

RULE 41. STATED AMOUNT COVERAGE

Parts 7, 8 and 9

A motor vehicle may be insured on a stated amount basis when it can be clearly established that its value will produce an inadequate premium charge using normal rating procedures. In such case, the vehicle may be rated as follows:

1. An appraisal shall be made at the time of application to establish the current market value of the vehicle. The insurer shall verify the accuracy of the appraisal.
2. Using the appraised value and the vehicle's model year, refer to Rule 22 to determine the symbol group. Obtain the stated amount rate from the Stated Amount Rate Page in this manual. Apply the rate obtained from this Stated Amount Rate Page to each \$100 of the appraised valuation. For Symbol 17 and above use the Symbol 17 rate.

Endorsement MPY-0027-S titled Stated Amount Coverage must be issued with the policy

RULES 42. RESERVED FOR FUTURE USE

RULE 43. LOW SPEED VEHICLES

The term "low speed vehicle" shall include any 4-wheel motor vehicle that has a seventeen digit Vehicle Identification Number (VIN), has been issued a Certificate of Origin, has a gross vehicle weight rating (GVWR) of less than 3000 pounds, and has a top speed greater than 20 mph but not greater than 25 mph. The motor vehicle must be National Highway Traffic Safety Administration (NHTSA) certified as a "Low Speed Vehicle" demonstrated by the Certificate of Origin listing the body style as "LSV" or "Low Speed Vehicle" or by the Manufacturer's Certification Label posted on the vehicle containing the VIN and indicating the Type of Vehicle as "LSV" or "Low Speed Vehicle."

Rates for low speed vehicles are based on the class 10 rate times a factor. Refer to the Miscellaneous Motor Vehicles section for rating methods and factors. Annual mileage, multi-car, continuous coverage, low frequency, and class 15 discounts apply. Low speed vehicles shall be eligible for a 20% discount if the vehicle is equipped with a Vehicle Recovery System which falls under Category IV of the Anti-Theft Device Standards and Discounts, as defined in Rule 54. This discount is applicable to Comprehensive coverage or other combinations of specified perils which afford Theft coverage.

The merit rating status shall be determined as follows:

1. The merit rating status of operators shall be assigned to low speed vehicles in order of the highest merit rating status, after assignment to other private passenger vehicles on the policy.
2. if only one operator is listed on the policy, the merit rating status assigned to the low speed vehicle will reflect the merit rating status of the operator.
3. if the merit rating status of each listed operator has been used in rating an automobile on the policy, any remaining low speed vehicles shall be assigned the lowest merit rating status of the listed operators.

The merit rating adjustment shall be determined using the merit rating factor defined in Rule 56 applicable to Class 10 operators.

RULE 44. MOTORCYCLES, MOTORSCOOTERS, MOPEDS AND SIMILAR MOTOR VEHICLES

Experienced or inexperienced operator classifications apply to coverage parts 1, 2, 4, 5, 7 and 8. The experienced operator classification is applied when the operator of the motorcycle has been licensed to operate a motorcycle for at least six years. The inexperienced operator class is applied when the operator of the motorcycle has been licensed to operate a motorcycle for less than six years, or holds a motorcycle permit. When an inexperienced operator classification is applied to a motorcycle, the rates for parts 1, 2, 4, 5, 7 and 8 must be multiplied by a factor of 1.50. The merit rating assigned to an operator on a private passenger automobile insurance policy, if available, shall also be applied to the motorcycle policy. Operators assigned to motorcycles will also be considered for assignment to automobiles listed on the policy in accordance with Rule 28.

If there is more than one operator on a policy, the operators shall be assigned to the motorcycles in the order which produces the highest Combined Premium. The Combined Premium is the sum of the premium for Parts 1, 2, 4, 5, 7, 8 and 9 for the operator's classification, including the 25% discount for operators age 65 and over, and the operator's

MASSACHUSETTS PRIVATE PASSENGER AUTOMOBILE INSURANCE MANUAL

Miscellaneous Motor Vehicles

	LIABILITY	PHYSICAL DAMAGE
Pick-Up (Rule 32)	Manual Rates	Part 7 - 60% (reduction not applicable to Waiver of Deductible premium) Part 8 - Manual Rate Part 9 – 90%
Trailers (Rule 34)	No Charge	Parts 7, 8 and 9 50% Latest Model Year shown in Rate Pages, Territory 1, Class 10 Symbol based on Cost New
Motor Homes (Rule 39)	Manual Rates	Parts 7 and 8 - 50% Part 9 – Manual Rate
<u>Low Speed Vehicles (Rule 43)</u>	<u>Parts 1,4, and 5:</u> <u>50% of Class 10</u> <u>Parts 2,3,6, and 12:</u> <u>100% of Class 10</u> <u>Annual mileage, multi-car, continuous coverage, low frequency, class 15 discounts apply (Rule 19)</u>	<u>Parts 7 and 8:</u> <u>75% of Class 10</u> <u>Part 9:</u> <u>50% of Class 10</u> <u>Annual mileage, multi-car, class 15 discounts apply (Rule 19)</u> <u>20% Anti-Theft discount applies for vehicles equipped with Category IV device (Rule 54)</u> <u>Symbol based on Cost New (Rule 22)</u>
Motorcycles, etc. (Rule 44) Motorcycle Rider Training Program Discount - 10% Parts 1-8 and 12 Insureds age 65 or older - 25% All Parts		

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The merit rating assigned to an operator on a private passenger automobile insurance policy shall also be assigned to the low speed vehicle policy.

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If there is more than one operator on a policy, the operators shall be assigned to the motorcycles in the order which produces the highest Combined Premium. The Combined Premium is the sum of the premium for Parts 1, 2, 4, 5, 7, 8 and 9 for the operator's classification, including the 25% discount for operators age 65 and over, and the operator's merit rating adjustment. Any motorcycles remaining after assignment of all operators shall be assigned the classification and merit rating adjustment producing the lowest Combined Premium for the listed operators. If an inexperienced operator is the only listed operator of the motorcycle on the policy, all motorcycles shall be assigned an inexperienced operator classification.

Personal Injury Protection coverage for any operator or occupant of a motorcycle is excluded under the policy. The Personal Injury Protection premium in the rate pages must be charged for all motorcycles subject to the Compulsory

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Massachusetts Private Passenger Residual Market Automobile

Low Speed Vehicle Rule and Rates

In accordance with Massachusetts General Laws Chapter 90, Section 1, the Massachusetts registry of motor vehicles began issuing registrations for low speed vehicles effective July 31, 2009. Under the statute, qualifying vehicles are subject to compulsory insurance requirements. Further, operation of low speed vehicles on public ways is prohibited from “limited access” and “express state highways” and any portion of other roads where the speed limit exceeds 30 miles per hour. Low speed vehicles may also be prohibited from other highly trafficked areas due to their inherent speed limitations. Finally, low speed vehicles are subject to federal safety regulations.

Commonwealth Automobile Reinsurers is proposing the attached Manual Rule and Rates for low speed vehicles effective August 1, 2010. Exhibit 1 identifies the proposed Manual Rule defining the low speed vehicle classification and outlining rating procedures. Exhibit 2 displays the rating factors and procedures.

Rating Factors:

In the absence of historical data, CAR considered the vehicle characteristics, restricted operation, and safety regulations to determine the risk associated with this exposure and to propose rates accordingly. Specifically, CAR is proposing the following rating factors be applied to class 10 rates.

- Due to the small, light weight vehicle characteristics and the travel restrictions, the risk of injury to other people and damage to other vehicles and property is less than that for regular private passenger vehicles. Accordingly, CAR proposes rates for parts 1, 4 and 5 equal to 0.50 times the class 10 rate.
- Conversely, the small, light weight characteristics provide less protection to drivers of these vehicles during accidents, potentially increasing loss severity. However, the restricted use of these vehicles might decrease loss frequency. In the

absence of historical data, CAR, therefore, proposes rates for parts 2, 3, 6 and 12 equal to 1.0 times the class 10 rates.

- The use of class 10 rates as the basis for physical damage coverages will ensure that the rates are symbol-based and reflect the value of the vehicle. While the low speed and limited use of the vehicles might represent a lower potential for collision loss, the likelihood of a total loss may be greater. CAR therefore proposes that the part 7 and 8 rates be equal to 0.75 times the class 10 rates. Given the lack of historical data and the unknown risk of comprehensive losses, CAR proposes that the part 9 rate be equal to 0.50 times the class 10 rate.

Discounts:

In determining whether discounts identified in Rule 19 apply to low speed vehicles, CAR proposes the following:

- Since it is anticipated that policyholders purchasing coverage for low speed vehicles do so with the intent to limit the use of standard private passenger vehicles for economic and environmental impacts, CAR determines that the annual mileage and multicar discounts would apply. The low expected volume of registered vehicles would not materially impact the discount offset factor determined for the residual market rate effective April 1, 2010.

- Due to the vehicle characteristics, these vehicles would likely be difficult to protect from theft risk. Accordingly, CAR proposes adoption of the anti-theft discount in accordance with that afforded motorcycle risks. That is, low speed vehicles shall be eligible for a 20% discount, applicable to comprehensive coverage or other combinations of specified perils which afford theft coverage, if the vehicle is equipped with a Vehicle Recovery System which falls under Category IV of the Anti-Theft Device Standards and Discounts, as defined in Rule 54.

- CAR proposes that all other discounts, including class 15, continuous coverage, and low frequency discounts, apply.

Merit Rating Status:

CAR proposes that merit rating points be assigned for rating purposes consistent with current motorcycle rule.

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