

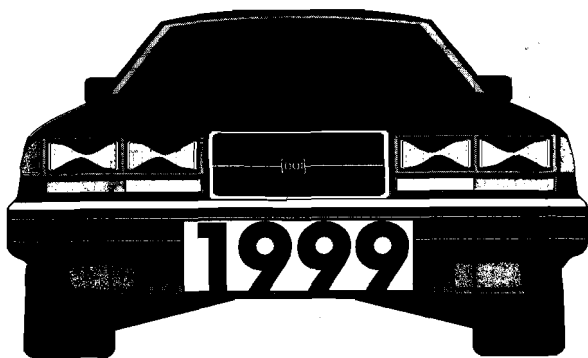
MASS. CA 4L-2: W36/999  
**Your Consumer Guide**

**Ways To**

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GOVERNMENT DOCUMENTS  
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City of Massachusetts  
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**On Your**



**Massachusetts  
Automobile  
Insurance**



THE COMMONWEALTH OF MASSACHUSETTS

Office of Consumer Affairs & Business Regulation

DIVISION OF INSURANCE

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Dear Fellow Motorist:

This booklet can help you decide what insurance you must or should buy, and help you avoid paying any you don't need or want. Here are a few questions to get you started.

Are you a good driver? If you are and you haven't considered increasing your deductible, this might be a good time to do so. Don't assume that because you have a car loan you must buy a \$500 deductible. Check with your lender. Higher deductibles reduce premium and decrease your risk of surcharge under the Safe Driver Insurance Plan (SDIP).

Are you leasing? Be sure to read the lease to see what insurance is required and what your obligations are in case of accidental damage to the car.

Is your car five or more years old? Ask for help in deciding if there are any coverages that you might want to drop. If you own the car outright, you don't have to wait until your policy renews to drop or reduce coverages.

Is your insurer aware of the anti-theft devices the car has? Did you take advantage of the Governor's Auto Theft Strike Force auto glass etching program? If any devices were added after you bought the car, or you've changed insurers, be sure you are getting credit.

May you have an accident-free year! Safe driving is always the best way to save.

Sincerely,

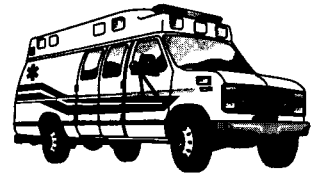
*Linda Ruthardt*  
Linda Ruthardt

# Coverages You Must Buy

## Compulsory Insurance Parts 1-4

### 1 Bodily Injury to Others

pays for damages (e.g. medical expenses, pain and suffering) to anyone injured or killed by your car only in



an accident that occurs in Massachusetts, up to a basic limit of \$20,000 per person and \$40,000 per accident. Injuries to the driver or passengers in your car are not covered under this Part; please refer to Personal Injury Protection (Part 2) for information about that coverage.

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If you drive outside of Massachusetts or in places where the public has no right of access, or if you drive with guests in your car, please see Optional Bodily Injury to Others (Part 5), for coverage that will protect you in such situations.



You could be sued for much more than the required (\$20,000/\$40,000) limits for Bodily Injury to Others. Buying higher limits under the Optional Bodily Injury to Others (Part 5) coverage may protect you from large losses. The limits you select will depend on your personal financial situation; limits of \$100,000 per person, \$300,000 per accident are commonly selected.

## 2 Personal Injury Protection (PIP)

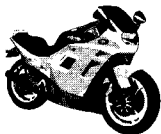
pays up to \$8,000 to you or anyone you let drive your car, anyone living in your household, passengers and pedestrians, no matter who causes the accident. Personal Injury Protection pays for medical expenses, replacement services, and 75% of any lost wages.



You can save on your premium by excluding yourself, or yourself and household members, from some or all of this coverage. You should consider this option if you have a medical and disability income plan. The portion of each claim you have agreed not to be covered for is called a "deductible."



Your health insurance may not cover all of your medical expenses from an auto accident such as cosmetic and dental services, co-payments and deductibles. Also, your disability policy may have long waiting periods. The small savings from the larger deductible may not be worth it.



The driver and passengers, while riding a motorcycle, are not covered by PIP. However, the owner of the motorcycle must purchase this coverage to protect other people who may be injured by the motorcycle.

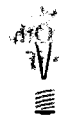
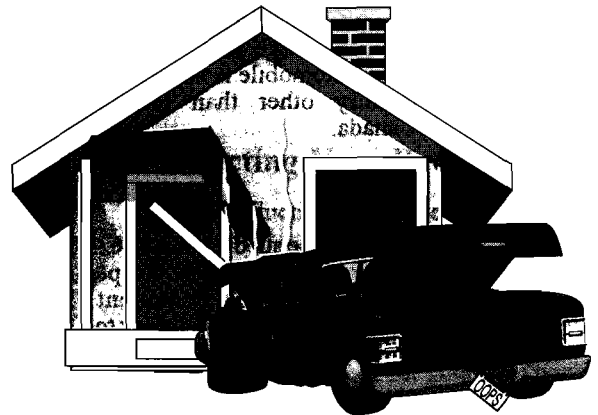
**Note:** PIP covers owners of cars and motorcycles, and members of their households, if they are injured while occupying or struck by a car that does not have Massachusetts Compulsory Insurance.

## 3 Bodily Injury Caused By An Uninsured Auto

protects you, anyone you let drive your car, household members and passengers (unless covered by another Massachusetts Policy with similar coverage) against losses caused by an uninsured or unidentified ("hit and run") driver. A minimum limit of \$20,000 per person and \$40,000 per accident is required. This coverage does not pay for property damage or damage to your auto.

## 4 Damage to Someone Else's Property

pays for damage to another person's property and costs associated with the loss of use of that property, when you, a household member or another authorized driver cause an accident. A minimum limit of \$5,000 is required.



With the rising costs of automobile and property repair, it may make sense to purchase more than the required \$5,000 minimum limit. This can be done at minimal cost. Limits of \$50,000 or \$100,000 are frequently purchased. Note that only 3% of all drivers purchase the \$5,000 minimum.

# Coverages You May Buy

## Optional Insurance Parts 5-12

### 5 Optional Bodily Injury to Others

extends your liability protection (the basic \$20,000/\$40,000 limits under Bodily Injury to Others) up to the amount you purchase under this part. This option provides coverage for accidents beyond Massachusetts to anywhere in the United States, its territories or possessions, or Canada. This coverage also pays for damages suffered by guests in your auto.



Your automobile is not covered in any country other than the U.S. and Canada.



You could be sued and may be liable for much more than the \$20,000 per person and \$40,000 per accident limits required under Bodily Injury to Others (Part 1).



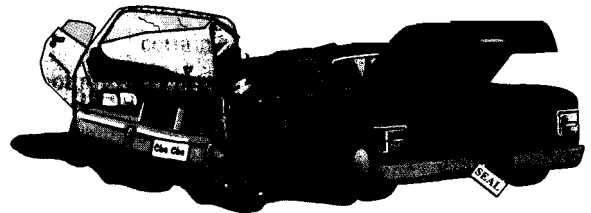
Buying higher limits under the Optional Bodily Injury to Others coverage may make good sense if you have assets you wish to protect.

### 6 Medical Payments

covers medical expenses for you, your household members and passengers, over and above amounts covered by Personal Injury Protection no matter who caused the accident. The minimum amount you can buy is \$5,000 if insuring an automobile and \$500 if insuring a motorcycle.

### 7 Collision

pays for collision damage to your car, less any applicable deductible, no matter who causes the accident. If your car is financed, your lender may require you to buy this coverage and may even require a particular deductible amount.



### Selecting Your Deductible:

Your deductible will be set at \$500 unless you select a different amount. You can always save on your premium by choosing a larger deductible where one is offered. In determining the amount of deductible that is right for you, decide how much you can afford to pay out of your own pocket in the event of an accident or loss in which you are at fault, or the other driver is unidentified. The deductible you choose is the amount you should expect to pay if you use this coverage option.

Information regarding Selecting Your Deductible also applies to Limited Collision coverage (Part 8) and Comprehensive coverage (Part 9).

## 9 Comprehensive

pays for damage to or loss of your car, less any applicable deductible, resulting from perils such as fire, theft, vandalism, and striking an animal, but not collision. This coverage allows up to \$15 a day (to a limit of \$450) for substitute transportation (rental or other transportation costs including taxi, bus and train fare) until your stolen auto is recovered. Personal property is not covered unless it is permanently installed in your car, such as a tape deck. If your car is financed, your lender may require this coverage.

If your automobile is stolen, you must report it to the Police and your insurance company. You will be reimbursed for transportation costs after the first 48 hours following the report.

You may be denied Comprehensive coverage or required to pay a higher extra-risk rate if you own a **high-theft vehicle** which does not have a qualifying anti-theft or recovery device. Coverage may be denied or priced higher under certain other conditions.

## 10 Substitute Transportation

reimburses up to \$15 a day for car rental or transportation costs including taxi, bus and train fare (up to \$450), while your car is undergoing collision or covered repairs. Coverage of up to \$100 a day (up to a limit of \$3,000) is available for an additional cost. Even if you have this coverage, some car rental agencies may refuse to rent to you if you are under a certain age, are a poor credit risk, do not have an acceptable credit card, or have an unacceptable driving record.

Your Collision, Limited Collision and Comprehensive coverage will apply to any other car you rent or use with the consent of the owner, except a vehicle owned or regularly used by your spouse or a household member.

If you can afford to take a cab or rent a car when your car is in the shop for collision repairs, you may not need Substitute Transportation coverage.

## 7 Collision (continued)

### Waiver of Deductible:

Buying Collision coverage with a "waiver of deductible" means that the collision deductible you choose will not apply when an accident is caused by another **identifiable** driver. This is most helpful when there is an uninsured, identifiable driver. If you are in an accident caused by another identifiable driver who is insured, their Part 4 coverage (Damage to Someone Else's Property) will pay your automobile's damages to the limit they purchased. You will not have to pay the deductible amount.

If you are in an accident caused by another **identifiable** driver who is **uninsured**, the waiver of deductible will pay the collision deductible you selected; however, you must pay additional premium for this option.

Find out what your car is worth today. If you have a car of low dollar value, it may be a wise economic choice **not to buy** the Collision and Comprehensive coverage unless a lender requires it.

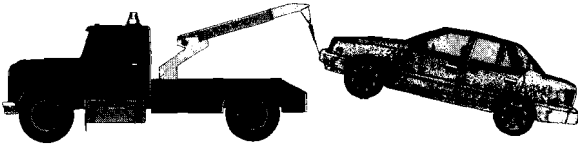
However, if your automobile has substantial value because of its exceptional condition, such as an antique, classic or restored automobile, you should have it appraised and then consider insurance coverage in light of the appraised value.

## 8 Limited Collision

also pays for collision damage to your car. You must not be more than 50% at fault, and the owner of the other vehicle must be identified.

## 11 Towing and Labor

pays up to \$25 for towing and labor charges each time your car breaks down whether or not there is an accident involved. You are covered only for the on-site labor costs at the breakdown site (not any parts) needed to get your car running again. Coverage of up to \$50 per disablement is available for additional cost.



If you belong to a Motor Club, you probably do not need this coverage since many Motor Clubs' services include towing and labor.

## 12 Bodily Injury Caused By An Underinsured Auto

pays for bodily injury damages to you, household members and passengers, unless they have a policy of their own, or are covered by a Massachusetts auto policy of another household member with similar coverage. The accident must be caused by someone without enough bodily injury coverage. It pays you up to the difference between the total amount collected from the bodily injury liability insurance covering the owner and driver of the other car, and the limits you purchased for this coverage.

Since many people buy only minimum required amounts for Bodily Injury to Others, selecting higher limits may protect you from incurring high personal injury expenses. You may purchase coverage up to, but no more than, the limits of the Bodily Injury to Others coverage you carry.

This coverage will NOT pay for damage to property.



## Please Remember



Massachusetts law requires a Pre-Insurance Inspection of used private passenger motor vehicles prior to providing coverage for Collision, Limited Collision or Comprehensive. In some cases, the required inspection may be deferred for seven calendar days (not including legal holidays). If your auto is not inspected within the required time, these coverages will be automatically suspended. Your premium will be adjusted if the suspension lasts more than ten days.



If you cancel your insurance policy, no refund will be issued until your insurance company receives a receipt showing that your license plates have been returned to the Registry of Motor Vehicles.



It is your responsibility to make sure that your safety inspection sticker and your registration plates are current. If you fail to renew on time, you may be fined and surcharged. You must pay your premium to avoid cancellation of your insurance. On the effective date, cancellations are electronically reported to the Registry of Motor Vehicles.



If you travel outside of Massachusetts to another state or to Canada, it is a good idea to have your insurance policy or proof of insurance with you. Your agent or insurance company can provide these forms.



If any of your children who are household members obtain a driver's license you must notify your company within 60 days of that date. You must list all licensed household members and any other licensed person who will customarily operate your auto.

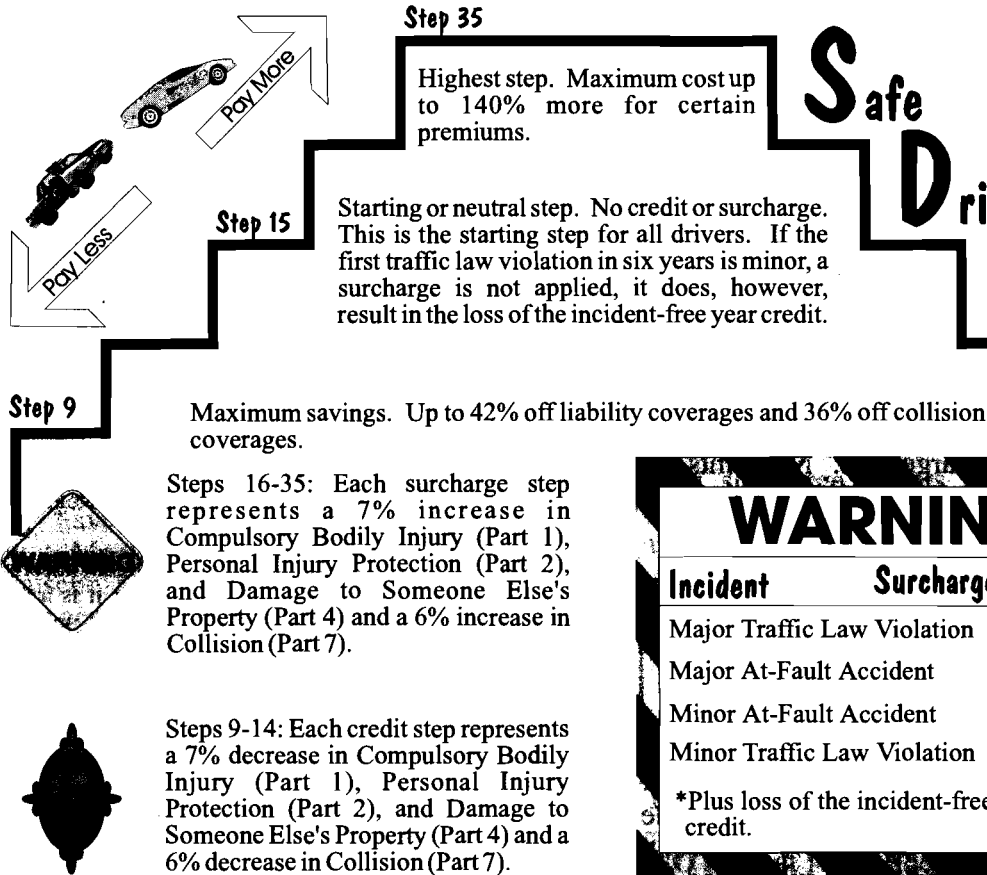


If you or someone on your behalf gives your insurance company false, deceptive, misleading or incomplete information concerning the description and place of garaging of the vehicles to be insured, the names of operators required to be listed and the answers given for all listed operators, your insurance company may refuse to pay your claims under any and all of the Optional Insurance Parts of your policy.

The **Safe Driver Insurance Plan (SDIP)** is a program mandated by state law that encourages safe driving by rewarding drivers who do not cause an accident, or incur a traffic law violation and by making sure that high-risk drivers pay a greater share of insurance costs. The SDIP premium adjustment is the last step in the rating process after all discounts and rating factors have been applied.

The following information is a general overview of the Safe Driver Insurance Plan and its impact on your insurance premium.

# Safe Driver Insurance Plan



<b>WARNING</b>	
<b>Incident</b>	<b>Surcharge Points</b>
Major Traffic Law Violation	5*
Major At-Fault Accident	4*
Minor At-Fault Accident	3*
Minor Traffic Law Violation	2*
*Plus loss of the incident-free year credit.	

## Operators New to Massachusetts

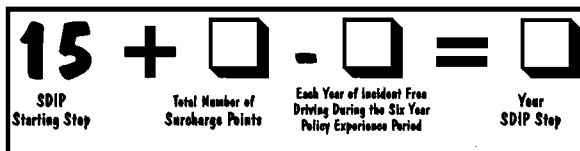
As of January 1, 1999, if an application for insurance indicates that an operator new to Massachusetts was licensed outside of Massachusetts within the last six years or an operator is being added to an existing policy, the operator will be initially placed at SDIP step 15. If an operator's Motor Vehicle Report (MVR) is electronically available, the insurer will be responsible for obtaining it from the state or country where the operator was licensed. If an MVR is not electronically available, the operator may obtain an official driving record or a record from a previous insurer and submit it to the current insurer. The Merit Rating Board will determine the operator's SDIP step.

## Safe Driver Insurance Plan

Under the SDIP, you incur surcharge points for traffic violations and at-fault accidents. You earn a credit point for each incident-free year (any of the one-year periods immediately preceding the policy effective date for which you have had no violations or at-fault accidents). You do not incur surcharge points for your first minor traffic violation during the policy Experience Period (which is the six year period immediately preceding the policy effective date), but you do not earn a credit point for that year.

### Calculating Your SDIP Step

Your SDIP step is calculated using a starting Step of 15, and your driving record during the policy Experience Period. Beginning at the neutral Step 15, add Surcharge Points for any Surchargeable Incident and subtract a Credit Point for each incident-free year of driving. The result is your SDIP Step. Each accident or violation remains on your record for six years from the surcharge date. No points are applied to incidents in the sixth year of the policy Experience Period.



### Save With Credit Points

Driving safely and avoiding surchargeable incidents can save you up to 42% on certain coverages. One credit point is subtracted for each year in which you do not cause an accident or incur a traffic violation. You get a credit point for any incident-free year of driving completed during your policy Experience Period as an out-of-state driver. **The Clean Slate Rule** can help you if you resolve to drive better. If you have a bad driving history with many surchargeable incidents and are paying a high surcharge

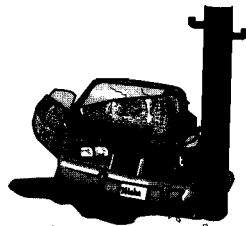
premium, you can earn credit points by maintaining three consecutive years of incident-free driving. If you do not cause any accidents or incur traffic violations for the three consecutive years preceding the policy effective date and your SDIP step is 15 or higher, your SDIP Step will be set at 14, a credit step.

### Surcharge Points Cost You Money and Increase Your Premium

You incur surcharge points if you:

- 1) cause an at-fault accident, or
- 2) are convicted of, or pay a fine for a traffic law violation, or are assigned to an alcohol education program.

**At-Fault Accidents:** You incur surcharge points if you are more than 50% at fault for an accident. You incur three surcharge points for Minor At-Fault Accidents and four surcharge points for Major At-Fault Accidents. A claim payment of over \$500 up to and including \$2,000 for Collision, Limited Collision, or Damage to Someone Else's Property is considered a Minor At-Fault Accident. If the claim payment is over \$2,000, it is a Major At-Fault Accident.



**NOTE** that for accidents that occurred before January 1, 1995, a Minor At-Fault Accident was between \$200 and \$1,500 and a Major At-Fault Accident was over \$1500.

**Traffic Violations:** If you are convicted of, and/or pay a fine for violating certain motor vehicle traffic laws in Massachusetts or out-of-state, or you are required to participate in an alcohol education program, the court will notify the Merit Rating Board.



The violation and surcharge points will be added to your driving record. Minor traffic violations include infractions such as; speeding, operating a vehicle without a valid inspection sticker, and failure to obey traffic lights. Some examples of major traffic violations include operating under the influence of liquor or narcotics, leaving the scene of an accident, and refusing to stop for a police officer. If

you disagree with a traffic violation, ***you must appeal it through the court system***, as indicated on the back of the citation violation. ***Traffic violations CANNOT be appealed*** to the Division of Insurance Board of Appeal or the Merit Rating Board.

## More Than One Car or Driver on a Single Policy

The listed driver with the highest SDIP Step is assigned to the vehicle with the highest combined premium for Bodily Injury, Personal Injury Protection, Damage to Someone Else's Property, and Collision coverages. For each subsequent vehicle, the listed driver with the next highest Step is assigned to the vehicle with the next highest combined premium until no vehicles remain. When there are more vehicles than drivers on a policy, the excess vehicles are assigned the Step of the driver with the lowest Step.

If a driver's Step is greater than 15, it will not be billed on more than one policy in effect at the same time. The SDIP Step of any operator who has a Massachusetts private passenger auto policy of their own, or whose SDIP Step is billed to another Massachusetts policy will not be billed to any other vehicle on any other policy.

## Application of At-Fault Accident Surcharges to Your Record

Insurers are required to determine if an operator is at-fault in excess of 50% by applying the Standards of Fault (211 C.M.R. 74.00), a regulation promulgated by the Division of Insurance. The Standards of Fault are common accident types under which you are presumed to be more than 50% at-fault. For example, the Standard of Fault, "Rear End Collision" presumes that you are more than 50% at-fault for an accident when operating a vehicle which is in collision with the rear section of another vehicle. This presumption will determine the outcome of the appeal hearing, unless you overcome the presumption by providing sufficient evidence that you were not more than 50% at-fault.

If your company determines that you are at-fault, they will send you a Surcharge Notice, as required by law. It includes instructions for appealing the surcharge to the Division of Insurance Board of Appeal. The surcharge remains on your record unless you successfully appeal.

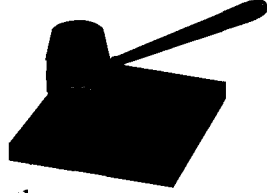


If you receive a Surcharge Notice which names the ***wrong operator***, call your insurance company; they should rescind the incorrect notice, and reissue a notice to the correct operator.

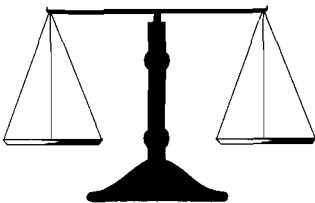
## Appealing an At-Fault Accident Surcharge

If you disagree with the surcharge and believe that you were not more than 50% at-fault, you may appeal the surcharge to the Board of Appeal located at the Division of Insurance. The filing fee is \$25. The law requires you to appeal **within 30 days** from receipt of the Surcharge Notice; **otherwise you will lose your right to appeal.**

Once you have submitted your appeal, you will receive a Surcharge Appeal Receipt. Three weeks prior to your hearing, you will receive a Hearing Notice indicating the date, time and location of your hearing. If surcharge points are applied to your premium while your appeal is pending, you must pay the additional premium or your policy will be cancelled. If the decision is in your favor, you will receive a refund or credit from your insurance company for any increased premium you have paid due to the surcharge. When you appeal a surcharge, the Hearing Officer must decide whether you were more than 50% at-fault for the accident according to the Standards of Fault, or if there were extenuating circumstances which contributed to the accident.



If the Board of Appeal finds that you are 50% or less at-fault, the incident will be removed from your driving record which is maintained by the Merit Rating Board. Your insurance company will adjust your premium accordingly.



**The appeal does not guarantee success.** If you do not agree with the decision of the Board of Appeal, you may pursue the matter further in Superior Court.

If you have questions concerning the SDIP please contact the **Merit Rating Board's** Customer Service Section at **(617) 351-4400**.

# Discounts

## Age 65 or Older

A 25% premium discount for all coverages will be applied after all other discounts and rating factors but prior to the application of the Safe Driver Insurance Plan rating step if: 1) the principal operator is 65 years or older; 2) there are no inexperienced drivers (0-6 years of driving experience); and 3) the automobile is not customarily used in business.

## Passive Restraint

A 25% discount applied to the premium paid for Parts 2, 3, 6, and 12 is available if your automobile is equipped with an air bag or automatic seat belts.



## Annual Mileage

A 10% discount applied to the premium paid for Parts 1-8 and Part 12 is available if your estimated annual mileage falls between 0-5000 miles. A 5% discount off of the premium paid for Parts 1-8 and Part 12 is available if your estimated annual mileage falls between 5001-7500 miles.



Antiques are not eligible for this discount.



## Anti-theft

Anti-theft discounts of up to 35% of the premium paid for Part 9 are available for automobiles with various types of qualifying anti-theft devices. Your insurance company or agent can provide you with a list of the qualifying anti-theft devices and the corresponding discounts available.

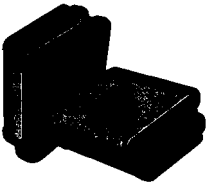
## Multiple Cars

A 5% discount applied to the premium paid for Parts 7 and 8 is available if: 1) an individual or married couple own two or more automobiles insured by the same company; and 2) there are no inexperienced operators. The discount applies only to automobiles that: 1) have no listed inexperienced operators; and 2) are not customarily used in business.



Antiques are not eligible for this discount.

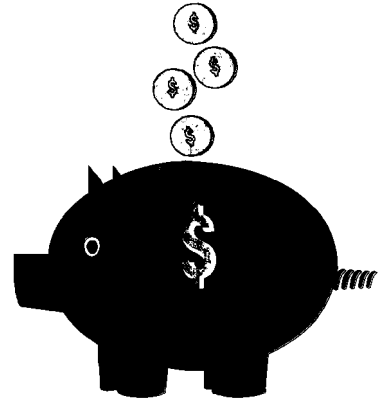
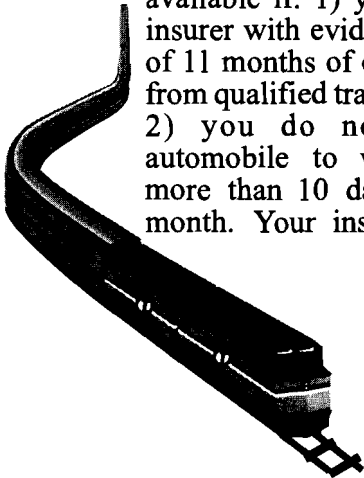
## Driver's Education



A 10% discount applied to the premium paid for Parts 1, 2, 4, 5, and 7 is available for the first 3 years after an inexperienced driver has completed an approved training course.

## Public Transit

A 10% public transit discount applied to the premium paid for Parts 4 and 7 (up to a maximum of \$75 per eligible vehicle) is available if: 1) you provide your insurer with evidence of purchase of 11 months of commuter passes from qualified transit systems; and 2) you do not drive your automobile to work or school more than 10 days or more per month. Your insurance company or agent can provide you with a list of the qualified transit systems.



## Rate Deviations

Many insurance companies have been offering discounts to their existing policy holders by filing requests with the Commissioner of Insurance to "deviate" from the basic insurance rate. These discounts have been offered primarily to the Commonwealth's safer drivers, mostly to those at SDIP steps nine through twelve.

Check with your agent to see if your insurance company has been approved to offer discounts to its safest drivers. If you are eligible for a group and a safe driver discount, you can take advantage of both!

## Group Discounts

In recent years many insurers have been offering discounts to numerous groups to attract new customers. These discounts will decrease your entire insurance premium. In addition, many group plans do not charge interest or require an initial deposit.

Groups can be sponsored by an employer, civic organization, motor club, association, trade union, credit union, etc. You may want to check with agents of several different insurers to learn which groups the insurer has been approved to offer discounts to and the size of the discounts. Any member of an approved group is eligible for the discount.

# ACCIDENT INFORMATION

Group plans are not guaranteed to be renewed, or to be renewed at the current discount level. By law groups may be continued if after two years of operation the group has 35% of its eligible members participating. If, however, after three years a group's loss and expense ratio makes the group unprofitable it cannot renew policies.

## Help Prevent Fraud

Fill out the accident forms completely and accurately, making sure to get all necessary information from any other drivers and passengers. Keep a camera in your auto and take snapshots at the scene. Report the name and address of every person in the other autos, including those who were not apparently injured.

Be sure your body shop is registered with the Division of Standards (617) 727-3480.

If you suspect fraudulent conduct on the part of anyone involved in your motor vehicle accident or your insurance claim - the other operators or any passengers, the repair shop, the appraiser, or any employee of the insurer - please call the Insurance Fraud Bureau hotline 1-800-32-FRAUD. Another number to remember is the Governor's Auto Theft Strike Force Hotline 1-800-HOT-AUTO when you have information about an auto theft. You will be able to speak confidentially with an investigator about your suspicions.

*Remember that this guide is not meant to be a substitute for your Massachusetts Automobile Insurance Policy. All information is current as of February 1, 1999.*

### Visit Us on the Internet!

[WWW.STATE.MA.US/DOI/](http://WWW.STATE.MA.US/DOI/)

Date	Time
Operator's Name	Date of Birth
License Number (on driver's license)	License Plate Number
Operator's Address	City/Town
	Zip Code
Owner's Name (if different)	Owner's Address (if different)
Insurance Company	Policy Number
Accident Location - Street	City/Town
# of Lanes	Landmarks / Conditions

List Witnesses / Describe Accident

