

21. TRANSPORTATION NETWORK DRIVER COVERAGE

A. Coverage

Coverage may be provided for a transportation network driver for a specific period of time, as described in the coverage endorsement.

1. Transportation Network Driver Coverage (No Passenger) provides an option to purchase coverage for participation as a transportation network driver for the period of time from when the driver logs into a "transportation network platform" up until a passenger has entered the vehicle.
2. Limited Transportation Network Driver Coverage (No Passenger) provides an option to purchase coverage for participation as a transportation network driver for the period of time from when the driver logs into a "transportation network platform" up until the driver accepts a request through the "transportation network platform" to transport a passenger.

B. Premium Determination

1. Refer to the Rate pages to determine base rates for the desired coverage(s) for the territory where the vehicle is most frequently operated as a transportation network vehicle.

2. In accordance with Rule 3. Premium Determination, determine the classification rating factors with the exception of the mileage and use classifications, for the desired coverage(s).
3. Determine the Transportation Network Driver Coverage Incremental Mileage Factor using Table 21.B.3. For purposes of this coverage, the Transportation Network Driver Coverage Incremental Mileage Factor equals the incremental annual mileage attributable to the specific period of time transportation network driver coverage is provided, as described in the corresponding endorsement.

Note

Mileage used to determine the Transportation Network Driver Coverage Mileage Factor should not be included in the mileage used to determine the Mileage Primary Classification Factor in accordance with Rule 4. Primary Classifications.

PERSONAL VEHICLE MANUAL

21. TRANSPORTATION NETWORK DRIVER COVERAGE
(Cont'd)

Incremental Mileage Factors For Transportation Network Driver Coverage		
Yearly Miles Driven	BI, PD, SL, Med Pay/PIP, UM, UIM Factor	Comp/Collision Factor
0 – 500	0.005	0.004
501 – 1,000	0.014	0.010
1,001 – 1,500	0.023	0.017
1,501 – 2,000	0.031	0.023
2,001 – 2,500	0.040	0.030
2,501 – 3,000	0.048	0.036
3,001 – 3,500	0.055	0.041
3,501 – 4,000	0.063	0.047
4,001 – 4,500	0.070	0.052
4,501 – 5,000	0.077	0.058
5,001 – 5,500	0.084	0.063
5,501 – 6,000	0.091	0.068
6,001 – 6,500	0.098	0.073
6,501 – 7,000	0.104	0.077
7,001 – 7,500	0.111	0.082
7,501 – 8,000	0.117	0.086
8,001 – 8,500	0.123	0.091
8,501 – 9,000	0.129	0.095
9,001 – 9,500	0.135	0.099
9,501 – 10,000	0.140	0.104
10,001 – 10,500	0.146	0.108
10,501 – 11,000	0.151	0.112
11,001 – 11,500	0.157	0.115
11,501 – 12,000	0.162	0.119
12,001 – 12,500	0.167	0.123
12,501 – 13,000	0.172	0.127
13,001 – 13,500	0.177	0.130
13,501 – 14,000	0.182	0.134
14,001 – 14,500	0.187	0.137
14,501 – 15,000	0.192	0.141
15,001 – 16,000	0.199	0.146
16,001 – 17,000	0.208	0.152
17,001 – 18,000	0.217	0.158
18,001 – 19,000	0.225	0.165
19,001 – 20,000	0.234	0.171
20,001 – 21,000	0.242	0.176
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22,001 – 23,000	0.257	0.187
23,001 – 24,000	0.265	0.193
24,001 – 25,000	0.272	0.198
25,001 – 26,000	0.279	0.203
26,001 – 27,000	0.286	0.208

27,001 – 28,000	0.293	0.213
28,001 – 29,000	0.300	0.218
29,001 – 30,000	0.307	0.222
30,001 – 31,000	0.313	0.227
31,001 – 32,000	0.320	0.231
32,001 – 33,000	0.326	0.235
33,001 – 34,000	0.332	0.240
34,001 – 35,000	0.338	0.244
35,001 – 36,000	0.344	0.248
36,001 and Over	0.350	0.252

Table 21.B.3. Incremental Mileage Factors For Transportation Network Driver Coverage

- To determine the premium for Bodily Injury & Property Damage Liability (or Single Limit Liability), Medical Payments/Personal Injury Protection Coverage, Comprehensive and Collision Coverages, multiply the applicable coverage base rate by the classification rating factors, the Transportation Network Driver Coverage Mileage Factor and the Transportation Network Driver Coverage Use Factor shown in Table 21.B.4.

Transportation Network Driver Coverage Use Factor
1.35

Table 21.B.4. Transportation Network Driver Coverage Use Factor

- To determine the premium for Uninsured Motorists and Underinsured Motorists Coverages, multiply the applicable loss cost by the Transportation Network Driver Coverage Factor shown in Table 21.B.3.

C. Endorsements

Attach the Transportation Network Driver Coverage (No Passenger) Endorsement or the Limited Transportation Network Driver Coverage (No Passenger) Endorsement to the policy. If either endorsement is attached, do **not** attach the Public Or Livery Conveyance Exclusion Endorsement.



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18. INCREASED LIMITS (Cont'd)

B. Medical Payments Increased Limits

This form of auto insurance, at a limit of liability not less than \$5,000, shall be offered under every auto liability policy delivered or issued for delivery to the owner of a motor vehicle registered or principally garaged in Massachusetts.

The following table contains the factors to be applied to the basic \$5,000 Medical Payments Coverage limit rate:

Limit	Factor
\$ 5,000	1.00
10,000	1.47
25,000	2.11
50,000	2.53
75,000	2.74
100,000	2.88

19. MISCELLANEOUS TYPES

Rule 19. is revised as follows:

B. Trailers and Camper Bodies Designed for Use With Private Passenger Autos and Pickups

The following is added to Paragraph B.:

PERSONAL INJURY PROTECTION

A Personal Auto Policy affording Personal Injury Protection Coverage covers trailers designed for use with a private passenger auto, pickup or van, and camper bodies designed for use with a pickup, without additional premium charge and without specific description of the trailer or camper body.

C. Motorcycles, Mopeds, Motorscooters, Motorbikes, Go-Carts and Any Other Similar Motor Vehicles Not Used for Business Purposes

The following are added to the Liability Section of this rule:

Motorcycle Pedestrian Personal Injury Protection

For motorcycles, PIP Coverage is only provided to pedestrians. A motorcycle is any motor vehicle having a seat or saddle for the use of a rider and designed to travel on not more than three wheels in contact with the ground, including any bicycle with a motor or a driving wheel attached, except a tractor or a motor vehicle designed for the carrying of golf clubs and not more than four persons, an industrial three-wheel truck or a motor vehicle on which the operators and passengers ride within an enclosed cab.

Charge 6% of the otherwise applicable Personal Injury Protection premium for Motorcycle Pedestrian PIP Coverage.

Motorcycle Rider Training Program Discount

A 10% Motorcycle Rider Training Course Discount shall be applied to the Single Limit Liability (or Bodily Injury and Property Damage Liability), Personal Injury Protection, Medical Payments, and Collision premiums for motorcycles, provided the principal operator of the motorcycle has a completion certificate dated within the most recent 36 months which certifies that he or she has successfully completed a motorcycle rider training course.

This Discount shall apply:

- a. To new and renewal policies with inception dates within the 36 month period following the course completion date.
- b. Only to the motorcycle principally operated by the insured with the course completion certificate.
- c. Only once to each such motorcycle regardless of the number of operators with course completion certificates.

20. RATING TERRITORIES

Rule 20. does not apply in Massachusetts.

21. TRANSPORTATION NETWORK DRIVER COVERAGE

Paragraph B. is replaced by the following:

B. Premium Determination

1. In accordance with Rule 3. Premium Determination:
 - a. For Experienced Operators, determine the classification rating factors with the exception of the use classification, for the desired coverage(s).
 - b. For Inexperienced Operators, determine the classification ratings factors for the desired coverage(s).
2. Determine the Transportation Network Driver Coverage Incremental Mileage Factor using Table 21.B.2. For purposes of this coverage, the Transportation Network Driver Coverage Incremental Mileage Factor equals the incremental annual mileage attributable to the specific period of time transportation network driver coverage is provided, as described in the corresponding endorsement.

Note

Mileage used to determine the Transportation Network Driver Coverage Incremental Mileage Factor should not be included in the mileage used to determine the Annual Mileage Discount in accordance with Rule 4.C.6.

21. TRANSPORTATION NETWORK DRIVER COVERAGE
(Cont'd)

Incremental Mileage Factors For Transportation Network Driver Coverage		
Yearly Miles Driven	BI, PD, SL, Med Pay/PIP, UM, UIM Factor	Comp/Collision Factor
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35,001 – 36,000	0.344	0.248
36,001 and Over	0.350	0.252

Table 21.B.2. Incremental Mileage Factors For Transportation Network Driver Coverage

- To determine the premium for Experienced and Inexperienced Operators for Bodily Injury & Property Damage Liability (or Single Limit Liability), Medical Payments/Personal Injury Protection Coverage, Comprehensive and Collision Coverages, multiply the applicable coverage base rate for the territory where the vehicle is most frequently operated as a transportation network vehicle by the classification rating factors, the Transportation Network Driver Coverage Incremental Mileage Factor and the Transportation Network Driver Coverage Use Factor shown in Table 21.B.3.

Transportation Network Driver Coverage Use Factor
1.35

Table 21.B.3. Transportation Network Driver Coverage Use Factor

- To determine the premium for Uninsured Motorists and Underinsured Motorists Coverages, multiply the applicable base rate by the Transportation Network Driver Coverage Incremental Mileage Factor shown in Table 21.B.2.



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**PERSONAL VEHICLE MANUAL
 GENERAL RULES**

The material shown below is new

21. TRANSPORTATION NETWORK DRIVER COVERAGE

A. Coverage

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B. Premium Determination

1. Refer to the Rate pages to determine base rates for the desired coverage(s) for the territory where the vehicle is most frequently operated as a transportation network vehicle.
2. In accordance with Rule 3. Premium Determination, determine the classification rating factors with the exception of the mileage and use classifications, for the desired coverage(s).
3. Determine the Transportation Network Driver Coverage Incremental Mileage Factor using Table 21.B.3. For purposes of this coverage, the Transportation Network Driver Coverage Incremental Mileage Factor equals the incremental annual mileage attributable to the specific period of time transportation network driver coverage is provided, as described in the corresponding endorsement.

Note

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Incremental Mileage Factors For Transportation Network Driver Coverage		
Yearly Miles Driven	BI, PD, SL, Med Pay/PIP, UM, UIM Factor	Comp/Collision Factor
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8,001 – 8,500	0.123	0.091
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12,001 – 12,500	0.167	0.123
12,501 – 13,000	0.172	0.127
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25,001 – 26,000	0.279	0.203
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28,001 – 29,000	0.300	0.218
29,001 – 30,000	0.307	0.222
30,001 – 31,000	0.313	0.227
31,001 – 32,000	0.320	0.231
32,001 – 33,000	0.326	0.235
33,001 – 34,000	0.332	0.240
34,001 – 35,000	0.338	0.244
35,001 – 36,000	0.344	0.248
36,001 and Over	0.350	0.252

Table 21.B.3. Incremental Mileage Factors For Transportation Network Driver Coverage

4. To determine the premium for Bodily Injury & Property Damage Liability (or Single Limit Liability), Medical Payments/Personal Injury Protection Coverage, Comprehensive and Collision Coverages, multiply the applicable coverage base rate by the classification rating factors, the Transportation Network Driver Coverage Mileage Factor and the Transportation Network Driver Coverage Use Factor shown in Table 21.B.4.

Transportation Network Driver Coverage Use Factor
1.35

Table 21.B.4. Transportation Network Driver Coverage Use Factor

5. To determine the premium for Uninsured Motorists and Underinsured Motorists Coverages, multiply the applicable loss cost by the Transportation Network Driver Coverage Factor shown in Table 21.B.3.

C. Endorsements

Attach the Transportation Network Driver Coverage (No Passenger) Endorsement or the Limited Transportation Network Driver Coverage (No Passenger) Endorsement to the policy. If either endorsement is attached, do **not** attach the Public Or Livery Conveyance Exclusion Endorsement.



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21. TRANSPORTATION NETWORK DRIVER COVERAGE

Paragraph **B.** is replaced by the following:

B. Premium Determination

1. In accordance with Rule 3. Premium Determination:

a. For Experienced Operators, determine the classification rating factors with the exception of the use classification, for the desired coverage(s).

b. For Inexperienced Operators, determine the classification ratings factors for the desired coverage(s).

2. Determine the Transportation Network Driver Coverage Incremental Mileage Factor using Table 21.B.2. For purposes of this coverage, the Transportation Network Driver Coverage Incremental Mileage Factor equals the incremental annual mileage attributable to the specific period of time transportation network driver coverage is provided, as described in the corresponding endorsement.

Note

Mileage used to determine the Transportation Network Driver Coverage Incremental Mileage Factor should not be included in the mileage used to determine the Annual Mileage Discount in accordance with Rule 4.C.6.

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Yearly Miles Driven	BI, PD, SL, Med Pay/PIP, UM, UIM Factor	Comp/Collision Factor
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<u>1,001 – 1,500</u>	<u>0.023</u>	<u>0.017</u>
<u>1,501 – 2,000</u>	<u>0.031</u>	<u>0.023</u>
<u>2,001 – 2,500</u>	<u>0.040</u>	<u>0.030</u>
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Table 21.B.2. Incremental Mileage Factors For Transportation Network Driver Coverage

3. To determine the premium for Experienced and Inexperienced Operators for Bodily Injury & Property Damage Liability (or Single Limit Liability), Medical Payments/Personal Injury Protection Coverage, Comprehensive and Collision Coverages, multiply the applicable coverage base rate for the territory where the vehicle is most frequently operated as a transportation network vehicle by the classification rating factors, the Transportation Network Driver Coverage Incremental Mileage Factor and the Transportation Network Driver Coverage Use Factor shown in Table 21.B.3.

Transportation Network Driver Coverage Use Factor
1.35

Table 21.B.3. Transportation Network Driver Coverage Use Factor

4. To determine the premium for Uninsured Motorists and Underinsured Motorists Coverages, multiply the applicable base rate by the Transportation Network Driver Coverage Incremental Mileage Factor shown in Table 21.B.2.



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Introduction of Transportation Network Driver Coverage Rule and Rating Provisions

Introduction

Recently, there has been growing attention to the rapid emergence of Transportation Network Companies (TNCs), also known as ride-sharing service providers, which generally enable peer-to-peer arrangement of vehicular transportation services, often on very short notice generally utilizing online-enabled smart phone applications or digital networks. This type of service typically operates in part by matching drivers with passengers who request a ride via an online-enabled smart phone application or digital network.

Based on Staff research, a typical scenario involving these services may include the following events:

Via a mobile application, passengers in search of a ride may locate drivers in close proximity by providing their location. A passenger may request a ride which may then be accepted by a participating driver. Methods of payment, including tip, may be submitted through this mobile application, as compared to submitting traditional methods of payments such as credit cards or cash, provided at the end of the ride.

Recently, multiple states have responded to these ride-sharing services via legislation and/or regulatory notifications. Trends in such TNC-related legislation and regulations typically address the insurance coverage requirements for drivers participating with such TNCs. To date, the enacted legislation and effective regulatory notices generally do not mandate that personal automobile insurance policies provide such coverage.

About This Filing

In conjunction with the introduction of the optional multistate Transportation Network Driver Coverage endorsements, ISO is introducing newly developed multistate Rule 21. Transportation Network Driver Coverage to address related rating provisions.

New Rule

We are introducing Rule 21. Transportation Network Driver Coverage.

Related Filing(s)

Forms Filing PP-2015-OTNFR: Introduction of Reinforced Public or Livery Conveyance Exclusion and Related Optional Coverage Endorsements is being filed with a concurrent effective date.

Explanation of Changes

Rule 21. Transportation Network Driver Coverage contains the following:

- ◆ A description of Transportation Network Driver Coverage.
- ◆ Instructions for rating the transportation network driver coverage options. The instructions include the following information:
 - Incremental Mileage Factors For Transportation Network Driver Coverage.
 - A Transportation Network Driver Coverage Use Factor.
- ◆ Instructions relating to the attachment of the Transportation Network Driver Coverage endorsements to the policy.

Actuarial Support

Overview of Procedure

The loss cost applicable to Transportation Network Driver Coverage is dependent upon the amount of the insured's activity as a transportation network driver in the covered vehicle. The amount of activity is measured by the estimated annual miles driven in this capacity.

The formula to determine the loss cost for the transportation network driver coverage, applicable to BI, PD, SL, MP/PIP, Comprehensive and Collision coverages is as follows:

TNLC = Terr LC_{TNC} x Mileage Factor_{TNC} x Use Factor_{TNC} x PP RF, where

- ◆ TNLC = Transportation Network Driver Coverage Endorsements Loss Cost
- ◆ Terr LC_{TNC} = the base class loss cost for the territory representing the majority of Transportation Network Company (TNC) activity
- ◆ Mileage Factor_{TNC} = the incremental annual mileage attributable to covered TNC activity
- ◆ Use Factor_{TNC} = the factor representing use of the insured vehicle in a TNC capacity

- ◆ PP RF = the otherwise applicable rating factors pertaining to the covered vehicle (excluding territory base class loss cost, annual mileage, and vehicle use)

The formula to determine the loss cost for the transportation network driver coverage, applicable to Uninsured Motorists and Underinsured Motorists coverages is as follows:

TNLC = Terr LC_{TNC} x Mileage Factor_{TNC}, where

- ◆ TNLC = Transportation Network Driver Coverage Endorsements Loss Cost
- ◆ Terr LC_{TNC} = the applicable loss cost for the territory representing the majority of Transportation Network Company (TNC) activity
- ◆ Mileage Factor_{TNC} = the incremental annual mileage attributable to covered TNC activity

Explanation of Procedure and Determinations of Rating Factors

The typical vehicle used in TNC activity is an insured-owned private passenger auto whose operator engages in transportation network. As such, many of the driver-specific and vehicle-specific rating factors related to private passenger autos remain applicable to the insured engaging in TNC activity. However, to more accurately determine the additional unique exposure of the private passenger auto used for TNC activity, it is necessary to account for the area of operation rather than garaging location, the incremental TNC mileage, and the different type of use (driving behavior) generally inherent in TNC activity.

Due to greater demand for this type of service, TNC activity is more prevalent in urban and suburban areas than in rural locations. As such, the majority of TNC activity may take place in a rating territory different from the vehicle's garaging location. Since the transportation network driver coverage endorsements are designed to cover only the period of time in which certain specified transportation network activity occurs, the territory loss cost applicable to the primary location of the TNC activity more accurately captures the risk during the covered activity.

Since the volume of TNC activity can vary significantly among TNC participants, it is appropriate to differentiate the risks depending on the amount of TNC activity. The ISO Personal Auto Enhanced Class Plan introduced mileage factors that vary by the amount of miles the insured vehicle is driven annually. Since the transportation network driver coverage endorsements are designed to provide coverage only during TNC activity, the ISO mileage factors have been re-indexed to reflect only the incremental mileage attributable to covered TNC activity. These factors are displayed in Rule 21.

ISO has determined a "TNC use" factor that reflects the different type of driving conditions experienced by TNC drivers (this includes the demand for expeditious timeframes to respond to a ride request and to reach the arranged pick-up destination, driver distractions created, in part, by being connected to the TNC application during vehicle operation, driving to unfamiliar locations, etc.) than the driving conditions typically associated with the more traditional use characteristics (pleasure, drive to work, business and farm).

To determine the appropriate use factor for TNC activity, ISO made a comparison of personal auto and taxicab loss costs, put on a common basis, in order to measure the effect of using a personal auto in a TNC capacity. Since the optional endorsements currently being introduced in the ISO Personal Auto Program for Transportation Network Driver Coverage will not be applicable during the time the passenger is in the vehicle (commonly known as "phase 3"), the TNC factor need not be reflective of the additional liability associated with having another occupant in the covered vehicle. Therefore, by eliminating the "phase 3" component from the taxi loss cost while controlling for differences in the other underlying risk characteristics, the difference between the resulting taxi loss cost and a comparable personal auto risk loss cost would be attributable to the different types of use (including the additional mileage) between the two types of vehicles. By accounting for the additional miles for taxis, the remaining difference would be attributable to taxi (or TNC) usage.

ISO selected Collision coverage for this analysis since the presence of a passenger in the vehicle should not add to the overall taxicab risk, at least from a severity standpoint. Therefore, controlling other risk characteristics between taxis and private passenger autos, we determined a "taxi use" factor that we could apply to TNC operation.

ISO selected the current owner-operated taxi loss costs as the starting point in the analysis, as they share common characteristics where the owner-operator is likely to be more careful about their vehicle than the non-owner and therefore a closer match to the TNC operator of a private passenger auto. Both the taxi and personal automobile collision base loss costs utilized are on a \$500 deductible level. To remove geographical bias, the statewide owner-operator taxi base loss costs were weighted on the personal auto distribution of exposures by state. The resulting multistate loss cost is approximately \$515. To put the loss cost on an average vehicle age basis, the average age factor applicable to taxis of 0.85 was applied. Applying the average age factor of 0.85 to the base loss costs and weighing on the personal auto exposure distribution by state yielded an average multistate collision loss cost of about \$438 for owner-operated taxis.

For the personal auto collision loss costs, the first adjustment was to account for the observation that taxis are likely to be concentrated in the more urban areas within a state. To make the personal auto loss costs comparable, ISO first

determined the median current base class loss cost for each state. We then weighed only the territories whose loss costs were greater than or equal to the statewide median loss cost in determining a statewide loss cost for each state. The result was an average statewide loss cost that reflected concentration in the more populous (high cost) territories. Weighing the resultant state loss costs on the same state exposure distribution used in determining the multistate taxi loss cost yielded a multistate collision base loss cost of about \$302 for the personal autos. Applying average age and symbol factors yielded an overall average multistate collision loss cost of about \$275.

Comparing the adjusted multistate owner-operated taxi loss cost to the adjusted multistate personal auto loss costs yields a ratio of $\$438/\$275 = 1.59$. This factor represents the difference in type of usage between taxis and personal autos. However, since the proposed TNC rating formula contains a separate mileage variable, the effect of mileage on the overall usage must be accounted for.

Based on publically available information, it is estimated that the average taxi is driven between 70,000 to 90,000 miles annually. However, owner-operated taxis are discounted from regular taxis since they are typically not subject to "double-shift" usage. Therefore, we judgmentally selected 40,000 miles as the average annual miles for owner-operated taxis.

According to data provided on the Federal Highway Administration website, the average annual mileage per driver for personal autos is about 13,500. Assuming this represents the average mileage per personal auto, the expected increase in collision loss costs due to the additional mileage can be derived from the physical damage mileage chart contained in ISO's enhanced class plan. Using a 13,500 mile base, the increase in loss costs for annual mileage of 40,000 is 1.177. Dividing the overall taxi usage factor of 1.59 by the 1.177 mileage factor yields a "pure" taxi or TNC use factor of $1.59/1.177 = 1.351$.

Based on this, ISO has selected a TNC usage factor of 1.35 to be applicable to Bodily Injury, Property Damage, Single Limit Liability, Medical Payments/Personal Injury Protection, Comprehensive and Collision coverages.

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Massachusetts State-Specific Rules Supplement

About This Filing

This filing is being submitted as a supplement to the introduction of multistate Rule **21**. Transportation Network Driver Coverage to address rating provisions related to the optional multistate Transportation Network Driver Coverage endorsements.

Revised Rules

We are revising Rule **21.B**. Premium Determination.

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

Background

In multistate filing PP-2015-RTNRU, in conjunction with the introduction of the optional multistate Transportation Network Driver Coverage endorsements, we introduced multistate Rule **21**. Transportation Network Driver Coverage in the **multistate** Personal Vehicle Manual - General Rules to address related rating provisions.

Explanation of Changes

To accommodate the Massachusetts exceptions to Rules **3**. Premium Determination and **4**. Classifications in the multistate Personal Vehicle Manual - General Rules, including the use of mileage to determine an Annual Mileage Discount, we are replacing Paragraph **B**. of multistate Rule **21**. Transportation Network Driver Coverage.

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