

Parts 1 through 9 and Part 12 may be subject to more than one discount. In such case, the order of discounts shall be (1) annual mileage, (2) multi-car, (3) passive restraint, (4) anti-theft, (5) continuous coverage, (6) low frequency, (7) book transfer and (8) class 15.

5. Apply the appropriate merit rating adjustment to the premium developed in step 4.

NOTE: A discount of the premiums paid for Parts 4 and 7 will be given to eligible policyholders who provide evidence of purchase of eleven monthly passes or tickets from a qualified public transit system during the policy period. Refer to Rule 19. The discount is applied to the premium developed in step 5.

6. Add the rate associated with the Auto Elite Program under Rule 2, if applicable, to the total vehicle premium developed.

7. **Coverage Rate Capping:** Coverage rate capping only applies to renewal business. It applies to premium changes that result from the proposed rate plan, rather than from risk-related changes to the policy characteristics and coverage selections.

Coverage rate capping does not apply to the vehicles and coverages which are newly added to the policy on the policy effective date or at any point during the policy effective period. However, it will apply to them on subsequent renewals.

Coverage rate capping is applied at the Vehicle-Coverage level. The coverages that are subject to this capping include Bodily Injury (Mandatory BI + Optional BI), Personal Injury Protection, Property Damage, Collision, and Comprehensive.

The capped premiums of each coverage of each vehicle are derived as follows,

1. Calculate the premiums using the rates in effect 12 months prior to the renewal effective date. The policy characteristics on the renewal policy effective date are utilized.
If Coverage Rate Capping and/or MAIP Rate Capping have been applied to the premiums of the expiring term, the same capping factor(s) should be applied to the premiums calculated in this step
2. Calculate the premiums using the rates in effect for the renewal effective date. The policy characteristics on the renewal policy effective date are utilized.
3. Determine the coverage rate capping factor (RCF)
 - a. If the ratio of the premium calculated in (2) over the premium calculated in (1) is greater than 1.25, then $RCF = (\text{the premium calculated in (1)} * 1.25) / \text{the premium calculated in (2)}$;
 - b. If the ratio of the premium calculated in (2) over the premium calculated in (1) is less than 0.80, then $RCF = (\text{the premium calculated in (1)} * 0.80) / \text{the premium calculated in (2)}$;
 - c. In all other situations, $RCF = 1.00$
4. The capped premium for the renewal policy term is: $RCF * \text{the premium calculated in (2)}$.

The coverage rate capping factor will not change due to any mid-term endorsements. It remains on the Vehicle-Coverage for the whole policy term or until the vehicle or coverage is removed.

8. MAIP rate capping for Basic Coverage Package Premium: MAIP rate capping applies to both new business and renewal business.

MAIP rate capping applies to the total premiums of the basic coverage package of each vehicle. The coverages included in package are 20/40 Bodily Injury (including both Mandatory and Optional BI), \$8,000 Personal Injury Protection (no deductibles), \$5,000 Property Damage, and 20/40 Uninsured Motorist Coverage. For the purpose of this capping, any coverage is excluded from the basic coverage package if the actually purchased limit and/or deductible are different from what is specified above.

MAIP rate capping only applies to operators that meet both of the following criteria:

1. The rated operator has been continuously insured without a lapse in coverage during the 12 months preceding the effective date of the policy;
2. At the time the coverage selections page is issued, the rated operator has accrued no more than 4 merit rating points under the CAR private passenger automobile insurance rate manual.

MAIP rate capping does not apply to any miscellaneous type vehicles, including antique motor cars, antique motorcycles, motorcycles (including motor scooters, mopeds and similar motor vehicles), trailers and motor homes/camper bodies. MAIP rate capping is applied as follows:

1. Determine whether a vehicle is subject to this capping and which coverages are applicable.
2. Calculate NGM premiums of each applicable coverage.
Coverage rate capping is applied as appropriate.
3. Calculate the applicable basic coverage package premium of NGM by summing all the premiums from (2).
4. Calculate MAIP premiums of each applicable coverage. The effective date of the MAIP rates are 10/1/2013.
5. Calculate the applicable basic coverage package premium of MAIP by summing all the premiums from (4).
6. Determine the MAIP capping factor (MCF):
$$\text{MCF} = \text{MINIMUM} [(3), (5)] / (3)$$
7. The capped premium of each applicable coverage is: $\text{MCF} * \text{the premium calculated in (2)}$.

Rule 12. Whole Dollar Premium Rule

The premium for each exposure shall be rounded at each interim step to two decimal places except that the results shall be rounded to the nearest whole dollar after each application of Class 15 Discount, SDIP, Group Discount and Public Transit Discount. The final calculation shall always be rounded to the nearest whole dollar, separately for each coverage provided by the policy.

This procedure shall apply to all interim premium adjustments, including endorsements or cancellations at the request of the insured. In the case of cancellation by the company, the return premium may be carried to the next higher whole dollar.

The Motorcycles premium for each exposure shall be rounded at each step to the nearest whole dollar, separately for each coverage provided by the policy.

NOTE: The premium for "each exposure" means the premium developed for each coverage for each automobile after the application of all applicable discounts.

Rule 16. Deductibles-Parts 7, 8 and 9

Deductibles higher than the standard deductible are available for Collision, Limited Collision and Comprehensive coverages including Fire, Theft and Combined Additional Coverage. Refer to the Miscellaneous Rating Factors page for applicable factors.

RULE 18. TERMINATION OF INSURANCE

A. Cancellations

The following provisions apply when a policy is cancelled:

1. If a policy is cancelled by the company at any time, or by the insured within thirty days of the effective date or within thirty days of the receipt of the policy, whichever is later, the return premium shall be computed pro rata. "Policy" in this instance includes the copy of the coverage selections page.

If the policy is cancelled at the request of the insured later than thirty days from the effective date or later than thirty days from the receipt of the policy, whichever is later, the return premium shall be calculated on a short rate basis except that in the following cases the return premium shall be computed pro rata:

- a. If the insured has disposed of the automobile, provided the insured takes out a new policy in the same company on another automobile to become effective within thirty days of the date of cancellation.
 - b. If the insured automobile is repossessed under terms of a financing agreement.
 - c. If an automobile is cancelled from a policy, the policy remaining in force on other automobiles, or if there remains in force in the name of the insured or spouse, if a resident of the same household, and in the same company, a concurrent automobile policy covering another automobile.
 - d. If the insured enters the military service of the United States of America.
 - e. If the insured deletes or reduces any coverage and the policy remains in effect for other coverage.
2. Theft of Vehicle or Plates
 - a. If the insured automobile is stolen or destroyed (total or constructive total loss) and cancellation is requested by the insured within thirty days following the date the automobile is stolen or destroyed, the return premium for all coverages (including the premium for the coverages under which loss was paid) shall be calculated on a pro rata basis from the day following the date of such loss.

INCREASED LIMITS TABLES AND IMPLICIT SURCHARGE EXCLUSION FACTORS

Unless otherwise specified, the basic limits rates shown on the rate pages 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 the adjusted Part 1 premium and Part 5 basic limits premium and then subtracting the adjusted Part 1 premium.

Adjusted Part 1 premium is determined by applying the Implicit Surcharge Exclusion Factor to the Part 1 premium appearing in the Rate Pages for the particular territory and operator classification.

Implicit Surcharge Exclusion Factors								
Territory	Class	Class	Class	Class	Class	Class	Class	Class
	10	17	18	20	21	25	26	30
1	1.018	1.178	1.117	1.061	1.051	1.061	1.051	1.100
2	1.025	1.167	1.108	1.064	1.048	1.064	1.048	1.119
3	1.021	1.178	1.115	1.066	1.049	1.066	1.049	1.102
4	1.014	1.170	1.107	1.067	1.049	1.067	1.049	1.094
5	1.032	1.176	1.128	1.070	1.052	1.070	1.052	1.129
6	1.034	1.176	1.114	1.071	1.051	1.071	1.051	1.113
7	1.034	1.173	1.131	1.070	1.053	1.070	1.053	1.124
8	1.040	1.170	1.118	1.067	1.052	1.067	1.052	1.139
9	1.045	1.167	1.135	1.069	1.055	1.069	1.055	1.145
10	1.027	1.171	1.134	1.069	1.053	1.069	1.053	1.107
11	1.043	1.126	1.093	1.063	1.041	1.063	1.041	1.138
12	1.048	1.148	1.118	1.067	1.054	1.067	1.054	1.185
13	1.061	1.161	1.138	1.070	1.055	1.070	1.055	1.144
14	1.072	1.145	1.110	1.067	1.047	1.067	1.047	1.200
15	1.065	1.142	1.140	1.072	1.058	1.072	1.058	1.156
16	1.092	1.132	1.102	1.055	1.054	1.055	1.054	1.219
17	1.038	1.119	1.079	1.067	1.038	1.067	1.038	1.162
18	1.088	1.149	1.136	1.054	1.051	1.054	1.051	1.227
19	1.076	1.147	1.087	1.067	1.052	1.067	1.052	1.170
20	1.103	1.158	1.150	1.063	1.044	1.063	1.044	1.150
21	1.119	1.155	1.122	1.063	1.057	1.063	1.057	1.183
22	1.138	1.146	1.104	1.057	1.064	1.057	1.064	1.294
23	1.054	1.101	1.092	1.050	1.050	1.050	1.050	1.111
24	1.072	1.094	1.089	1.041	1.033	1.041	1.033	1.250
25	1.057	1.124	1.149	1.064	1.047	1.064	1.047	1.132
26	1.061	1.137	1.073	1.061	1.048	1.061	1.048	1.131
27	1.013	1.169	1.114	1.065	1.048	1.065	1.048	1.089
40	1.025	1.126	1.125	1.057	1.066	1.057	1.066	1.051
41	1.056	1.137	1.110	1.062	1.051	1.062	1.051	1.177
42	1.036	1.143	1.111	1.058	1.048	1.058	1.048	1.088
43	1.085	1.161	1.134	1.059	1.046	1.059	1.046	1.154
44	1.061	1.111	1.104	1.048	1.047	1.048	1.047	1.196
45	1.088	1.182	1.148	1.071	1.058	1.071	1.058	1.148

Motorcycle (All Territories) 1.040							
Motorcycle Increased Limits Tables							
Damage to Someone Else's Property							
Limit:	\$5,000	\$10,000	\$15,000	\$25,000	\$35,000	\$50,000	\$100,000
Factor:	1.000	1.204	1.220	1.242	1.254	1.265	1.280
Bodily Injury to Others							
Limits:	20/40	20/50	25/50	25/60	35/80	50/100	100/100 100/200
Factor:	1.00	1.01	1.05	1.06	1.16	1.27	1.48 1.49
Limits:	100/300	200/400	250/500	250/1000	300/500	500/500	500/1000
Factor:	1.50	1.83	1.94	1.99	2.18	2.86	2.91

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**Massachusetts Personal Auto
NGM Insurance Company
RULE MANUAL EXPLANATORY**

Summary of changes: Due to programming limitations and to clarify when whole dollar and two decimal place rounding occurs we are revising our rule manual.

On Page MA-E-3 we removed the following, “The discount shall be rounded to two decimal places after each application”.

On Page MA-E-4 we added the following exceptions to rounding, Class 15 Discount, Motorcycles, SDIP, Group Discount and Public Transit.

On Page MA-E-26, we removed the following, “The result should be rounded to the nearest whole dollar amount only after all calculations have been completed”.

No other changes were made to the rules manual.
