

MASS. CA41.2: B987/990



312066 0273 7646 5



**Buying Your
Massachusetts
Automobile
Insurance**

'1990'

Michael S. Dukakis
Governor of Massachusetts

Timothy H. Gailey
Commissioner of Insurance

DEPARTMENT OF REVENUE
COLLECTION

NOV 29 1990

UNIVERSITY OF MASSACHUSETTS
Commonwealth of Massachusetts
Division of Insurance

903/232

Contents

1.	Compulsory Coverages	
Part 1:	Bodily Injury to Others	1
Part 2:	Personal Injury Protection	1
Part 3:	Bodily Injury Caused by an Uninsured Auto	2
Part 4:	Damage to Someone Else's Property	2
2.	Optional Coverages	
Part 5:	Optional Bodily Injury to Others . . .	3
Part 6:	Medical Payments	3
Part 7:	Collision	3
Part 8:	Limited Collision	5
Part 9:	Comprehensive	5
Part 10:	Substitute Transportation	6
Part 11:	Towing and Labor	6
Part 12:	Bodily Injury Caused by an Underinsured Auto	6
3.	Saving Money	8
4.	1990 Safe Driver Insurance Plan	11
5.	Filing a Complaint	20

From The Commissioner

"Buying Your Massachusetts Automobile Insurance" has been prepared for you by the Massachusetts Division of Insurance. This guide contains a description of the basic coverages you are required by law to purchase, as well as the coverages available to you on an optional basis. We have also included information on filing complaints and money-saving tips for reducing your premium without sacrificing insurance protection.

Many motorists pay a higher premium than they should because they choose coverages that do not suit their needs. The most common and costly mistake consumers make when buying automobile insurance is to renew their policy without assessing how their individual insurance needs might have changed. Instead, before you renew your policy, reevaluate your insurance choices and your eligibility for the many discount opportunities. Also, buy only the coverage you need and select deductibles you can afford.

The Safe Driver Insurance Plan (SDIP), which offers premium credits to motorists who practice safe driving habits, has been significantly changed for 1990. Although automobile insurance will always be expensive in an urban, densely populated state like Massachusetts, you can reduce the cost of your premium an average of \$140 by driving safely and maintaining an incident-free driving record. Although the Plan is complex, I urge you to read Part 4 of this guide carefully for information on the Plan's many new improvements.

Please keep in mind that this guide is not meant to be a substitute for the Massachusetts Automobile Insurance Policy. Always refer to your Policy for the exact terms and conditions of your automobile insurance. If you receive this guide after you have renewed your policy for 1990, and you wish to make changes in your coverage, limits, deductibles or discounts, contact your agent or company. They can assist you in making the necessary changes. If you need further information on automobile insurance, contact the Division of Insurance at 280 Friend Street, Boston, MA 02114 (617) 727-7189 or 436 Dwight Street, Room 338, Springfield, MA 01103, (413) 784-1190.

Timothy H. Gailey
Commissioner of Insurance

Compulsory Coverages

1.

Since 1927, under Massachusetts insurance law, motorists have been required to purchase compulsory motor vehicle liability insurance. All registered motor vehicles in the Commonwealth **must** be insured under Parts 1, 2, 3 and 4 of the Massachusetts Automobile Insurance Policy. When you buy this insurance, you receive financial protection in case you become involved in an accident.

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

Part 1: Bodily Injury to Others will pay for the damages to anyone injured or killed by your auto in Massachusetts up to a limit of \$10,000 per person and \$20,000 per accident.

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

Limits higher than \$10,000 per person and \$20,000 per accident and coverage for injuries incurred by guest occupants of your auto and for out-of-state accidents may be purchased under Part 5.

Part 2: Personal Injury Protection (PIP), provides payment of up to \$8,000 to you, anyone driving your auto with your consent, anyone living in your household, passengers in your auto and pedestrians struck by your auto, for expenses incurred as the result of an accident, without regard to fault. PIP pays for medical expenses, replacement services and 75% of any lost wages.

If you already have good health insurance and disability health plans—provided by your employer, for example—you should consider taking a deductible and excluding yourself and the members of your household from this coverage. However, remember that even with a comprehensive health insurance plan,

you would not be provided with coverage for lost wages and replacement services, unless your employer offers a wage continuation program.

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

Part 3: Bodily Injury Caused by an Uninsured Auto protects you, members of your household, and guests in your automobile against losses caused by an uninsured automobile, or from a hit-and-run accident, unless the household member or guest is protected by their own or another auto insurance policy. In addition, this coverage protects you and members of your household as pedestrians against injuries caused by an uninsured auto or hit-and-run driver.

Compulsory uninsured automobile coverage requires a minimum limit of \$10,000 per person and \$20,000 per accident. Increasing this coverage makes good sense for most people, especially for persons who travel outside of Massachusetts, as compulsory auto insurance is not mandatory in all states.

Please keep in mind that you can purchase Part 3 coverage with limits that are lower than but not higher than the limits you purchase for Part 5. It is recommended that you purchase this coverage in limits equal to the limits you purchase under Part 5.

Part 4: Damage to Someone Else's Property pays for property damage and for costs resulting from the loss of the use of property damaged from an accident caused by you, a household member or anyone using your auto with permission. This Part never covers damage to *your* automobile or property.

The minimum amount required is \$5000. However, you should consider purchasing this insurance with higher limits. Today's new car and repair prices being what they are, a limit of \$25,000 is a good choice for many people.

Optional Coverages

There are eight other coverages available to you in addition to the compulsory insurance and in general, it is up to you whether you purchase them or not. These optional coverages provide additional protection against financial loss resulting from an automobile accident. If you have borrowed money to purchase your automobile, your lender may legally require you to carry the optional coverages, Collision (Part 7) and Comprehensive (Part 9). Your insurance company may refuse to issue you some optional coverages because of certain prior driving violations or insurance-related crimes.

Part 5: Optional Bodily Injury to Others allows you to extend the protection you must purchase under Part 1, by offering coverage above the \$10,000/\$20,000 limit for injuries caused by you in Massachusetts, in other parts of the United States and in Canada.

Unlike the compulsory Bodily Injury insurance, Part 5 will pay for injuries to guests of your automobile and for injuries to others caused by any person who is using your car with your consent.

To protect your assets and future income, it makes good sense to buy higher limits under this Part; \$100,000 per person and \$300,000 per accident will meet most drivers' needs. Such additional coverage is valuable since, considering the rising costs of medical and hospital care, court judgments can easily exceed \$20,000.

Part 6: Medical Payments covers medical expenses for injuries resulting from any accident involving you, any household member and any passenger, once the limits provided under Part 2, Personal Injury Protection have been exhausted. It does not cover lost wages. Drivers who have comprehensive health insurance plans may not need the extra coverage provided under Part 6.

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

Part 7: Collision insurance pays for damage to your automobile caused by a collision regardless of fault.

The cost of collision protection varies with the model and year of your automobile, where it is garaged and the operator classification. Because it pays for damages regardless of fault, this Part is expensive to purchase.

Unfortunately, there is no good rule-of-thumb to use when purchasing Collision coverage. If your automobile is financed, your lender may require you to carry this Part on your policy. However, if you own your automobile outright, your decision to purchase Collision should depend on whether or not you can afford to replace your automobile without help from your insurance company.

A **deductible** is the portion of each claim you agree not to be covered for. For example, if you purchase Collision with the standard \$500 deductible and you suffer a loss of \$700, you will collect \$200 from your insurance company. If a loss of less than \$500 occurs, you are responsible for the entire amount. Collision protection can be purchased at a much lower price when you purchase a deductible higher than the standard \$500 deductible. Choose the larger deductible if you can afford to pay a larger loss out of your own pocket. You also have the option to purchase the more expensive \$300 deductible. The choice is not an easy one, so take the time to evaluate your financial circumstances when purchasing this and any other available deductible.

Your company may require a \$500 Collision or Limited Collision deductible if you have had a major at-fault accident within the previous three years.

Waiver of Deductible coverage may be purchased at a higher premium if you opt to purchase Collision coverage. The Waiver of Deductible allows any deductible you choose to be ignored in cases of fault on the part of another **identifiable** driver. The deductible would not be waived in a hit-and-run accident, even if the unidentifiable party was completely at fault.

You might choose to purchase the Waiver of Deductible for the benefit it offers if you are involved in an accident caused by an identifiable, insured driver. While many policyholders are willing to pay the additional cost for the Waiver of Deductible's convenience, others view the benefits as too few to justify the 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 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 a higher rating step would be assigned under the Safe Driver Insurance Plan.

Part 8: Limited Collision also pays for damages to your automobile caused by a collision, although in limited circumstances. Because this coverage is not as broad as Part 7, its cost is considerably less.

This coverage will not pay for one-car accidents, accidents in which you are more than 50% at fault or for accidents where the owner or driver of the other vehicle cannot be identified. Limited Collision will pay for most other accidents and offers the convenience of dealing with your own insurance company.

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

You may reduce or eliminate the \$500 standard Limited Collision deductible 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 a higher rating step would be assigned under the Safe Driver Insurance Plan.*

Part 9: Comprehensive coverage will pay for losses which are not caused by a collision, such as fire, theft and vandalism losses. In addition, this insurance will 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 auto unless they have been made a permanent part of your automobile. This means that clothing is never covered, but a C.B. radio permanently installed in the opening of the dash or console is.

The standard deductible for Comprehensive coverage is \$500, although you have the option to purchase a \$300 deductible. As with the Collision coverage, buying back to the lower deductible will raise your premium cost. Seriously consider choosing a larger deductible than the standard one if you can afford to pay a larger loss out of your own pocket. You should

also consider installing an anti-theft device and/or a signal-activated vehicle recovery system. Anti-theft equipment and recovery system discounts, which are discussed in the Saving Money Section, range from 5% to 35%.

You also have the option of purchasing a \$100 deductible on glass claims. If you take a deductible, you will reduce the cost of your Comprehensive coverage by 8%, however if you have a claim for a broken windshield or other glass damage, you will have to pay for the first \$100 of that damage.

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 carefully consider whether you need this coverage. Claims for loss of use caused by another driver are generally payable under that driver's Damage To Someone Else's Property coverage (Part 4). Comprehensive Coverage (Part 9) provides reimbursement for loss of use resulting from theft. Moreover, Substitute Transportation coverage does not pay under all conditions. If your auto is being repaired or replaced because of damages that would be covered under Collision coverage (Part 7), you can collect under Part 10. There is no coverage, however, if your auto 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. However, you do remain eligible for the reimbursement of transportation expenses.

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

If you belong to a motor club, you may already have Towing and Labor coverage—so check your club's benefits before purchasing Part 11.

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

Part 12: Bodily Injury Caused by an Underinsured Auto will pay damages for bodily injury to people injured or killed as the result of certain accidents caused by someone who does not have enough insurance, up to the difference between the total amount collected from the automobile bodily injury liability insurance covering the owner and the operator of the auto and the limits you purchased for this coverage.

Your company will pay damages to or for you, or any household member, unless the household member

has his or her own Massachusetts auto policy or is covered by a Massachusetts auto policy of a household member providing similar coverage with higher limits, if you are injured as a pedestrian or while occupying an auto you do not own. It will also pay damages to or for anyone else occupying your auto unless that person has his or her own Massachusetts auto policy or is covered by a Massachusetts auto policy of any household member providing similar coverage.

Below are some examples of how this coverage works:

EXAMPLE 1—You do not buy the Underinsured Auto coverage. You are injured in an auto accident caused by the other driver who is legally responsible for your injuries. Your damages total \$20,000. The other driver's Bodily Injury liability limit is \$10,000. You can collect \$10,000 from the other driver's insurance, but you must sue the other driver to collect the other \$10,000. If the other driver has no assets, you could suffer a loss of \$10,000.

EXAMPLE 2—You purchase Underinsured Auto coverage limits of \$20,000 per person; \$40,000 per accident. Your damages are \$30,000. The other driver's policy provides \$10,000 of Bodily Injury liability insurance, which you collect from his company. You can only collect an additional \$10,000 from your company. This is the difference between the amount collected from all automobile Bodily Injury liability limits and your Underinsured Auto limit of \$20,000 for each person.

EXAMPLE 3—You purchase Underinsured Auto coverage limits of \$20,000 per person; \$40,000 per accident. Your damages are \$20,000. The other driver's policy provides \$10,000 of Bodily Injury liability insurance which you collect from his company. Your Underinsured Auto coverage will pay you \$10,000 in full payment of your outstanding damages. This is the difference between the other driver's Bodily Injury limits and your Underinsured Auto coverage limits.

Keep in mind that since all registered motor vehicles must have the compulsory Bodily Injury limits of \$10,000 per person; \$20,000 per accident, purchasing Underinsured Auto coverage limits of \$10,000/\$20,000 provides little or no coverage. If you choose to purchase Underinsurance coverage, you may buy limits that are less than but not higher than the limits purchased under Part 5, however it is recommended that you buy it in limits equal to the limits you purchase under Part 5.

Saving Money

Getting the discounts you are entitled to, paying attention to detail, and driving conscientiously can all work to keep your insurance costs down. By following the suggestions listed below, you will maximize the available savings.

Be an Alert Shopper

Before choosing your coverages, limits and deductibles, read the Massachusetts Automobile Insurance Policy carefully to be certain that you understand the coverages. Assess your driving habits in order to determine the coverages and limits you need. When filling out the application, make sure that you complete it accurately in order for your policy to be rated properly. Finally, when you receive your Coverage Selections Page, do not file it away without checking to see that the coverages, limits, deductibles, discounts and premium are correct.

Review Your Bill

You do not leave the store without a receipt—and you should not buy auto insurance without an itemized bill!

First, look at your bill to find out whether any part of the total cost is for **service fees**. Although some agents and brokers charge nothing for the additional effort needed to fill out various forms or to bring your license plates from the Registry, others will charge you a fee for performing such services. However, no agent or broker can charge service fees in connection with issuing or renewing your automobile insurance policy, nor are you legally bound to pay for any other services your agent or broker performs without your consent.

Your itemized bill should tell you 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, you should not pay the membership dues. If you do belong to a motor club, check to see if membership includes benefits similar to the Towing/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). However, if you have defaulted on a premium payment during the previous twenty-four months, your insurer can legally require payment of 100% of your premium.

Should you choose to pay less than your total bill, it is likely that you will have to pay some kind of finance charge. Choose your finance 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 less than other financing arrangements.

Discount Opportunities

Be particularly careful to answer those application questions relating to the following five discounts, which can cut your insurance costs considerably if you qualify for them.

Low Mileage Discount—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 miles 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 model year and symbol, prior to the application of SDIP surcharges or credits.

Senior Citizen Discount—Drivers 65 years or older who are principal operators of their cars receive a 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 SDIP Surcharge Points.

Public Transportation Discount—Choosing to take public transportation instead of using your automobile can save you 10% on your property damage liability and collision coverages. The maximum discount is \$75. To obtain this discount, you must show evidence of purchase of 11 months of commuter passes or tickets from a qualified transit system.

Anti-Theft and Recovery System Discounts—Policyholders who install certain kinds of anti-theft devices are eligible for a 5%, 15%, or 20% discount on Comprehensive coverages. The installation of a signal-activated vehicle recovery system, in combination with an approved anti-theft device, can qualify you for a savings between 25%–35%. The size of the discount varies, depending on the kind of anti-theft device, and whether it is combined with a vehicle recovery system.

You should seriously consider buying and using some kind of anti-theft device and/or vehicle recovery system. 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.

Multi-Vehicle Discount—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.

Inexperienced drivers can realize a 10% savings on three of the four compulsory coverages and on optional liability and collision coverages, if they complete an approved driver-training course. The savings is calculated into the rates for the particular driver classifications.

Finally, you can affect the cost of your policy by how you and the other operators of your auto drive. You will receive Credit Points 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.

The 1990 Safe Driver Insurance Plan

If you and the other drivers listed on your policy have incident-free driving history records, then your insurance premium for Bodily Injury to Others (Part 1), Personal Injury Protection (Part 2), Damage to Someone Else's Property (Part 4) and Collision (Part 7) coverages will be reduced by the application of Credit Points, helping to lower your total automobile insurance bill. If you or any other driver listed on your policy caused an accident or violated any surchargeable motor vehicle traffic law, your insurance premium for Parts 1, 2, 4, and 7 will increase due to the application of Surcharge Points.

The 1990 Safe Driver Insurance Plan 211 CMR 125.00 is published in accordance with the authority granted to the Commission of Insurance under Massachusetts General Laws Chapter 175 Section 113B.

Highlights of the 1990 Safe Driver Insurance Plan

- All operators on a policy will be assigned an SDIP Step.
- Six years of driving history will be used to rate your policy.
- An SDIP Step is determined by adding Surcharge Points for surchargeable incidents within the policy Experience Period to a starting step value of 15 and subtracting Credit Points for each year of incident-free driving within the policy Experience Period for which the operator was licensed to drive in Massachusetts.
- Operators will receive one Credit Point for each year of incident-free driving for which they were licensed to drive in Massachusetts.
- Surcharge Points for Surchargeable Incidents have increased.
- Aging of incidents has been eliminated.

Safe Driver Insurance Plan (SDIP) Steps

The 1990 Safe Driver Insurance Plan assigns an SDIP Step to each operator listed on a policy. For pol-

icy year 1990 the SDIP Step range is from 09 to 35. SDIP Step 09 is the Best Credit Step for 1990.

All operators enter the step system at **Step 15**, the neutral step—no increase or decrease in automobile insurance premium. Each operator's SDIP Step is computed by adding to the starting step value of 15, Surcharge Points for surchargeable incidents within the policy Experience Period, and then subtracting Credit Points earned by the operator for each incident-free year within the policy Experience Period or special Credit Points for the Clean Slate Rule.

This equation will help you determine your operator SDIP Step:

$$\begin{array}{r} \text{Starting Step} \quad 15 \\ + \text{Surcharge Points} \\ - \text{Credit Points} \\ \hline = \text{Operator's SDIP Step} \end{array}$$

Experience Period

The Experience Period of a 1990 policy is the 6 year period immediately preceding the policy effective date. The Experience Period is expected to increase each year by 1 year up to 15 years. For example, the Experience Period of a policy in 1991 is expected to be 7 years.

Credit Points

One Credit Point is subtracted from the starting step of 15 for each incident-free year of driving during the policy Experience Period. An incident-free year of driving is any of the 1-year periods immediately preceding the policy effective date for which the operator has been licensed to drive in Massachusetts and during which the operator has not had a surchargeable at-fault accident or motor vehicle traffic violation.

Example: If you have been licensed to drive in Massachusetts for 10 years, there are no surchargeable incidents on your driving history record and your policy effective date is 01/01/90, you will be placed at SDIP Step 09, the Best Credit, for 1990. To compute this yourself, first determine either the date you obtained your Massachusetts driver's license or the beginning date of your policy Experience Period (preceding 6 years), whichever is later. In this example, 01/01/84, the beginning date of the policy Experience Period, is later. Next, subtract 6 Credit Points—1 point for each incident-free year within the Experience Period—from the neutral step 15. The resulting number is your operator SDIP Step.

Starting Step	01/01/84	15
Credit Points		- 06
Operator SDIP Step		= 09

Operators with less than 6 years of driving experience will receive Credit Points for only those incident-free years for which they were licensed to drive in Massachusetts.

Operators licensed to drive in Massachusetts for less than 1 year will be placed at SDIP Step 15, the neutral step.

Surchargeable Incidents and Surcharge Points

At-Fault Accidents—If you are involved in an accident and you file a Collision claim, or if another person files a claim under Damage To Someone Else's Property, your insurance company must determine who was more than 50% at-fault. It makes no difference whether the at-fault accident occurred within the Commonwealth or out-of-state.

There are two types of at-fault accidents. A Minor At-Fault Accident is a claim payment under Damage to Someone Else's Property, Collision or Limited Collision coverage of **more than \$200 but not more than \$1,500** and a Major At-Fault Accident is a claim payment under Damage to Someone Else's Property, Collision or Limited Collision coverage of **more than \$1,500**.

If your company finds that you were at-fault and pays a claim of more than \$200, the at-fault accident will be added to your operator's driving history record and your company will send you a Surcharge Notice. The Surcharge Date for an at-fault accident is the Date of Notice entered by your insurer on the Surcharge Notice form. The accident will become part of your driving history record unless the company withdraws the Surcharge Notice or you successfully appeal the notice to the Board of Appeal.

Appealing At-Fault Accidents—Accident surcharges **must be appealed at the time you receive the Surcharge Notice** from your insurance company. Detailed instructions for filing an appeal are on the Surcharge Notice. The Board of Appeal on Motor Vehicle Liability Policies and Bonds will hold the hearing and will notify you, your company and the Merit Rating Board of its decision. If the Board determines that you were not more than 50% at-fault in the accident, the Merit Rating Board will remove the incident from your driving history record.

If your premium is increased due to Surcharge

Points for an at-fault accident while your appeal is pending, you **must** pay the additional premium or your policy will be cancelled. Your policy will be re-rated by your insurance company if you win your appeal.

If you have any questions concerning an appeal of a Surcharge Notice, contact the Board of Appeal at (617) 727-7189, extension #223.

Motor Vehicle Traffic Law Violations—If you are convicted of, or make payments for, violating certain motor vehicle traffic laws, or are assigned to an alcohol education program, the court will notify the Merit Rating Board. The motor vehicle traffic law violation will be added to your driving history record. The court judgment date is the Surcharge Date for a motor vehicle traffic law violation.

Surcharge Points are **not** assigned to a non-criminal minor motor vehicle traffic law violation if it is the first motor vehicle traffic law violation in the operator's policy Experience Period. No Surcharge Points are assessed for the incident but no Credit Points are calculated for the year in which the surcharge date is recorded, since the operator does not have an incident-free year.

A list of all surchargeable Motor Vehicle Traffic Law Violations may be obtained from the Merit Rating Board.

Out of-State Violations—Convictions of Motor Vehicle Traffic Laws outside the Commonwealth that are reported to the Registry of Motor Vehicles will be added to the operator's driving history record and will be subject to Surcharge Points.

Surcharge Points—The number of Surcharge Points assigned to each surchargeable incident is determined by the type of incident:

Minor Traffic Law Violation	2 Surcharge Points
Minor At-Fault Accident	3 Surcharge Points
Major At-Fault Accident	4 Surcharge Points
Major Traffic Law Violation	5 Surcharge Points

EXAMPLE: If you have been licensed to drive in Massachusetts for 8 years; you have 2 Minor Traffic Law Violations and 1 Minor At-Fault Accident on your driving history record and your policy effective date is 01/01/90, then your SDIP Step will be 17.

STARTING STEP	01/01/84		15
	Incident Date	Surcharge Date	
SPEEDING	12/01/84	12/22/84	00
MINOR AT-FAULT			
ACCIDENT	07/17/87	08/18/87	03
SPEEDING	04/24/88	05/02/88	02
CREDIT POINTS (incident-free years 1985, 1986 and 1989)			03
Operator SDIP Step			= 17

Comprehensive Claims

Your insurance company is required to notify the Merit Rating Board when a Comprehensive claim has been paid. Comprehensive claims are added to the policyholder's driving history record. In future years the Comprehensive coverage on your private passenger automobile insurance policy may be subject to Surcharge Points if you submit four or more Comprehensive claims on or after January 1, 1984, totaling \$2,000 or more.

Surcharge Points for Comprehensive claims will not be applied for policies effective in 1990.

Assignment of Operator SDIP Steps to Vehicles Listed on a Policy

After each operator listed on your policy is assigned an SDIP Step, the operators are assigned to the vehicles listed on the policy. The listed operator with the highest Step is assigned to the vehicle with the highest combined premium for Parts 1, 2, 4, and 7. For each subsequent vehicle, the listed operator with the next highest Step is assigned to the vehicle with the next highest combined premium until all the vehicles have been exhausted. An operator's SDIP Step greater than SDIP Step 15 can not be billed on more than one policy in effect at the same time.

When there are more vehicles than operators listed on a policy, the excess vehicles are assigned the Step of the operator with the lowest Step unless such operator's Step is above SDIP Step 15. In such case, the excess vehicles are assigned SDIP Step 15.

EXAMPLE: A policy lists four (4) vehicles and three (3) operators: Operator A's SDIP Step is 20. Operator B's SDIP Step is 15 and Operator C's SDIP Step is 09.

Vehicles	Operators
1	A. SDIP Step 20
2	B. SDIP Step 15
3	C. SDIP Step 09
4	C. SDIP Step 09

Application of Premium Adjustments to Coverages

An operator's SDIP Step determines how much of an adjustment will be made to the policy premium. SDIP Steps 09 (Best Credit) to 14 are Credit Steps. For each step below 15 the operator's premium will be adjusted downwards. Step 15 is the neutral step, which means the operator is neither in credit nor surcharge status, and will not receive a reduction or an increase in premium. Step 16 through 35 are Surcharge Steps. For each step above 15 the operator's premium will be adjusted upwards. If you wish to calculate the actual amount of your credit or surcharge, refer to "Calculation of SDIP Credits and Surcharges" at the end of this section.

Liability Premium—Each step represents a 7% change in the following liability coverages:

- Part 1: Bodily Injury to Others
- Part 2: Personal Injury Protection
- Part 4: Damage to Someone Else's Property (PDL)

Collision Premium—Each step represents a 5% change in Collision Coverage:

- Part 7: Collision

Example: If you have been licensed to drive in Massachusetts for six years; you have no incidents on your 6-year driving history record; your SDIP Step is 09; and you have Liability and Collision coverages on your policy, then you will receive a 42% (7% x 6 steps) reduction on your Liability coverages and a 30% (5% x 6 steps) reduction on your Collision coverage.

Clean Slate Rules

The Safe Driver Insurance Plan provides incentives to operators who have incidents on their record in the early years of the Experience Period, but in subsequent years have maintained clean driving history records.

Transitional Clean Slate Rule—In order to ensure a fair and equitable transition from the 1989 Safe Driver Insurance Plan, the 1990 Safe Driver Insurance Plan includes a Clean Slate Rule. For 1990, a 3-Year Clean Slate Rule will place an operator in a credit step if that operator would have been in credit status under the 1989 SDIP

If the operator's SDIP Step is greater than 15, the operator's SDIP Step will be set at 14 if all of the following conditions for the Clean Slate Rule are met:

Three (3) Year Clean Slate Rule applies to an operator on a 1990 policy if:

- a. the operator has a three-year period of incident-free driving within the policy Experience Period;
- b. the three-year period occurs after 1/1/87 and before 12/31/90;
- c. the operator had a valid Massachusetts driver license for the entire three-year incident-free period; and
- d. the operator's SDIP Step at the end of the incident-free period would be greater than 14. Then the operator's SDIP Step is set to 14.

Points for surchargeable incidents within the policy Experience Period which have surcharge dates that are recorded after this 3-year incident-free period are added to operator SDIP Step 14.

Clean Slate Incentive—As an incentive to promote safe driving, a Five (5) Year Clean Slate provision has been added for policies effective after 1991. If an operator maintains five consecutive years of incident-free driving within the policy Experience Period, and the operator's SDIP Step is greater than 15, then the operator's SDIP Step will be set at 15. The operator must have a valid Massachusetts driver's license for the entire five year incident-free period."

Safe Driver Insurance Plan (SDIP) Statement

Your insurance company is required to send you a Safe Driver Insurance Plan (SDIP) Statement if you or any operator listed on your policy are not assigned Operator SDIP Step 09, the Best Credit for 1990.

Refusal to Pay a Premium Increase

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

Record Error or Billing Problems

If you believe a billing is erroneous, you should first contact your insurance agent, broker or company. Make sure you have all necessary information on hand, including your Coverage Selections Page, Safe Driver Insurance Plan (SDIP) Statement and copies of your billings.

If you question the accuracy of your driving history

record as shown on your Safe Driver Insurance Plan (SDIP) Statement, call or write the Merit Rating Board's Insurance Company Services Section, 100 Nashua Street, 6th floor, Boston, MA 02114, (617) 727-7017. 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. If you were erroneously billed your insurance company will re-rate your policy.

Obtaining a Copy of Your Operator Driving History Record

You may obtain a copy of your operator driving history record from the Merit Rating Board. This detailed record will show six years of your active surchargeable incidents on file at the Merit Rating Board. The cost is \$3.00. **DO NOT MAIL CASH.** Make check or money order payable to the Commonwealth of Massachusetts.

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.

Calculation of SDIP Credits and Surcharges

Your total policy credit or surcharge is determined by multiplying the coverage premium shown on your Coverage Selections Page by the factor which corresponds to your SDIP Step (see below), and then adding the products for all four coverages. Subtract this number from your total premium if you are determining a credit. Add this number to your total premium if you are determining a surcharge.

Surcharge Factors

Step Number	Part 1 BI to Others	Part 2 PIP	Part 4 Property Damage	Part 7 Collision
35	1.40	1.40	1.40	1.00
34	1.33	1.33	1.33	0.95
33	1.26	1.26	1.26	0.90
32	1.19	1.19	1.19	0.85
31	1.12	1.12	1.12	0.80
30	1.05	1.05	1.05	0.75
29	0.98	0.98	0.98	0.70
28	0.91	0.91	0.91	0.65
27	0.84	0.84	0.84	0.60
26	0.77	0.77	0.77	0.55
25	0.70	0.70	0.70	0.50
24	0.63	0.63	0.63	0.45
23	0.56	0.56	0.56	0.40
22	0.49	0.49	0.49	0.35
21	0.42	0.42	0.42	0.30
20	0.35	0.35	0.35	0.25
19	0.28	0.28	0.28	0.20
18	0.21	0.21	0.21	0.15
17	0.14	0.14	0.14	0.10
16	0.07	0.07	0.07	0.05

No Credit/No Surcharge Factors

Step Number	Part 1	Part 2	Part 4	Part 7
15	0.000	0.000	0.000	0.000

Credit Factors

Step Number	Part 1	Part 2	Part 4	Part 7
14	0.07	0.07	0.07	0.05
13	0.14	0.14	0.14	0.10
12	0.21	0.21	0.21	0.15
11	0.28	0.28	0.28	0.20
Best Credit = 10	0.35	0.35	0.35	0.25
9	0.42	0.42	0.42	0.30

The Division would like to thank the Merit Rating Board for its preparation of this section of the guide.

Filing A Complaint

5.

If you believe that your insurance company has acted improperly in issuing, renewing or cancelling your automobile policy, or has refused to pay all or part of a fair claim, or your agent or broker or company has misrepresented you, you have the right to file a complaint and seek a resolution.

The problem may be due to a simple error, and may be corrected with an inquiry over the telephone. Contact your agent, broker or customer representative. Make sure you have all necessary information on hand, such as the policy or account number, a clear and concise description of the problem and any other important information.

If you do not receive a prompt, satisfactory response, write a letter to the company briefly explaining your problem and what you expect to be done to correct it. It may be a good idea to send the letter by registered mail to guarantee that the company receives it.

If you still feel you have been treated unfairly, send a complaint letter to the Division of Insurance, and we will assist you in resolving your problem. Be sure to include your name, address, and phone number; the name of the agent, broker or insurance company; the policy number; and a brief description of the problem. Make sure you keep a copy of the letter and any other documents you include with the letter, for your own records. Keep all letters, receipts, bills and policies together for easy reference. The Division of Insurance has Consumer Service offices located at:

**280 Friend Street
Boston, MA 02114
(617) 727-3333**

**436 Dwight Street, Rm. 438
Springfield, MA 01103
(413) 784-1190**

We will make every effort to ensure that your valid complaint is resolved in a satisfactory manner, by investigating the problem, clarifying misunderstandings and making sure you get clear responses to your questions. We cannot however, guarantee a favorable action on your complaint if it is not supported by facts or the law, nor can we provide legal services that may be required to settle a more complicated complaint.