

**PRIVATE PASSENGER AUTOMOBILE INSURANCE MANUAL
EXCEPTION PAGES**

Transition Rating Rule

1. General

The Transition Rating Rule may be used when writing business from a non-Vermont Mutual Insurance Group company into the Vermont Mutual Insurance Company. Its purpose is to reduce policyholder disruption that may result from the transition into the Vermont Mutual Insurance Company's rating program as part of a merger, acquisition, obtaining of renewal rights or agent book transfer transaction.

2. Pricing Determination

- a. Obtain the annual expiring written premium for the policy being transitioned. This will hereby be referred to as the "transitioned policy premium".
- b. At the time of the transition,
 - (1) If the transitioned policy premium is greater than the Vermont Mutual Insurance Company's premium, the policy will be issued at the Vermont Mutual Insurance Company's premium.
 - (2) If the transitioned policy premium is less than the Vermont Mutual Insurance Company's premium, the policy will be issued as follows:
 - (a) If the difference between the transitioned policy premium and the Vermont Mutual Insurance Company premium is \$50 or less, the policy will be issued at the full Vermont Mutual Insurance Company premium.
 - (b) If the difference between the transitioned policy premium and the Vermont Mutual Insurance Company premium is \$51 - \$100, the policy will be issued at 6% less than the Vermont Mutual Insurance Company premium. The difference between the Vermont Mutual Insurance Company premium and the issued policy premium will hereby be referred to as the "original difference".
 - (c) If the difference between the transitioned policy premium and the Vermont Mutual Insurance Company premium is greater than \$100, the policy will be issued at 9% less than the Vermont Mutual Insurance Company premium. The difference between the Vermont Mutual Insurance Company premium and the issued policy premium will hereby be referred to as the "original difference".
- c. At the first, second and third renewal of the policy being transitioned, the policy will be increased annually by one-third of the original difference. On the third renewal the policy will be fully transitioned to the Vermont Mutual Insurance Company premium.

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 - (1) If the transitioned policy premium is greater than the Vermont Mutual Insurance Company's premium, the policy will be issued at the Vermont Mutual Insurance Company's premium.
 - (2) If the transitioned policy premium is less than the Vermont Mutual Insurance Company's premium, the policy will be issued as follows:
 - (a) If the difference between the transitioned policy premium and the Vermont Mutual Insurance Company premium is \$50 or less, the policy will be issued at the full Vermont Mutual Insurance Company premium.
 - (b) If the difference between the transitioned policy premium and the Vermont Mutual Insurance Company premium is greater than \$50, the policy will be issued at either the transitioned policy premium or 10% less than the Vermont Mutual Insurance Company premium, whichever is greater. The difference between the Vermont Mutual Insurance Company premium and the issued policy premium will hereby be referred to as the "original difference".
- c. At the first, second and third renewal of the policy being transitioned, the policy will be increased annually by one-third of the original difference. On the third renewal the policy will be fully transitioned to the Vermont Mutual Insurance Company premium.