

**Preferred Mutual Insurance Company
Private Passenger Automobile Manual - Massachusetts**

Operator Criteria

- The rated operator has been continuously insured without a lapse in coverage during the 12 months preceding the effective date of the policy
- At the time the policy is issued, the rated operator has accrued no more than 4 merit rating points under the CAR private passenger automobile insurance rate manual, and a claim payment has not been made under any or all of the above coverages to or on behalf of the insured in connection with more than one accident during the three years preceding the effective date of the policy

Calculation of the BCP Adjustment

1. Calculate the total vehicle premium, using the MAIP rates and rules effective October 1, 2012
2. Calculate the total vehicle premium, using the Preferred Mutual rates and rules effective April 1, 2012
3. If the total vehicle premium for Preferred Mutual is larger than MAIP, calculate the BCP Adjustment as follows: MAIP premium divided by Preferred Mutual premium = BCP Adjustment
4. Apply the BCP Adjustment factor from #3 to the premium for each Preferred Mutual coverage
5. If the Preferred Mutual premium is equal to or smaller than the premium for MAIP, the BCP Adjustment factor is 1.00.

Rule 18. TERMINATION OF INSURANCE

Rule 18. A.1. is replaced by the following:

A. Cancellations

The following provisions apply when a policy is cancelled:

1. If a policy is cancelled by the company or by the insured at any time, the return premium shall be computed pro rata

Rule 18. F. is replaced by the following:

F. Instructions For Use of Pro Rata Table

1. Express the date of cancellation by year and decimal part of a year by combining the calendar year with the decimal appearing opposite the month and day in the Pro Rata Table, e.g., March 7, 2007, is designated as 2007.181.
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, 2007	2007.726
Effective date July 6, 2007	<u>2007.512</u>
	.214

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

Cancellation date March 7, 2007	2007.181
Effective date December 15, 2006	<u>2006.956</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 SHORT RATE CANCELLATION OF SHORT TERM POLICIES, Table 1 and Table 2 do not apply.

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RULE 57. FIRST ACCIDENT FORGIVENESS

The First Accident Forgiveness program is to be applied at renewal only. Only one qualifying accident will be forgiven per policy.

There will be a waiver of merit rating points for an incurred accident under this policy. The waiver will apply to both major and minor accidents.

Points will not be assigned if the following criteria have been met:

1. The incurred accident happens after the policy has been in force with Preferred Mutual Insurance Company for at least three (3) full consecutive years.
2. The policy is free of any at fault accidents during those three (3) full consecutive years referred to in 1. above.
3. No other accidents have been waived under this program on this policy.
4. The driver involved in the accident was insured on the policy at the time the accident occurred.

After these three (3) full consecutive years, the waiver will be applied on the first renewal following that incurred accident.

Accidents involving unlisted permissive users cannot be waived.

Only one accident will be waived for each eligible policy, regardless of the number of vehicles on the policy.

The waiver of this accident is for purposes of this Accident forgiveness program ONLY.

Waived accidents are still considered at fault for the purposes of applying other rules, such as the Massachusetts endorsement Waiver of Deductible.

The First Accident Forgiveness automatically applies if the eligibility guidelines are met.

UNDER RATE SECTION – MOTORCYCLES

The following is amended.

Commissions

The commission provisions incorporated into the motorcycle rates are as follows (as a percentage of premium):

Liability coverages	13%
Physical Damage coverages	13%

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