

MASSACHUSETTS PRIVATE PASSENGER AUTOMOBILE INSURANCE MANUAL

Standards for Suspension of Physical Damage Coverage for Failure to Inspect

If an inspection is not conducted prior to the expiration of the deferral period specified in 211 CMR 94.07 (1), Physical Damage Coverage on the Private Passenger Motor Vehicle is automatically suspended at 12:01 a.m. on the day following the tenth calendar day allowed by 211 CMR 94.07(1), and will continue until the inspection is effected.

Commerce will reinstate Physical Damage Coverage effective at the time of inspection, in accordance to the Regulation, if the Applicant thereafter requests an inspection.

Standards and Procedures for Inspection

- (1) Pre-insurance Inspections required or permitted pursuant 211 CMR 94.00 will be conducted by an Authorized Representative of Commerce at a time and place reasonably convenient to the Applicant. A reasonable convenient time shall include, in addition to customary business hours, sufficient early morning, evening and weekend hours. A reasonably convenient place shall not be more than five miles from the city or town where the Private Passenger Motor Vehicle is principally garaged.
- (2) (a) Any forms issued by Commerce to the Applicant, for presentation to the Authorized Representative will not contain the Vehicle Identification Number (VIN) of the motor vehicle to be inspected.

(b) The Inspection will:
 1. be recorded in the Motor Vehicle Pre-Insurance Inspection Report;
 2. include two color photographs of the Private Passenger Motor Vehicle;
 3. include a close-up color photograph showing the Vehicle Identification Number (VIN) located on the Environmental Protection Agency/Federal Certification Label (EPA) sticker affixed to the driver's side door jamb. The photograph will be of sufficient clarity that the information contained on the EPA sticker and the VIN is legible. If the EPA sticker is damaged, faded, missing or otherwise not legible, a photograph of the EPA sticker or of the area of the door jamb where the sticker normally is located still is required.
(c) The Authorized Representative will take additional photographs showing any damaged areas of the Private Passenger Motor Vehicle.

(d) The inspection information and photographs must be sent immediately to Commerce which will be retained for three years as provided by the Regulation.
- (3) Commerce will maintain an up-to-date list of all its authorized representatives and inspection sites.
- (4) There will be no additional or separate charge to the Applicant in connection with an inspection of a Private Passenger Motor Vehicle.

RULE 56. MERIT RATING PLAN

The following is an overview of the terms of the Merit Rating Plan and its impact on underlying rates.

Experience Period

Each listed operator on a policy is assigned a merit rating based on the operator's driving record. The merit rating adjustment is a percentage multiplied by the otherwise applicable premium that reflects the number, type, and age of at fault accidents and traffic violations of the operator during the policy experience period. The percentage can be either positive or negative.

The policy experience period is the six years immediately preceding the effective date of the policy.

The merit rating adjustment will be determined based on the calculation consistent with the Merit Rating Board.

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Determination of Merit Rating Code

Points are assigned to an operator for each of the following at-fault accidents and traffic violations that occurred during the five years immediately preceding the effective date of the policy:

Minor traffic law violation	2 points	Major at-fault accident	4 points
Minor at-fault accident	3 points	Major traffic law violation	5 points

An "at-fault" accident is one in which the company determines that the involved operator is more than 50% at fault. An at-fault accident is defined as minor or major if it resulted in a claim payment for bodily injury liability, damage to someone else's property, collision or limited collision based on the table below:

If the accident occurred prior to July 1, 2015

<u>Minor Accident</u>	<u>Major Accident</u>
<u>Total claim payment of at least \$500 and up to \$2,000.</u>	<u>Total claim payment of more than \$2,000.</u>

If the accident occurred on or after July 1, 2015

<u>Minor Accident</u>	<u>Major Accident</u>
<u>Total claim payment of more than \$1,000 and up to \$5,000.</u>	<u>Total claim payment of more than \$5,000.</u>

If the most recent at fault accident or traffic violation occurred less than three years prior to the policy effective date, the operator's merit rating code will equal the sum of the points accumulated for at-fault accidents and traffic violations that occurred during the five years immediately preceding the effective date of the policy. If the most recent at fault accident or traffic violation occurred more than three years prior to the policy effective date, and the number of at fault accidents or traffic violations in the past five years is three or less, the points assigned to each incident shall be reduced by one, and the total number of points assigned to the operator shall be the sum of those reduced points. In no event shall the points for any at fault accident or traffic violation be reduced below zero.

Points are not assigned to a non-criminal minor motor vehicle traffic law violation if it is the first such violation or if it occurs in the sixth (oldest) year in the six year policy experience period.

If there are no at-fault accidents or traffic violations attributable to an operator during the six years immediately preceding the policy effective date, the operator's merit rating code is 99. If there are no at-fault accidents or traffic violations attributable to an operator during the five years immediately preceding the policy effective date, the operator's

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merit rating code is 98. In addition, a merit rating code of 98 will be assigned to an operator with at least 5 years of experience, with an incident free period equal to or greater than three, with 1 minor non criminal traffic violation that occurred in the 4th, 5th or 6th year of the experience period.

In determining the merit rating adjustment for motorcycles, the merit rating code for a motorcycle operator is the merit rating code otherwise determined unless the operator is classified as inexperienced under Rule 44 and the otherwise applicable merit rating code for the operator is 98 or 99.

The motorcycle rating code will be determined as follows:

Years of Motorcycle Experience	Operator Merit Rating Code	Motorcycle Merit Rating Code
5 but less than 6	99	98
	98	98
Less than 5	99	00
	98	00

Accident Forgiveness – CIC 2209

Accident Forgiveness means that Commerce will waive and not assign points for an at-fault accident under the Merit Rating Plan if:

1. The policy was endorsed with this coverage at the time the accident occurred;
2. The operator involved in the accident is listed on the Coverage Selections Page at the time of the accident and the Merit Rating Board has posted for the at fault accident to the account of the operator; and
3. The operator involved in the accident was not deferred or excluded from coverage.

If Accident Forgiveness was applied in a prior term of this policy, Commerce will continue to waive the points for that accident until: (1) the accident no longer qualifies for points under the Company's Merit Rating Plan; (2) this endorsement is removed; or (3) there is a lapse in coverage.

Conditions

- At the time this endorsement is initially purchased all operators on the policy must have a merit rating code of: 99, 98, 00, 01, 02, 03, or 04.
- Only one at-fault accident per policy will be forgiven at any point in time.
- Where there are multiple at-fault accidents per policy, the oldest eligible accident will be forgiven.
- The Merit Rating Board's surcharge date is used to determine which at-fault accident is the oldest.
- Any other accidents that occur while one accident is being forgiven, will not qualify for Accident Forgiveness unless the surcharge for the older at-fault accident is reversed by the Board of Appeals.

Removal of Accident Forgiveness

Commerce will remove this endorsement and Accident Forgiveness will no longer apply if:

1. at any point in time during the policy period the insured requests removal of this endorsement; or
2. the insured adds an operator to their policy who has a merit rating code of 05 or greater.

Points previously waived for an accident will be assigned in accordance with our Merit Rating Plan as of the date that this coverage is removed.

Where there has been a lapse in coverage, the policy will automatically be reinstated with this endorsement, if eligible. Accident Forgiveness will apply only to subsequent accidents in accordance with the terms of the endorsement.

There is a charge to the policy premium for accident forgiveness to apply. Refer to the Rate Manual for the applicable factor.

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If the accident occurred prior to July 1, 2015

<u>Minor Accident</u>	<u>Major Accident</u>
Total claim payment of at least \$500 and up to \$2,000.	Total claim payment of more than \$2,000.

If the accident occurred on or after July 1, 2015

<u>Minor Accident</u>	<u>Major Accident</u>
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If Accident Forgiveness was applied in a prior term of this policy, Commerce will continue to waive the points for that accident until: (1) the accident no longer qualifies for points under the Company's Merit Rating Plan; (2) this endorsement is removed; or (3) there is a lapse in coverage.

Conditions

- At the time this endorsement is initially purchased all operators on the policy must have a merit rating code of: 99, 98, 00, 01, 02, 03, or 04.
- Only one at-fault accident per policy will be forgiven at any point in time.
- Where there are multiple at-fault accidents per policy, the oldest eligible accident will be forgiven.
- The Merit Rating Board's surcharge date is used to determine which at-fault accident is the oldest.
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Removal of Accident Forgiveness

Commerce will remove this endorsement and Accident Forgiveness will no longer apply if:

1. at any point in time during the policy period the insured requests removal of this endorsement; or
2. the insured adds an operator to their policy who has a merit rating code of 05 or greater.

Points previously waived for an accident will be assigned in accordance with our Merit Rating Plan as of the date that this coverage is removed.

Where there has been a lapse in coverage, the policy will automatically be reinstated with this endorsement, if eligible. Accident Forgiveness will apply only to subsequent accidents in accordance with the terms of the endorsement.

There is a charge to the policy premium for accident forgiveness to apply. Refer to the Rate Manual for the applicable factor.

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Calculation of Premium Adjustment

The merit rating adjustment is multiplied by the otherwise applicable premium for Part 1 - Compulsory Bodily Injury, Part 2 - Personal Injury Protection, Part 4 – Damage to Someone Else’s Property, Part 5 – Optional Bodily Injury and Part 7 - Collision.

The merit rate adjustment is the last step in the rating process after all discounts and rating factors have been applied to the premium. Refer to the Rate Manual for the applicable factor.

INCREASED LIMITS TABLES

Unless otherwise specified, the basic limits rates are for \$20,000/\$40,000 bodily injury (Parts 1 and 5) and \$5,000 property damage (Part 4). The charge for bodily injury increased limits is determined by applying the factors shown on the Increased Limits Tables to the total of Part 1 premium and Part 5 basic limits premium and then subtracting the Part 1 premium. Refer to the Rate Manual for the applicable factors.

RULE 57. RESERVED FOR FUTURE USE

RULE 58. REGISTRY OF MOTOR VEHICLES PROCEDURES

The following is a general summary of Registry of Motor Vehicles procedures. For specific details about procedures, contact the Registry.

Registration Requirements

A Registration is required for all vehicles and trailers. A complete “RMV-1” form must be submitted, along with the previous owner’s title or certificate of origin, or a bill of sale for a vehicle that has not been titled previously.

Six to eight weeks prior to the expiration date of registration, the Registry will mail an “RMV-2” renewal card, which will show the current registration data for the owner of the vehicle and the vehicle. Certain changes may be made by the owner on the application.

An “RMV-3” Amendment of Registration form may be used to change information on a current registration, renew a current registration if an “RMV-2” form has not been received, swap from one license plate to another type of plate, such as a vanity plate, and re-register a vehicle for the same owner, if a new title is not required.

Registration Transfer

Valid plates from a previously-owned vehicle may be transferred to a newly acquired vehicle provided the owner is at least eighteen and has lost possession of the vehicle through either a transfer of ownership or sale of the vehicle.

An owner has seven (7) calendar days to operate a newly acquired vehicle with current plates before the transfer is processed at the Registry, and the intent of the owner is to transfer the registration from the previous vehicle to a newly acquired vehicle of the same type.

Restrictions on a registration transfer are: the owner must be the same on both vehicles, the transferred registration must be active, and the new vehicle must have the same type of plate.

Salvage Title

All vehicles for which an insurance company has made a total loss payment must be titled as a salvage vehicle except for vehicles 10 years or older. A vehicle which has a Salvage Title may not be provided with physical damage insurance until a new Certificate of Title is issued by the Registry. The Reconstructed or Recovered Theft Title will be awarded after the vehicle has passed a salvage inspection. The vehicle must be either towed to the salvage inspection site or a repair plate must be attached.

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If the accident occurred prior to July 1, 2015

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1. at any point in time during the policy period the insured requests removal of this endorsement; or
2. the insured adds an operator to their policy who has a merit rating code of 05 or greater.

Points previously waived for an accident will be assigned in accordance with our Merit Rating Plan as of the date that this coverage is removed.

Where there has been a lapse in coverage, the policy will automatically be reinstated with this endorsement, if eligible. Accident Forgiveness will apply only to subsequent accidents in accordance with the terms of the endorsement.

There is a charge to the policy premium for accident forgiveness to apply. Refer to the Rate Manual for the applicable factor.