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Your Massachusetts Automobile Insurance

GOVERNMENT DOCUMENTS
COLLECTION

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Commonwealth of Massachusetts
Division of Insurance

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From the Commissioner 1.

Automobile insurance will always be expensive in an urban state like Massachusetts. There are ways, however, by which you can help hold down your insurance costs, and there are also ways in which the insurance system itself could be made more efficient and less costly.

An important way to save money is to increase the deductible on Collision and Comprehensive coverages. Although the Legislature has set the standard deductible at \$300, most policyholders continue to buy \$100 or \$200 deductibles. Such small deductibles only make sense if you expect to make very frequent claims or if the possibility of being out-of-pocket an additional \$100 or \$200 would be a real financial hardship for you. Unless a policyholder expects to have an at-fault accident every two years such a purchase makes no sense.

Beginning in 1987, a discount was made available for those who don't drive their cars very much. It makes sense that the less time a driver spends on the road, the less likely that driver will be involved in an accident and make a claim on his or her insurance policy. The low mileage driver thus presents less of a risk to the insurance system than the average or high mileage driver. This reduced risk is recognized in the form of premium discounts of up to 10%. Please refer to the "Saving Money" section of this booklet to see if you qualify for this discount.

As you know, you are no longer required by law to use a seat belt when you drive. However, if you take the time to put on your seat belt, you will be reducing your risk of being injured and helping to keep down the number of injury and death claims made.

In addition to holding down your insurance costs by purchasing wisely and driving safely, the insurance system itself could be made more efficient and less costly. An outstanding example is the failure to update the No-Fault law. The No-Fault law was enacted in 1970 and succeeded in speeding up payments to injured persons while reducing bodily injury claims and holding down premiums. However, despite the support of Governor Dukakis, who was the principal author of the original law, it has never been updated to take into account years of medical cost inflation. It is no surprise that the result is increasing bodily injury claims and increases in the bodily injury premiums.

When you receive your Coverage Selections Page, re-evaluate your choices of coverage and limits. Double-check that you have received the discounts you are entitled to and that no additional charges have been made without your consent. If you change your mind about the coverages and limits which you selected or if you have questions, contact your agent or company. If you are not satisfied call us. Our Consumer Service Section can be contacted at 727-3333, or write us at 100 Cambridge St., Boston, MA 02202.

Roger M. Singer
Commissioner of Insurance

Buying Only What You Need

2.

Buying only the coverages you need and selecting deductibles you can afford can make a big difference in your insurance bill. We realize that insuring your auto can be expensive, but we also know that many drivers pay more than they should because they buy coverages that may not suit their needs. The most common and costly mistake in buying automobile insurance is to renew last year's coverage without taking into account how your needs might have changed. Please read this portion of the guide before you make your decisions about coverages and limits.

All 11 automobile insurance coverages available to drivers in Massachusetts are described here. Parts 1, 2, 3 and 4 are compulsory; you must buy them in order to register your car. All the other parts are optional; in general, it is up to you whether to buy them or not. If you have borrowed money to pay for your car, however, your lender can legally require you to carry Collision (Part 7) and Comprehensive (Part 9) coverages.

Of course, not all insurance-buying decisions are simple or clear-cut. When in doubt, remember that it is more important to have insurance against large losses that could threaten your standard of living than to have protection against small losses you can afford to pay yourself.

Compulsory Coverages

Part 1: Bodily Injury to Others provides limits of \$10,000 per person and \$20,000 per accident for your potential liability for bodily injury to others. This coverage applies only in Massachusetts.

Part 1 applies whether your car is being driven by you or by someone else with your permission. However, Part 1 never covers injuries to the driver of your car or to guests in your car.

Limits higher than \$10,000/\$20,000 and coverage for guests and out-of-state accidents are available under Part 5. Most drivers should have that extended coverage.

Part 2: Personal Injury Protection pays for lost wages (75%), medical expenses and replacement services, up to \$2,000. You and guests in your car are covered, as are pedestrians struck by your car in Massachusetts.

If you already have good health insurance and disability income plans - provided by your employer, for example - consider taking a deductible and excluding yourself **and** the members of your household from this coverage.

Even with a large deductible for you and members of your household, guests in your car and pedestrians are still fully covered.

Part 3: Bodily Injury Caused by an Uninsured or Underinsured Auto requires limits of \$10,000 per person and \$20,000 per accident. It protects you, members of your household, and guests in your car against losses from injuries caused by an uninsured auto, by a driver with inadequate insurance, or by a hit-and-run driver. In addition, the Uninsured Auto coverage protects you and members of your household as pedestrians against injuries caused by hit-and-run drivers. Underinsured Auto coverage pays for medical treatment, lost wages and other damages for which the other driver's insurance is not adequate. As the name of this Part implies, there is no coverage provided for damage to your car or any other property.

Many states do not require drivers to carry auto insurance. If you travel outside of Massachusetts, increasing this coverage makes good sense.

Part 4: Damage to Someone Else's Property pays up to \$5,000 for property damage and for costs resulting from the loss of use of damaged property. Although this Part covers damage to cars, it never covers your automobile or property. Part 4 pays only if you or any driver using your car with your consent is at fault.

Your driving habits, and how much you drive, should help you decide whether to buy more than the minimum coverage. Today's new car and repair prices being what they are, a limit of \$15,000 is a good choice for many people.

Optional Coverages

Part 5: Optional Bodily Injury to Others extends the coverage provided by Part 1. Specifically, it covers injuries caused by you in Massachusetts, in other parts of the U.S., and in Canada. It will also pay for injuries to guests in your car and for injuries to others caused by any person using your car with your consent.

To protect your assets and your future income, buying higher limits under this Part makes good sense; \$100,000 per person and \$300,000 per accident will meet most drivers' needs.

Part 6: Medical Payments covers medical expenses, but not lost wages, once you have used up your Part 2 limits. Drivers with good health insurance plans will not need the extra coverage provided here.

You should, however, think about buying this Part if you and household members do not already have adequate health insurance or if you want this protection for passengers in your car.

Part 7: Collision insurance covers accidental damage to your car no matter who was to blame for the accident. The cost of Collision coverage varies according to the value of your car, where it is garaged, and the operator classification. Because it pays for accidents without regard to fault, this Part is expensive.

Unfortunately, there is no good rule-of-thumb to use for purchasing Collision coverage. Sometimes you will not have a choice - when your car is financed, for example. If you own your car outright, the decision is more difficult. That decision basically comes down to whether you can afford to replace your car without help from your insurance company.

Should you choose to buy Collision insurance, you can cut its cost by taking a higher deductible. The standard deductible is \$300. Choose a larger deductible if you can afford to pay a larger loss out of your own pocket.

NOTE: *Your failure to list a household member as an operator on your policy may have very serious consequences. Your insurer will not pay for a Collision loss for an accident which occurs while your auto is being operated by a household member who is not listed as an operator on your policy; payment is withheld when the household member, if listed, would require the payment of additional premium on your policy because the household member would be classified as an inexperienced operator or would require the payment of an Unsafe Driver Point Surcharge on your policy under the Safe Driver Insurance Plan.*

Part 8: Limited Collision also offers you protection against accidents to your car. It is limited in the sense that it will not pay for one-car accidents, accidents in which you are more than 50% at fault, or for accidents where the owners of the other vehicle or the other driver cannot be identified.

Limited Collision will help you collect for most other accidents and offers you the convenience of dealing with your own insurance company.

Limited Collision is far less expensive than full Collision coverage. If you are willing to pay for damage you might cause to your car, or if the value of your car does not justify full Collision, then Limited Collision or no collision coverage is your best bet.

Drivers may reduce or eliminate the standard Limited Collision deductible of \$300 for an extra premium.

NOTE: *Your failure to list a household member as an operator on your policy may have very serious consequences. Your insurer will not pay for a Limited Collision loss for an accident which occurs while your auto is being operated by a household member who is not listed as an operator on your policy; payment is withheld when the household member, if listed, would require the payment of additional premium on your policy because the household member would be classified as an inexperienced operator or would require the payment of an Unsafe Driver Point Surcharge on your policy under the Safe Driver Insurance Plan.*

Part 9: Comprehensive coverage is for losses not caused by collisions - fire, theft, and vandalism losses, for example. This Part will also pay you up to \$15 a day for substitute transportation until your stolen auto is recovered (up to a limit of \$450).

Comprehensive coverage does not insure personal belongings in your car unless they have been made permanent parts of your automobile. This means a suit of clothes will never be covered, but a permanently installed C.B. radio is.

The standard deductible for Comprehensive coverage is \$300. Choose a larger deductible if you can afford to pay a larger loss out of your own pocket. You should also seriously consider installing an anti-theft device. Anti-theft equipment discounts, which are discussed in the Saving Money Section, range from 5% to 20%.

Part 10: Substitute Transportation pays up to \$15 a day for car rental, taxicab fares and other transportation costs (up to a limit of \$450).

You should consider carefully whether you need this coverage. Claims for loss of use caused by another driver are generally payable under that driver's Property Damage Liability coverage (Part 4). Comprehensive Coverage (Part 9) provides reimbursement for loss of use resulting from theft. Moreover, substitute trans-

portation coverage does not pay under all conditions. If your car is being repaired or replaced because of damages that would be covered under Collision coverage (Part 7), then you can collect under this Part. There is no coverage, however, if your car is merely in the shop for routine repairs.

Please note that if you are under the legal age or have a poor credit rating you may be unable to rent a vehicle and therefore may not be able to use this coverage in every case.

Part 11: Towing and Labor will pay up to \$25 for towing and labor charges each time your car breaks down. The cost of replacement parts is not covered and labor is covered only to get your car going again at the place of breakdown.

Your insurance company may legally refuse to sell you Towing and Labor coverage.

Saving Money 3.

Getting the discounts you are entitled to, attention to detail, and good driving can all work for you to keep your insurance bills down.

Be sure to complete the application accurately in order for your policy to be properly rated. Be particularly careful to answer those questions related to the following six discounts which can cut your insurance costs measurably if you qualify for them.

Those who drive their cars 7,500 or fewer miles per year are eligible for a discount of up to 10%. If you drive 5,000 or fewer miles per year, you are eligible for the maximum 10% discount. If you drive between 5,001 and 7,500 per year, you are eligible for a 5% discount. The discount applies to all coverages except Comprehensive, Substitute Transportation, and Towing and Labor, and applies to the rate for each insured car as otherwise determined by territory, driver class, vehicle age and symbol, but prior to the application of SDIP surcharges or credits.

Drivers 65 or older who are principal operators of their cars get an automatic 25% reduction on all their auto coverages, provided there is no inexperienced driver (one with less than six years of driving experience) listed on their policies. Cars used for business are not eligible. The 25% discount does **not** apply to Unsafe Driver Point Surcharges.

Inexperienced drivers can get a 10% discount on three of the four compulsory coverages and on optional liability and collision coverages, if they have completed an approved driver-training course.

Choosing not to drive and taking public transportation instead can save you 10% on your Property Damage Liability and Collision coverages. The maximum discount is \$75. To get this discount, you must show evidence of purchase of 11 months of commuter passes or tickets from a qualified public transit system.

Individuals and married couples who own more than one car and insure them for Collision or Limited Collision coverage with the same company can get a 5% discount on these coverages. This discount is available only to experienced drivers.

Policyholders who install certain kinds of anti-theft devices are eligible for a 5, 15 or 20% discount on Comprehensive coverage. The level of discount depends on the kind of anti-theft device.

You should seriously consider buying and using some kind of anti-theft device. Before you choose a particular brand or model, check with your agent, broker or company representative about the discount. A quick check **before** you buy can help you avoid an expensive misunderstanding later.

Another way to save money is to be an alert insurance buyer. You do not leave the supermarket without a register tape and you should not buy auto insurance without getting an itemized bill.

First, look at your bill to find out whether any part of your premium went to pay for **service fees**. If so, did you know that you were going to be charged these fees? No agent or broker can charge service fees in connection with placing your policy, and you are not legally bound to pay for any other services your agent or broker performs without your consent.

Even with your consent, it is against the law to make you pay a service fee as a condition of issuing or renewing your auto insurance. Most agents and brokers charge nothing for the additional effort needed to fill out various forms or to bring your license plates from the Registry.

Another thing your itemized bill should tell you is whether you have been enrolled in a **motor club**. Obviously, if you do not want to join a motor club - or if you are already a member of a different motor club - then you should not pay the membership dues.

If you do decide to join a motor club, we suggest that you check to see if membership includes benefits similar to Towing and Labor and Substitute Transportation coverages. There is no point in buying duplicate coverage.

Of course, the main thing your insurance bill will tell you is how much you owe. According to state law, no company, agent or broker can ask you to pay more than 30% of your premium before you renew your coverage (although you may pay more than 30% if you wish).

Should you choose to pay less than your total bill, it is likely that you will also have to pay some kind of finance charge. Choose your financing plan carefully. Commercial lenders and insurance premium finance agencies charge up to 18% interest per year on the unpaid balance. Insurance premium finance agencies may also charge an additional \$16 fee for setting up the account.

For many policyholders, another way of making time payments is to do business with an insurance company that will bill you in installments and charge a flat fee for each billing. These charges vary from company to company and according to the number of installments you want to make. In some instances the company's carrying charges will cost you less than other financing arrangements.

Finally, you can affect the cost of your policy by how you and the other operators of your auto drive. You will receive a Safe Driver Credit on your policy if you and the other operators maintain good driving records. More detailed information about the Safe Driver Insurance Plan is in Part 4 of this guide.

Safe Driver Insurance Plan

4.

Being a careful driver will now save you more money than ever before. The Safe Driver Insurance Plan varies automobile insurance premiums based on the driving record of the operators listed on your policy. If you and the other drivers listed on the policy have clean driving records, your premiums will be reduced by a safe driver credit of up to \$80 for each vehicle. If you or the other drivers listed on your policy caused accidents or violated certain motor vehicle laws, your premiums will increase due to the application of unsafe driver points.

Safe Driver Credits

Safe Driver Credits are now determined on a per-vehicle basis. Operators are assigned to vehicles in accordance with the rules established in the Safe Driver Insurance Plan. A vehicle insured by your policy is eligible for a Safe Driver Credit if:

- the listed driver assigned to the vehicle has a valid Massachusetts license;
- the listed driver assigned to the vehicle has not had a surchargeable at-fault accident or motor vehicle law violation in the 3-year policy experience period; and
- the vehicle is not rated as principally operated by a driver with less than three years of experience.

Unsafe Driver Points

Your policy is subject to Unsafe Driver Points if you or the other drivers listed on your policy:

- are more than 50% at fault in an accident, and an insurance company pays more than \$200 under Property Damage Liability coverage (Part 4) or Collision coverage (Part 7);
- are convicted of violating certain Massachusetts motor vehicle laws; or
- are assigned to a driver alcohol education program.

Unsafe Driver Points are applied to a vehicle on the basis of the driving record of the operator assigned to that vehicle.

Surchargeable Incidents

At-Fault Accidents - If you, or a listed operator, are involved in an accident and you file a collision claim, or if another person files a Property Damage Liability claim, your insurance company must determine who was more than 50% at fault. If your company finds that you were at fault and pays a claim of more than \$200 for either you or the other driver, it must send you a Surcharge Notice. The accident will become a part of your driving record for a period of three years from the date of notice unless:

- the company withdraws the Notice, or
- you appeal the Notice to the Board of Appeal and that Board determines that you were not more than 50% at fault in the accident.

It makes no difference whether the at-fault accident occurred in the Commonwealth or out-of-state.

Accident Surcharges must be appealed at the time you receive the Surcharge Notice. Detailed instructions telling you how and when to appeal are on the Notice. The Board of Appeal will hold a hearing and will notify you of its final decision. If you win your appeal, the Merit Rating Board will remove the at-fault accident from your record.

If the accident is billed on your policy while your appeal is pending, you must pay the additional premium. Your policy will be re-rated if you win your appeal.

Violations - If you paid a fine or were convicted of violating certain motor vehicle laws or if you were assigned to an alcohol education program, the court will notify the Merit Rating Board. The violation will become a part of your driving record for a period of three years from the date of conviction unless you successfully appeal your conviction to a higher court.

Your moving traffic violations are entered on your own record. It makes no difference who the owner of the vehicle is or what kind of vehicle you were driving at the time of the violation. Any violations while you are driving a company car or truck will be entered on your record and not on your employer's record. Convictions for moving traffic violations outside the Commonwealth do not count. All courts within the Commonwealth notify the Merit Rating Board if you are found guilty of or responsible for violating certain moving traffic laws or are assigned to an alcohol education program. A list of surchargeable violations can be obtained from the Merit Rating Board.

Comprehensive Claims - Under the Plan your private passenger automobile insurance policy is also

subject to surcharge if you submit four or more Comprehensive claims on or after January 1, 1984 totaling \$2,000 or more. Your insurance company notifies the Merit Rating Board when a Comprehensive claim has been paid.

Assignment of Unsafe Driver Points

The number of Unsafe Driver Points assigned to a driver is determined by the type of incident. There are four types: Major At-Fault Accident, Minor At-Fault Accident, Major Moving Traffic Violation, and Minor Moving Traffic Violation. To find the applicable number of points, find the section of the Unsafe Driver Point Table for the correct type of incident. However, Unsafe Driver Points are **not** assigned to a minor moving traffic violation if it is the **first** moving traffic violation in the driver's experience period and the disposition was noncriminal. The violation is entered on the driver's record and will result in the denial of a credit, but no Unsafe Driver Points will be assigned.

Unsafe Driver Points for a particular incident are billable if the incident is within your three-year experience period. To determine your experience period go back three years from your policy effective date. Any incidents with a surcharge date within those three years are a part of your driving record and may result in an increase in your premium. The surcharge date is the Date of Notice for an at-fault accident, the date you are found guilty of or responsible for a moving traffic violation, or the date of assignment to an alcohol education program.

Operators are assigned to the vehicles on your policy using the listed operator with the highest number of Unsafe Driver Points first. The remaining operators are assigned to the remaining vehicles using the operator with the next highest number of Unsafe Driver Points. The Unsafe Driver Points of a particular operator cannot be billed more than once on the policy. If there are more vehicles than operators, the excess vehicles will **not** be assigned any Unsafe Driver Points. All the excess vehicles are credit-eligible, if the operator with the best record is credit-eligible. None of the excess vehicles are credit-eligible, if all the listed operators have surchargeable incidents within the experience period.

Information to Remember

1. Unsafe Driver Points for a particular incident may not be billed on more than one policy in effect at the same time.

2. Unsafe Driver Points are assigned on a per-operator per-vehicle basis. If a policy has two surcharged operators and only one vehicle, the points of only the operator with the highest point total are counted.

3. Your driving record cannot be used to deny a credit on more than one vehicle unless you are the operator who has the least number of unsafe driver points.

Aging

As a further incentive to promote good driving habits, one point for each incident, **except major moving traffic violations**, will be subtracted for each complete 12-month period of clean driving between the surcharge date and your policy's effective date.

Points for incidents within the three-year experience period can never fall below zero. If incidents age to zero, no Unsafe Driver Points are assigned, but the incident remains on your record for the three-year experience period and will result in the denial of a Safe Driver Credit.

UNSAFE DRIVER POINT TABLE

TYPE OF INCIDENT	UNSAFE DRIVER POINTS (per incident)	AGING OVER 2 CLEAN YEARS		
		1st YEAR	2nd YEAR	3rd YEAR
Major At-Fault Accident (A claim payment of more than \$1500 under either Part 4 or Part 7)	3	3	2	1
Minor At-Fault Accident (A claim payment of over \$200 but not more than \$1500 under either Part 4 or Part 7)	2	2	1	0
Major Moving Traffic Violation (Vehicular Homicide, Driving Under the Influence, Driving to Endanger or Reckless Driving, and Driving After License Revocation)	4	4	4	4
Minor Moving Traffic Violation*	1	1	0	0

*Remember, no Unsafe Driver Points are assigned to the first, non-criminal minor moving traffic violation.

Table of Values for Unsafe Driver Points

The Commissioner establishes the values of Unsafe Driver Points each year. For 1988, the following table applies:

POINTS	PREMIUM INCREASE
1	\$ 50
2	\$100
3	\$200
4	\$300
5	\$400
6	\$500
7	\$600
8	\$700
more than 8	\$900

Statement of Unsafe Driver Points

Your insurance company is required to send you a Statement of Unsafe Driver Points which shows if you or any operator listed on your policy has surcharges or points within the 3-year experience period of your policy.

Refusal to Pay

If you refuse to pay your premium increase due to the application of Unsafe Driver Points, your insurance company will cancel your policy after sending you the Notice of Cancellation required by law.

How to Check a Credit

Like Unsafe Driver Points, the Safe Driver Credit is determined annually by the Commissioner. For 1988, the credit can be as much as \$80 depending on the Property Damage Liability limits purchased, the territory for the vehicle and the class for the driver. Your credit can be calculated by multiplying the premium shown for Property Damage Liability coverage (Part 4) for the vehicle(s) by a factor of 44% up to a maximum of \$80 per vehicle.

Record Errors or Billing Problems

If you believe a billing is in error, you should first contact your insurance broker or agent and/or your company. You will find it helpful if you have available your Coverage Selections Page, Statement of Unsafe Driver Points (if applicable) and copies of your billings.

If you have any questions concerning an appeal of a Surcharge Notice, contact the Board of Appeal at (617) 727-3380.

If you have any questions concerning the accuracy of your record as shown on the Statement of Unsafe Driver Points, call or write the Merit Rating Board's Insurance Company Services Section, 100 Nashua Street, 6th floor, Boston, Massachusetts 02114, (617) 727-7017. The Board will promptly investigate the matter. You must pay a billed premium while the matter is under investigation. If an error is discovered, it will be corrected and all parties will be notified in writing.

Obtaining a Copy of Your Driving Record

You may request a copy of your driving record that gave rise to your Unsafe Driver Points, or, if you are a policyholder and you want a copy of all of the Unsafe Driver Points billed on your policy whether they are your own or those of another driver, complete an Operator Request for Detailed Information. The cost for this detailed report is \$3.00.

No fee is required to inspect your computer record at the Merit Rating Board's office. However, a prior appointment must be made with the Board's Insurance Company Services Section.

The Division would like to thank the Merit Rating Board for its help in preparing this part of the guide.