

## VERMONT MUTUAL MASSACHUSETTS PERSONAL AUTOMOBILE MANUAL

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### **RULE 2. COVERAGES AND LIMITS**

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The types of coverages available in the Massachusetts Automobile Insurance Policy are:

#### **Compulsory Insurance Coverages**

##### **Part 1 - Bodily Injury To Others**

The basic limits are \$20,000 each person and \$40,000 each accident.

##### **Part 2 - Personal Injury Protection**

The basic limit is \$8,000 for each person. Refer to Rule 30 for available deductibles.

##### **Part 3 - Bodily Injury Caused By An Uninsured Auto**

The basic limits are \$20,000 each person and \$40,000 each accident. Increased limits are available. The limits may not exceed the limits of Part 5, or if Part 5 is not purchased, Part 1 of this policy. This coverage is excess over Personal Injury Protection.

##### **Part 4 - Damage To Someone Else's Property**

The basic limit is \$5,000 each accident. Increased limits are available.

#### **Optional Insurance Coverages**

##### **Part 5 - Optional Bodily Injury To Others**

The basic limits are \$20,000 each person and \$40,000 each accident. Increased limits are available.

##### **Part 6 - Medical Payments**

The basic limit is \$5,000 each person. Higher limits are available for all motor vehicles rated in this manual. This coverage is excess over Personal Injury Protection.

To amend policy language for medical payments coverage to prohibit the duplicate payment of medical expenses payable by a health insurance plan covering the injured person, the company shall attach Endorsement M-109-S to all policies.

##### **Part 7 - Collision**

This coverage is subject to a basic deductible of \$500. A deductible of \$300 is available subject to underwriting requirements established by the insurer, as permitted by law. Higher deductibles are available at the option of the insured. Waiver of Deductible is available at the option of the insured. Endorsement MPY-0016-S must be attached. This coverage is written on an actual cash value or stated amount basis.

##### **Part 8 - Limited Collision**

This coverage is subject to a basic deductible of \$500. Other deductibles or full coverage are available at the option of the insured. This coverage is written on an actual cash value or stated amount basis.

##### **Part 9 - Comprehensive**

This coverage is subject to a basic deductible of \$500. A deductible of \$300 is available subject to underwriting requirements established by the insurer, as permitted by law. Higher deductibles are available at the option of the insured. A separate \$100 glass deductible is also available at the option of the insured. Endorsement MPY-0039-S, titled \$100 Glass Deductible, must be issued with the policy. This glass deductible is in addition to the otherwise applicable deductible for Part 9. This coverage is written on an actual cash value, stated amount or agreed amount basis.

##### **Part 10 - Substitute Transportation**

This coverage pays for loss of use to a motor vehicle as a result of an accident or loss. Refer to page R-7 for applicable limits and premiums.

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### **Part 11 - Towing And Labor**

This coverage will pay up to \$50 or up to \$100 for towing and labor costs for each auto disablement. It is available only for private passenger motor vehicles, as defined in Rule 27. Refer to page R-7 for applicable limits and premiums.

### **Part 12 - Bodily Injury Caused By An Underinsured Auto**

The basic limits are \$20,000 each person and \$40,000 each accident. Increased limits are available. The limits may not exceed the limits of Part 5, or if Part 5 is not purchased, Part 1 of this policy. This coverage is excess over Personal Injury Protection.

### **Other Coverages Available Are For:**

Fire, Theft and Combined Additional Coverage subject to a basic deductible of \$500. Higher Deductibles are available at the option of the insured.

Theft coverage may be granted only in connection with Fire Coverage, and for a like amount in both cases.

These coverages are written on an actual cash value basis or stated amount basis.

Endorsement MPY-0031-S, titled Other Optional Insurance – Combined Additional Coverage, must be issued with the policy when this coverage is afforded.

Endorsement MPY-0028—S, titled Other Optional Insurance – Fire, Lightning and Transportation, must be issued with the policy when this coverage is afforded.

Endorsement MPY-0029-S, titled Other Optional Insurance – Theft, must be issued with the policy when this coverage is afforded.

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### RULE 4. STANDARD PROCEDURES

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#### A. Renewals

1. The company must mail the Coverage Selections Page not less than thirty days prior to policy expiration. The Coverage Selections Page may be accompanied by the Massachusetts Renewal Form.
2. The Company may elect to secure payment of a deposit premium. The premium quotation shall be based on the latest classification information and premium charges established for the renewal policy.
3. Failure to pay the deposit premium may result in cancellation of the policy. The specific reason for cancellation is non-payment of any required premium.

The Cancellation Notice must also contain the following statement:

"This cancellation will not take effect if the full amount due shown above is paid on or prior to the effective date of cancellation."

#### B. Non-Renewal

1. No company shall refuse to renew a policy unless written notice is given by the company to the insured, or the producer or broker producing the business, at least forty-five days prior to the expiration of the policy.
  - a. A notice required to be sent by the company to the insured may be by regular mail for which a certificate of mailing receipt has been obtained from the United States Postal Service. Unless another company has replaced the insurance, the notice should be electronically transmitted to the Registry of Motor Vehicles not earlier than the policy expiration date. If the insurance and registration are coterminous, it will not be necessary to notify the Registry of Motor Vehicles.
  - b. If the notice is required to be sent by the company to the producer or broker producing the business, such producer or broker shall, within fifteen days of receiving such notice, send a copy to the insured by regular mail for which a certificate of mailing receipt has been obtained from the United States Postal Service. The producer or broker must notify the company not later than the policy expiration date if the insurance is not replaced so that the company may, in turn, electronically transmit the notice to the Registry of Motor Vehicles. Notice to the company is not required if the insurance and registration are coterminous.

#### C. New Business

1. The producer is required to submit an Application for Massachusetts Motor Vehicle Insurance from the applicant.
2. The producer must verify that there is no automobile insurance premium owed to the former company or producer.
3. The producer of record must provide information necessary for a company to transmit data to the Registry of Motor Vehicles for each vehicle insured.

In addition to reporting the necessary information to the company, the producer shall prepare an RMV-3 form, accompanied by the appropriate fee, for processing by the Registry of Motor Vehicles.

4. At the same time this information is provided to the insurer, the producer of record shall notify the former producer of record, if known, and the former insurer that a certificate of coverage has been issued for the policy. The notice must be signed by the producer of record or issued on the insurer's letterhead and the notice must bear the Registry stamp of the insurer, which may be in electronic format. The notice may be in hard copy or electronic format.

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5. The notification of coverage transfer shall not be issued to the prior producer or insurer before the insurer of the replacement policy has actually received the required down-payment or first payment. The notification of coverage transfer shall be issued no later than 10 days after the day the replacement insurer receives the down-payment or first payment for the replacement policy.
6. Upon receipt of the notice of transfer of insurer, the former insurer shall:
  - a. discontinue coverage as of the date shown on a notice of transfer; and
  - b. compute the return premium, if any, as of the date shown on a notice of transfer.

No notice of cancellation is required.

### **D. Cancellation (Other Than Transfer of Insurer)**

1. Notice of cancellation must be given in a timely manner as required by Massachusetts law and shall include the specific reason(s) for cancellation.
2. The company must electronically notify the Registry of Motor Vehicles immediately upon the intended effective date of cancellation.

Refer to Rule 18.

## VERMONT MUTUAL MASSACHUSETTS PERSONAL AUTOMOBILE MANUAL

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### **RULE 29. PERSONAL VEHICLE SHARING ENDORSEMENT**

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Personal Vehicle Sharing programs, also known as Ride Sharing, or Car Sharing programs, are programs which are organized, by written agreement and for compensation, to enable the sharing of private passenger vehicles for use by an individual or entity.

To reinforce the policy's intent to not provide coverage for such programs, attach Endorsement M-108-S. The exclusion does not apply to Personal Injury Protection (Part 2).

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### \*RULE 56. MERIT RATING PLAN

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The merit rating plan is the Safe Driver Insurance Plan (SDIP) adopted in 2006. The following is an overview of the terms of the plan and its impact on underlying rates. For specific details, refer to Vermont Mutual Insurance Company and the administrative procedures of the Safe Driver Insurance Plan.

#### Surcharge Points/Experience Period

Each listed operator on a policy is assigned an Operator Surcharge Factor or a Credit Factor based on the operator's driving history record. The Operator Surcharge Factor is the factor applied to the otherwise applicable rate which reflects the number, type, and age of surchargeable incidents during the Policy Experience Period. The Credit Factor is either the Excellent Driver Discount, awarded to operators with

Incident-Free Periods of more than five but less than six years, or the Excellent Driver Discount Plus, awarded to operators with Incident-Free Periods of at least six years. The Experience Period is the six year period immediately preceding the effective date of the policy. The points will range from 0 to 45. The Merit Rating Board will compute and report to the Insurer the total number of operator Surcharge Points or Credits for each listed operator.

#### Operators New to Massachusetts

If an application for insurance indicates that an operator new to Massachusetts was licensed outside of Massachusetts within the last six years or such operator is being added to an existing policy, the operator's Policy Experience Period will begin as of the effective date of that policy until the company receives an authorized inquiry response from the Merit Rating Board indicating the operator's credit or surcharge points.

If an operator's Motor Vehicle Report (MVR) is electronically available, the company will be responsible for obtaining it from the state or country where the operator was licensed. Driving history on MVRs obtained from more than one state or country must be combined by the company and considered as one report. An acceptable MVR must have three years or more driving history, unless the operator has been licensed less than three years. If there are no motor vehicle violations or at-fault accidents shown on the MVR, the company must submit a policy inquiry to the Merit Rating Board in compliance with its Administrative Procedures. An operator's MVR with motor vehicle violations or at-fault accidents must be submitted to the Merit Rating Board. The Merit Rating Board will determine the operator's credit or surcharge points.

If an MVR is not electronically available, the operator's Policy Experience Period will begin as of the effective date of the policy until the company receives an authorized inquiry response from the Merit Rating Board with the operator's actual credit or surcharge points. The operator may obtain an official driving record or a record from a previous insurer and submit it to the company. If the driving record is not in English, a translation certified as true and correct by the translator must be obtained by the operator and attached to the driving record submitted to the company. An acceptable driving record must have three or more years driving history, unless the operator has been licensed less than three years. If there are no motor vehicle violations or at-fault accidents shown on the operator's record, the company must submit a policy inquiry to the Merit Rating Board in compliance with its Administrative Procedures. An operator's record with motor vehicle violations or at-fault accidents must be submitted to the Merit Rating Board. The Merit Rating Board will determine the operator's credit or surcharge points.

#### Classification of Surcharge Points

Surcharge points are assigned as follows:

Minor traffic law violation	2 points	Major at-fault accident	4 points
Minor at-fault accident	3 points	Major traffic law violation	5 points

An "at-fault" accident is one in which the company determines that the listed operator is more than 50% at fault.

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For accidents occurring prior to July 1, 2015, an at-fault accident is defined as minor only if it resulted in a claim payment for bodily injury liability, damage to someone else's property, collision or limited collision of at least \$500 and up to \$2,000. An at-fault accident is defined as major only if it resulted in a claim payment of more than \$2,000.

For accidents occurring on or after July 1, 2015, an at-fault accident is defined as minor only if it resulted in a claim payment for bodily injury liability, damage to someone else's property, collision or limited collision of more than \$1,000 and up to \$5,000. An at-fault accident is defined as major only if it resulted in a claim payment of more than \$5,000.

Surcharge points are not assigned to a non-criminal minor motor vehicle traffic law violation if it is the first such violation or if it occurs in the sixth (oldest) year in the operator's six year Policy Experience Period.

### Calculation of Premium Adjustment

The credit or surcharge factor is applied to Compulsory Bodily Injury (Part 1), PIP (Part 2), Property Damage (Part 4), Optional Bodily Injury (Part 5), and Collision (Part 7).

The premium adjustment is the last step in the rating process after all discounts and rating factors have been completed.

	<b>Experienced Operators</b>	<b>Inexperienced Operators</b>
	<b>Credit Factor</b>	<b>Credit Factor</b>
Excellent Driver Discount Plus (6 Years Incident-Free)	-0.25	
Excellent Driver Discount (5 Years Incident-Free)	-0.15	-0.15
	<b>Surcharge Factor</b>	<b>Surcharge Factor</b>
0 or more total points	See Chart Below	See Chart Below

Total operator points are based on the Incident Free Period. When the Incident Free Period is less than or equal to three, the total number of Surcharge Points applicable to the operator shall be the sum of the surcharge points identified for each Surchargeable Incident in the Policy Experience Period. When the Incident Free Period is greater than three and the total number of Surchargeable Incidents in the most recent five years of the Policy Experience Period is three or less, the Surcharge Points applicable to each incident shall be reduced by one and the total number of Surcharge Points applicable to the Operator shall be the sum of those reduced surcharge points. In no event shall the surcharge points for any single incident be reduced below zero.

### Assignment of Operators to Vehicles

The assignment of operators to vehicles is made in accordance with the provisions of Rule 28.

### Excellent Driver Discount and Excellent Driver Discount Plus

A percentage value will reflect the lower expected loss experience of operators with incident-free periods of more than five and less than six, and of at least six years, respectively, which may vary according to the affected Liability and Collision coverages, irrespective of the class and territory of the policy.

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**Merit Rating Plan**

Calculation of Credits and Surcharges  
 Factors to Apply to Otherwise Applicable Premiums \*

<u>Points</u>	<u>Experienced Operators</u>	<u>Inexperienced Operators</u>
	(Rate Class 10, 15 or 30) Parts 1, 2, 4, 5 and 7	(All Other Rate Classes) Parts 1, 2, 4, 5 and 7
<b>Credit Factors</b>		
Excellent Driver		
Plus	-0.250	NA
Excellent Driver	-0.150	-0.150
<b>No Credit/No Surcharge Factors</b>		
0	0.000	0.000
<b>Surcharge Factors</b>		
1	0.150	0.075
2	0.300	0.150
3	0.450	0.225
4	0.600	0.300
5	0.750	0.375
6	0.900	0.450
7	1.050	0.525
8	1.200	0.600
9	1.350	0.675
10	1.500	0.750
11	1.650	0.825
12	1.800	0.900
13	1.950	0.975
14	2.100	1.050
15	2.250	1.125
16	2.400	1.200
17	2.550	1.275
18	2.700	1.350
19	2.850	1.425
20	3.000	1.500
21	3.150	1.575
22	3.300	1.650
23	3.450	1.725
24	3.600	1.800
25	3.750	1.875
26	3.900	1.950
27	4.050	2.025
28	4.200	2.100
29	4.350	2.175
30	4.500	2.250
31	4.650	2.325
32	4.800	2.400
33	4.950	2.475

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34	5.100	2.550
35	5.250	2.625
36	5.400	2.700
37	5.550	2.775
38	5.700	2.850
39	5.850	2.925
40	6.000	3.000
41	6.150	3.075
42	6.300	3.150
43	6.450	3.225
44	6.600	3.300
45	6.750	3.375

\* Total policy credit or surcharge is determined by applying the above factors (for the appropriate points) to rates by coverage (after all applicable discounts and rating factors), rounding to the nearest whole dollar amount, and then summing the results for all coverages.

**\*INCREASED LIMITS TABLES**

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:

1. Applying the factors shown on the Increased Limits Tables to the Part 5 premium and,
2. Applying the factors shown in the Increased Limits Tables minus 1 to the Part 1 premium.
3. The amounts from 1. and 2. are added together to get the charge for bodily injury increased limits. This result should be rounded to the nearest whole dollar amount only after all calculations have been completed

Refer to Rate Section of the Manual for the Increased Limits Tables.

PRIVATE PASSENGER AUTOMOBILE INSURANCE MANUAL  
EXCEPTION PAGES

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**PERSONAL VEHICLE SHARING EXCLUSION**

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Attach Personal Vehicle Sharing Exclusion endorsement **M-0108-S** to all policies.

PRIVATE PASSENGER AUTOMOBILE INSURANCE MANUAL  
EXCEPTION PAGES

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**MEDICAL PAYMENTS ENDORSEMENT**

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Attach Medical Payments Endorsement **M-109-S** to all policies.

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## **RULE 2. COVERAGES AND LIMITS**

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The types of coverages available in the Massachusetts Automobile Insurance Policy are:

### **Compulsory Insurance Coverages**

#### **Part 1 - Bodily Injury To Others**

The basic limits are \$20,000 each person and \$40,000 each accident.

#### **Part 2 - Personal Injury Protection**

The basic limit is \$8,000 for each person. Refer to Rule 30 for available deductibles.

#### **Part 3 - Bodily Injury Caused By An Uninsured Auto**

The basic limits are \$20,000 each person and \$40,000 each accident. Increased limits are available. The limits may not exceed the limits of Part 5, or if Part 5 is not purchased, Part 1 of this policy. This coverage is excess over Personal Injury Protection.

#### **Part 4 - Damage To Someone Else's Property**

The basic limit is \$5,000 each accident. Increased limits are available.

### **Optional Insurance Coverages**

#### **Part 5 - Optional Bodily Injury To Others**

The basic limits are \$20,000 each person and \$40,000 each accident. Increased limits are available.

#### **Part 6 - Medical Payments**

The basic limit is \$5,000 each person. Higher limits are available for all motor vehicles rated in this manual. This coverage is excess over Personal Injury Protection.

To amend policy language for medical payments coverage to prohibit the duplicate payment of medical expenses payable by a health insurance plan covering the injured person, the company shall attach Endorsement M-109-S to all policies.

#### **Part 7 - Collision**

This coverage is subject to a basic deductible of \$500. A deductible of \$300 is available subject to underwriting requirements established by the insurer, as permitted by law. Higher deductibles are available at the option of the insured. Waiver of Deductible is available at the option of the insured. Endorsement MPY-0016-S must be attached. This coverage is written on an actual cash value or stated amount basis.

#### **Part 8 - Limited Collision**

This coverage is subject to a basic deductible of \$500. Other deductibles or full coverage are available at the option of the insured. This coverage is written on an actual cash value or stated amount basis.

#### **Part 9 - Comprehensive**

This coverage is subject to a basic deductible of \$500. A deductible of \$300 is available subject to underwriting requirements established by the insurer, as permitted by law. Higher deductibles are available at the option of the insured. A separate \$100 glass deductible is also available at the option of the insured. Endorsement MPY-0039-S, titled \$100 Glass Deductible, must be issued with the policy. This glass deductible is in addition to the otherwise applicable deductible for Part 9. This coverage is written on an actual cash value, stated amount or agreed amount basis.

#### **Part 10 - Substitute Transportation**

This coverage pays for loss of use to a motor vehicle as a result of an accident or loss. Refer to page R-7 for applicable limits and premiums.

#### **Part 11 - Towing And Labor**

This coverage will pay up to \$50 or up to \$100 for towing and labor costs for each auto disablement. It is available only for private passenger motor vehicles, as defined in Rule 27. Refer to page R-7 for applicable limits and premiums.

### **Part 12 - Bodily Injury Caused By An Underinsured Auto**

The basic limits are \$20,000 each person and \$40,000 each accident. Increased limits are available. The limits may not exceed the limits of Part 5, or if Part 5 is not purchased, Part 1 of this policy. This coverage is excess over Personal Injury Protection.

#### **Other Coverages Available Are For:**

Fire, Theft and Combined Additional Coverage subject to a basic deductible of \$500. Higher Deductibles are available at the option of the insured.

Theft coverage may be granted only in connection with Fire Coverage, and for a like amount in both cases.

These coverages are written on an actual cash value basis or stated amount basis.

Endorsement MPY-0031-S, titled Other Optional Insurance – Combined Additional Coverage, must be issued with the policy when this coverage is afforded.

Endorsement MPY-0028—S, titled Other Optional Insurance – Fire, Lightning and Transportation, must be issued with the policy when this coverage is afforded.

Endorsement MPY-0029-S, titled Other Optional Insurance – Theft, must be issued with the policy when this coverage is afforded.

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## **RULE 4. STANDARD PROCEDURES**

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### **A. Renewals**

1. The company must mail the Coverage Selections Page not less than thirty days prior to policy expiration. The Coverage Selections Page may be accompanied by the Massachusetts Renewal Form.

~~The Massachusetts Renewal Form must be sent to the policyholder at least once every three years. It is not necessary for the policyholder to return this form to the producer or company representative unless the information contained on the Coverage Selections Page or the Massachusetts Renewal Form is inaccurate or obsolete.~~

2. The Company may elect to secure payment of a deposit premium. The premium quotation shall be based on the latest classification information and premium charges established for the renewal policy.
3. Failure to pay the deposit premium may result in cancellation of the policy ~~or removal of the annual mileage discount~~. The specific reason for cancellation is non-payment of any required premium.

The Cancellation Notice must also contain the following statement:

"This cancellation will not take effect if the full amount due shown above is paid on or prior to the effective date of cancellation."

### **B. Non-Renewal**

1. No company shall refuse to renew a policy unless written notice is given by the company to the insured, or the producer or broker producing the business, at least forty-five days prior to the expiration of the policy.
  - a. A notice required to be sent by the company to the insured may be by regular mail for which a certificate of mailing receipt has been obtained from the United States Postal Service. Unless another company has replaced the insurance, the notice should be electronically transmitted to the Registry of Motor Vehicles not earlier than the policy expiration date. If the insurance and registration are coterminous, it will not be necessary to notify the Registry of Motor Vehicles.
  - b. If the notice is required to be sent by the company to the producer or broker producing the business, such producer or broker shall, within fifteen days of receiving such notice, send a copy to the insured by

regular mail for which a certificate of mailing receipt has been obtained from the United States Postal Service. The producer or broker must notify the company not later than the policy expiration date if the insurance is not replaced so that the company may, in turn, electronically transmit the notice to the Registry of Motor Vehicles. Notice to the company is not required if the insurance and registration are coterminous.

### C. New Business

1. The producer is required to **submit an Application for Massachusetts Motor Vehicle Insurance** obtain from the applicant for insurance ~~a new business application in all cases except when the producer is transferring a book of business from one company to another and the acquiring company waives this requirement.~~
2. ~~If coverage is being replaced mid-term,~~ the **The** producer must verify that there is no automobile insurance premium owed to the former company or producer.

### D. ~~Transfer of Insurer~~

- ~~3.~~4. The producer of record must provide information necessary for a company to transmit data to the Registry of Motor Vehicles for each vehicle insured.

In addition to reporting the necessary information to the company, the producer shall prepare an RMV-3 form, accompanied by the appropriate fee, for processing by the Registry of Motor Vehicles, ~~if an insured requests a corrected registration certificate.~~

- ~~4.~~2. At the same time this transfer information is **provided to the insurer** ~~released to the new carrier,~~ the producer of record **shall notify** ~~must immediately issue to the former producer of record, if known, or if not known, and the former insurer that a certificate of coverage has been issued for the policy to the former carrier, a Notice of Transfer of Insurer form.~~ The notice must be signed by the producer of record **or issued on the insurer's letterhead and the notice must bear the Registry stamp of the insurer, which may be in electronic format and certified by affixing the company stamp of the new carrier. The notice may be in hard copy or electronic format.**

5. **The notification of coverage transfer shall not be issued to the prior producer or insurer before the insurer of the replacement policy has actually received the required down-payment or first payment. The notification of coverage transfer shall be issued no later than 10 days after the day the replacement insurer receives the down-payment or first payment for the replacement policy.**

- ~~6.~~3. Upon receipt of the notice of transfer of insurer, the former **insurer** ~~carrier~~ shall:

- a. ~~discontinue coverage as of the date shown on a notice of transfer of insurer;~~ **and**
- b. ~~compute the return premium, if any, as of the date shown on a notice of transfer of insurer;~~ **and**
- c. ~~notify the former producer, if any, of the transfer of coverage.~~

No notice of cancellation is required.

**EXCEPTION** ~~Except for D-1 above, Section D of this Rule is not applicable to those specific instances when a producer transfers a block of business from one carrier to another. In such situations the producer should refer to the former carrier for specific procedures. No Notice of Transfer of Insurer is required, but the producer of record must provide the new carrier with information necessary for that carrier to transmit registration data to the Registry of Motor Vehicles.~~

### **D.E. Cancellation (Other Than Transfer of Insurer)**

1. Notice of cancellation must be given in a timely manner as required by Massachusetts law and shall include the specific reason(s) for cancellation.
2. The company must electronically notify the Registry of Motor Vehicles immediately upon the intended effective date of cancellation.

Refer to Rule 18.

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**RULE 29. ~~RESERVED FOR FUTURE USE~~ PERSONAL VEHICLE SHARING ENDORSEMENT**

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Personal Vehicle Sharing programs, also known as Ride Sharing, or Car Sharing programs, are programs which are organized, by written agreement and for compensation, to enable the sharing of private passenger vehicles for use by an individual or entity.

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**\*RULE 56. MERIT RATING PLAN**

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The merit rating plan is the Safe Driver Insurance Plan (SDIP) adopted in 2006. The following is an overview of the terms of the plan and its impact on underlying rates. For specific details, refer to Vermont Mutual Insurance Company and the administrative procedures of the Safe Driver Insurance Plan.

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Each listed operator on a policy is assigned an Operator Surcharge Factor or a Credit Factor based on the operator's driving history record. The Operator Surcharge Factor is the factor applied to the otherwise applicable rate which reflects the number, type, and age of surchargeable incidents during the Policy Experience Period. The Credit Factor is either the Excellent Driver Discount, awarded to operators with

Incident-Free Periods of more than five but less than six years, or the Excellent Driver Discount Plus, awarded to operators with Incident-Free Periods of at least six years. The Experience Period is the six year period immediately preceding the effective date of the policy. The points will range from 0 to 45. The Merit Rating Board will compute and report to the Insurer the total number of operator Surcharge Points or Credits for each listed operator.

**Operators New to Massachusetts**

If an application for insurance indicates that an operator new to Massachusetts was licensed outside of Massachusetts within the last six years or such operator is being added to an existing policy, the operator's Policy Experience Period will begin as of the effective date of that policy until the company receives an authorized inquiry response from the Merit Rating Board indicating the operator's credit or surcharge points.

If an operator's Motor Vehicle Report (MVR) is electronically available, the company will be responsible for obtaining it from the state or country where the operator was licensed. Driving history on MVRs obtained from more than one state or country must be combined by the company and considered as one report. An acceptable MVR must have three years or more driving history, unless the operator has been licensed less than three years. If there are no motor vehicle violations or at-fault accidents shown on the MVR, the company must submit a policy inquiry to the Merit Rating Board in compliance with its Administrative Procedures. An operator's MVR with motor vehicle violations or at-fault accidents must be submitted to the Merit Rating Board. The Merit Rating Board will determine the operator's credit or surcharge points.

If an MVR is not electronically available, the operator's Policy Experience Period will begin as of the effective date of the policy until the company receives an authorized inquiry response from the Merit Rating Board with the operator's actual credit or surcharge points. The operator may obtain an official driving record or a record from a previous insurer and submit it to the company. If the driving record is not in English, a translation certified as true and correct by the translator must be obtained by the operator and attached to the driving record submitted to the company. An acceptable driving record must have three or more years driving history, unless the operator has been licensed less than three years. If there are no motor vehicle violations or at-fault accidents shown on the operator's record, the company must submit a policy inquiry to the Merit Rating Board in compliance with its Administrative Procedures. An operator's record with motor vehicle violations or at-fault accidents must be submitted to the Merit Rating Board. The Merit Rating Board will determine the operator's credit or surcharge points.

## Classification of Surcharge Points

Surcharge points are assigned as follows:

Minor traffic law violation	2 points	Major at-fault accident	4 points
Minor at-fault accident	3 points	Major traffic law violation	5 points

~~A claim payment for Bodily Injury Liability, Damage to Someone Else's Property, Collision or Limited Collision of at least \$500 and up to \$2,000 constitutes a minor at-fault accident. A claim payment of more than \$2,000 constitutes a major at-fault accident. An "at-fault" accident is one in which the company determines that the listed operator is more than 50% at fault.~~

**For accidents occurring prior to July 1, 2015, an at-fault accident is defined as minor only if it resulted in a claim payment for bodily injury liability, damage to someone else's property, collision or limited collision of at least \$500 and up to \$2,000. An at-fault accident is defined as major only if it resulted in a claim payment of more than \$2,000.**

**For accidents occurring on or after July 1, 2015, an at-fault accident is defined as minor only if it resulted in a claim payment for bodily injury liability, damage to someone else's property, collision or limited collision of more than \$1,000 and up to \$5,000. An at-fault accident is defined as major only if it resulted in a claim payment of more than \$5,000.**

Surcharge points are not assigned to a non-criminal minor motor vehicle traffic law violation if it is the first such violation or if it occurs in the sixth (oldest) year in the operator's six year Policy Experience Period.

## Calculation of Premium Adjustment

The credit or surcharge factor is applied to Compulsory Bodily Injury (Part 1), PIP (Part 2), Property Damage (Part 4), Optional Bodily Injury (Part 5), and Collision (Part 7).

The premium adjustment is the last step in the rating process after all discounts and rating factors have been completed.

	<b>Experienced Operators</b>	<b>Inexperienced Operators</b>
	<b>Credit Factor</b>	<b>Credit Factor</b>
Excellent Driver Discount Plus (6 Years Incident-Free)	-0.25	
Excellent Driver Discount (5 Years Incident-Free)	-0.15	-0.15
	<b>Surcharge Factor</b>	<b>Surcharge Factor</b>
0 or more total points	See Chart Below	See Chart Below

Total operator points are based on the Incident Free Period. When the Incident Free Period is less than or equal to three, the total number of Surcharge Points applicable to the operator shall be the sum of the surcharge points identified for each Surchargeable Incident in the Policy Experience Period. When the Incident Free Period is greater than three and the total number of Surchargeable Incidents in the most recent five years of the Policy Experience Period is three or less, the Surcharge Points applicable to each incident shall be reduced by one and the total number of Surcharge Points applicable to the Operator shall be the sum of those reduced surcharge points. In no event shall the surcharge points for any single incident be reduced below zero.

## Assignment of Operators to Vehicles

The assignment of operators to vehicles is made in accordance with the provisions of Rule 28.

## Excellent Driver Discount and Excellent Driver Discount Plus



A percentage value will reflect the lower expected loss experience of operators with incident-free periods of more than five and less than six, and of at least six years, respectively, which may vary according to the affected Liability and Collision coverages, irrespective of the class and territory of the policy.

### Merit Rating Plan

Calculation of Credits and Surcharges  
 Factors to Apply to Otherwise Applicable Premiums \*

Points	<u>Experienced Operators</u>	<u>Inexperienced Operators</u>
	(Rate Class 10, 15 or 30) <u>Parts 1, 2, 4, 5 and 7</u>	(All Other Rate Classes) <u>Parts 1, 2, 4, 5 and 7</u>
<b>Credit Factors</b>		
Excellent Driver		
Plus	-0.250	NA
Excellent Driver	-0.150	-0.150
<b>No Credit/No Surcharge Factors</b>		
0	0.000	0.000
<b>Surcharge Factors</b>		
1	0.150	0.075
2	0.300	0.150
3	0.450	0.225
4	0.600	0.300
5	0.750	0.375
6	0.900	0.450
7	1.050	0.525
8	1.200	0.600
9	1.350	0.675
10	1.500	0.750
11	1.650	0.825
12	1.800	0.900
13	1.950	0.975
14	2.100	1.050
15	2.250	1.125
16	2.400	1.200
17	2.550	1.275
18	2.700	1.350
19	2.850	1.425
20	3.000	1.500
21	3.150	1.575
22	3.300	1.650
23	3.450	1.725
24	3.600	1.800
25	3.750	1.875
26	3.900	1.950
27	4.050	2.025
28	4.200	2.100
29	4.350	2.175
30	4.500	2.250
31	4.650	2.325
32	4.800	2.400
33	4.950	2.475
34	5.100	2.550
35	5.250	2.625

36	5.400	2.700
37	5.550	2.775
38	5.700	2.850
39	5.850	2.925
40	6.000	3.000
41	6.150	3.075
42	6.300	3.150
43	6.450	3.225
44	6.600	3.300
45	6.750	3.375

\* Total policy credit or surcharge is determined by applying the above factors (for the appropriate points) to rates by coverage (after all applicable discounts and rating factors), rounding to the nearest whole dollar amount, and then summing the results for all coverages.

#### **\*INCREASED LIMITS TABLES**

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:

1. Applying the factors shown on the Increased Limits Tables to the Part 5 premium and,
2. Applying the factors shown in the Increased Limits Tables minus 1 to the Part 1 premium.
3. The amounts from 1. and 2. are added together to get the charge for bodily injury increased limits. This result should be rounded to the nearest whole dollar amount only after all calculations have been completed

Refer to Rate Section of the Manual for the Increased Limits Tables.

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#### **~~PERSONAL VEHICLE SHARING EXCLUSION~~**

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~~Attach Personal Vehicle Sharing Exclusion endorsement **M-0108-S** to all policies.~~

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#### **~~MEDICAL PAYMENTS ENDORSEMENT~~**

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~~Attach Medical Payments Endorsement **M-109-S** to all policies.~~