of the Registry of Motor Vehicles, direct confirmation of continuous coverage with the prior insurer shown by the prior policy coverage selection page, or other reputable vendors of automobile insurance coverage information.

For rated operators who are new to Massachusetts that can demonstrate licensure for the 12 months preceding the policy effective date, Arbella shall attempt to verify the operator's eligibility for the discount through direct confirmation of continuous coverage with the prior insurer shown by the prior policy coverage selection page, or other vendors of automobile insurance coverage information. If eligibility for the discount cannot be confirmed through any of the verification processes described above, the discount shall not apply.

Continued eligibility for the discount at renewal shall be based on Arbella's internal policy records for the previous 12 months.

This discount only applies to Category 7. Refer to the Miscellaneous Rating Factor page for the applicable discount factor.

Low Frequency

The premium for Parts 1, 2, 4 and 5 will be reduced following Arbella's verification of a rated operator's eligibility for the low frequency discount. The discount shall apply to each rated operator that has 4 or less merit rating points as defined in Rule 56 – Safe Driver Insurance Plan, and where a claim payment under any or all of the above coverage parts has not been made to or on behalf of the rated operator in connection with more than one accident during the three years preceding the effective date of the policy.

1. Eligibility

The vehicle must be a private passenger vehicle as defined in Rule 27.

2. Verification

Arbella has elected to use a "short form" verification process as allowed in CAR Rule 31.B.5. Under the short form option, Arbella agrees to verify each rated operator's eligibility for the low frequency discount for each policy solely on the basis of the information used to compute the rated operator's merit rating adjustment under Rule 56 of this manual and the claim payments it makes under the provisions of the policy.

This discount only applies to Category 7. Refer to the Miscellaneous Rating Factor page for the applicable discount factor.