

2. In like manner express the effective date of the policy by year and decimal part of a year and subtract from the cancellation date.
3. The difference, in the case of one year policies, represents the percentage of the annual premium which is to be retained by the carrier.

Examples:

Cancellation date September 22, 2010	2010.726
Effective date July 6, 2010	<u>2010.512</u>
	.214

Earned premium for one year policy term will therefore be .214 times the annual premium.

Cancellation date March 7, 2010	2010.181
Effective date December 15, 2009	<u>2009.956</u>
	.225

Earned premium for one year policy term will therefore be .225 times the annual premium.

NOTE: As it is not customary to charge for the extra day (February 29) which occurs one year in every four years, this table shall also be used for each such year.

The following additional provisions apply to policies with policy terms in excess of 12 months:

- a. If a policy written for a two year term is cancelled after twelve months, but less than twenty-four months, the earned premium shall be the first twelve months' premium plus the pro rata share of the annual premium for the second twelve months.
- b. If a policy written for a term in excess of one year, but less than two years, is cancelled after the first twelve months, the earned premium shall be computed on a pro rata basis in the following manner.

Example: 18 month policy term

No. of days in policy term	547
No. of days in effect	425
425) 547 = .777 pro rata factor	
.777 x total premium = earned premium	

Instructions for Short Rate Table:

1. Determine the pro rata earned premium in accordance with the previous instructions.
2. Add that factor to the following factor:

Policy Period Months in Effect		
in excess of	but less than	Factors
0	1	.000
1	2	.055
2	3	.050
3	4	.045
4	5	.040
5	6	.035
6	7	.030
7	8	.025
8	9	.020
9	10	.015
10	11	.010
11	12	.005

3. Apply the factor determined in 2 above to the annual premium to compute the percentage of the annual premium which is to be retained by the company.

Example:

Pro rata premium in example	.214
Short rate factor (policy in effect 2-3 months)	.050
	<u>.264</u>

Earned premium for annual policy cancelled on a short rate basis is .264 times the annual premium.

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 10/1/2016.
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.

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2. In like manner express the effective date of the policy by year and decimal part of a year and subtract from the cancellation date.
3. The difference, in the case of one year policies, represents the percentage of the annual premium which is to be retained by the carrier.

Examples:

Cancellation date September 22, 20 1097	20 1097 .726
Effective date July 6, 20 1097	<u>201097.512</u>
	.214

Earned premium for one year policy term will therefore be .214 times the annual premium.

Cancellation date March 7, 20 1097	20 1097 .181
Effective date December 15, 200 96	<u>20096.956</u>
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**Massachusetts Personal Auto
NGM Insurance Company
RULE MANUAL EXPLANATORY**

Summary of changes: NGM Insurance Company is revising its auto Rule Manual.

On page MA-E-4 of our rule manual, we are updating Rule 8 to state that when calculating rate capping, the effective dates of the MAIP rates used are 10/1/2016.

On page MA-E-6 of our rule manual, we are updating the dates within the example in Rule 18.F, Instructions for Use of Pro Rata or Short Rate Table. There is no substantive change with this update.

No page shifting occurred as a result of this change.

No other changes were made to the rules manual.

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