

Progressive Direct Insurance
MA Private Passenger Automobile Insurance
New Business Effective 06/01/2011
Renewal Effective 07/01/2011

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RULE 57. RATE CAPPING

Premium changes that result from the Company initiated changes to its rate plan, rather than customer-related changes to the "data profile" of the policy (e.g. speeding ticket), will be "capped" to comply with Division of Insurance Bulletin 2009-13. This capping is applied at the vehicle-coverage level by applying a premium capping factor. Premium capping will apply to the Bodily Injury (RBI + OBI), Personal Injury Protection, Property Damage, Collision and Comprehensive coverages.

On each renewal of a policy, prior to applying changes in the customer's data profile, the Company compares a vehicle's full term expiring premium to the premium the vehicle would pay upon renewal without a premium cap (i.e. the uncapped renewal premium) for each coverage. The ratio of full term expiring premium over the uncapped renewal premium is used to determine a rate stability and capping factor as follows:

Target Renewal Premium Cap – 6 Month Policies +/- 11.8%	Current Premium/Uncapped Renewal Premium = K K < 0.894	Rate Stability Factor K	Capping Factor 1.118
	0.894 ≤ K ≤ 1.134	1.00	1.000
	K > 1.134	K	0.882
Target Renewal Premium Cap – 12 Month Policies +/- 25%	Current Premium/Uncapped Renewal Premium = K K < 0.800	Rate Stability Factor K	Capping Factor 1.250
	0.80 ≤ K ≤ 1.333	1.00	1.000
	K > 1.333	K	0.750

Once the rate stability and capping factors have been determined, the final capped renewal premium is calculated by multiplying the rate stability factor and the capping factor by the renewal premium calculated using the updated data profile for the vehicle. Data profile elements include driver data (e.g., driving record and license status, and coverage history), selections made by the named insured (e.g., limits and deductibles, payment methods), vehicle data (e.g., garaging address changes), and driving data used in the Company's usage-based rating programs, when applicable.

When vehicles and coverages are newly added via endorsement, the premium capping feature is not applied to those vehicles and coverages. Premium capping will apply for subsequent changes and renewals.

There are situations where the Company may wish to allow new rating features or changes to existing features to affect the renewal premium. A new discount might be an example. In those situations, the new rating feature will be fully applied to the in force policies that qualify. All of these exceptions will be specified in the Company's rule filings for those features.

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MA Private Passenger Automobile Insurance
New Business Effective ~~11/19/2010~~ 06/01/2011
Renewal Effective ~~12/19/2010~~ 07/01/2011

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When vehicles and coverages are newly added via endorsement, the premium capping feature is not applied to those vehicles and coverages. Premium capping will apply for subsequent changes and renewals.

There are situations where the Company may wish to allow new rating features or changes to existing features to affect the renewal premium. A new discount might be an example. In those situations, the new rating feature will be fully applied to the in force policies that qualify. All of these exceptions will be specified in the Company's rule filings for those features.

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RULE 57. RATE CAPPING

Rate changes that result from the Company initiated changes to its rate plan, rather than customer-related changes to the "data profile" of the policy (e.g. speeding ticket), will be "capped", meaning they will generally not affect the customer's renewal premium. This capping is applied at the vehicle-coverage level by applying a rate capping factor. Rate Capping will apply to the Bodily Injury, Personal Injury Protection, Property Damage, Collision and Comprehensive coverages.

On each renewal of the policy, prior to applying changes in the customer's data profile, the Company compares a customer's capped rate to the rate the customer would pay under the rate plan if there was no rate capping (i.e. the uncapped rate). If the capped and the uncapped rates at the vehicle, coverage levels are within 11.8% for 6-month policies and 25% for annual policies, the Company charges the uncapped rate. If the difference is greater than 11.8% for 6-month policies and 25% for annual policies, the Company moves the rate for those coverages toward the uncapped rate by up to 11.8% for 6-month policies and 25% for annual policies.

There are situations where the Company may wish to allow new rating features or changes to existing features to affect the renewal rates. A new discount might be an example. In those situations, the new rating feature will be fully applied to the in force policies that qualify. All of these exceptions will be specified in the Company's rule filings for those features.

Data profile elements include driver data (e.g., driving record and license status, and coverage history), selections made by the named insured (e.g., limits and deductibles, payment methods), vehicle data (e.g., garaging address changes), and driving data used in the Company's usage-based rating programs, when applicable. A special result applies when vehicles and coverages are added via endorsement. In those cases, customers expect to see their rates change, so the Company turns off the rate capping feature completely to rate those vehicles and coverages, though rate capping is reactivated for subsequent changes and renewals.

The Progressive logo is displayed in a large, bold, italicized, sans-serif font. The letters are light gray and have a slight shadow effect, giving them a three-dimensional appearance. The word "PROGRESSIVE" is centered horizontally at the bottom of the page.