

Your Consumer Guide - Ways to Save on Your 2008 Automobile Insurance

For policies effective on or after April 1, 2008

Important Notice

Remember that this brochure is not meant to be a substitute for reading your Massachusetts Automobile Insurance Policy. That policy is your insurance contract. Questions or disputes concerning your automobile insurance will be resolved according to the terms of this policy.

Part I. What is in my insurance policy?

Coverages you must buy: Compulsory Insurance Parts 1-4

1. Bodily Injury to Others

Bodily Injury to Others protects you against legal liability for the accidental injury or death of others caused by the operation of your car, **but only if the accident occurs in Massachusetts**. You will be covered up to the 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.

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 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.

2. Personal Injury Protection (PIP)

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

Your PIP coverage pays for medical expenses in excess of \$2,000 that are not reimbursed by your health insurance only after these expenses have been submitted to your health insurer to determine what it will and will not pay.

3. Bodily Injury Caused By An Uninsured Auto

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

This coverage pays for damage to another person's property when you, a household member or another authorized driver cause an accident. A minimum limit of \$5,000 is required.

Compulsory insurance is the minimum amount of coverage required by state law. Accidents can often result in damage that exceeds these limits. Depending on your individual needs, you may wish to purchase increased limits on these coverages or additional types of coverages such as those listed in the optional coverage section. You should consult with an agent or other insurance professional for help in determining what types and how much coverage you need.

Coverages you may buy: Optional Insurance Parts 5 -12

5. Optional Bodily Injury to Others

Optional Bodily Injury to Others extends your liability protection under Part 1 above the mandatory limits required by the Commonwealth. This option provides coverage for accidents beyond Massachusetts to anywhere in the United States, its territories or possessions, or Canada. It also provides coverage for bodily injuries suffered by guests in your auto.

6. Medical Payments

Optional medical payments coverage pays for medical expenses for you, your household members and passengers, over and above amounts covered by Personal Injury Protection (PIP) no matter who caused the accident.

7. Collision

Collision coverage pays for damage to your car, less any deductible, no matter who causes the accident. Personal property is not covered unless it is permanently installed in your car. If your car is financed, your lender may require collision coverage.

Waiver of Deductible

For an additional premium, you may purchase a "waiver of deductible." With this waiver, your collision deductible will not apply when an accident is caused by an identifiable driver.

8. Limited Collision

Limited collision coverage pays for collision damage to your car if you are no more than 50% at-fault for the accident AND the owner of the other vehicle is identifiable.

9. Comprehensive

Comprehensive coverage pays for damage to or loss of your car, less any deductible, resulting from events such as fire, theft, vandalism, and striking an animal, but not collision. Personal property such as a stereo is not covered unless it is permanently installed in your car. 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.

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 right deductible 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.

10. Substitute Transportation

This coverage reimburses up to the limit purchased for car rental or transportation costs including taxi, bus, and train fare while your car is undergoing collision or covered repairs.

11. Towing and Labor

Towing and Labor coverage pays up to the limit purchased 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 needed to get your car running again. Parts are not covered.

12. Bodily Injury Caused by an Underinsured Auto

This optional coverage pays if you are injured by a motorist with liability limits less than the amount of the damages you are entitled to recover. The other motorist's policy pays its limits first and then yours pays any remaining losses up to the amount purchased. This coverage will not pay for damage to property

Other Coverages

All insurers offer the optional parts listed above. In addition to these common coverages, insurers are free to offer other coverages or policy features in order to compete for customers. Some of the additional features you may find include:

- Roadside Assistance
- Accident Forgiveness
- Auto Loan\Lease Coverage
- Multiple Deductible Options for Collision and Comprehensive
- Pet Coverage

Part II. Shopping for Insurance

In recent years, all rates for automobile insurance have been set by the Commissioner of Insurance under what was known as the "fix-and-establish" system. Under this system, companies were not allowed to compete for drivers by charging lower premiums.

Beginning April 1, 2008, automobile insurance companies will begin setting their own rates. This means that if you request premium quotes for the same coverage from several different companies, you will most likely receive different quotes from each of them. You will then be able to choose the best rate for the coverage you want. The Commissioner of Insurance still must approve a company's rates, but the new system will allow companies to compete for your business.

Will My Auto Insurance Coverages Change?

Although the minimum limits and basic coverages will not change, insurers will now be permitted to offer additional coverages, higher limits, and lower or waived deductibles. Therefore, you may have more choices available to you, and may want to shop around if there are additional coverages you wish to purchase.

Will Competition Lower My Premium?

Competition is designed to encourage insurance companies to offer their lowest possible premium to each driver. Although the majority of Massachusetts policyholders will probably benefit from reduced rates under the new system, the amount that you pay will depend on your individual risk factors, such as your driving record, the territory in which you live, and other rating factors approved by the Commissioner. While every policy is different, maintaining a clean driving record should decrease your rates.

How Should I Shop For Auto Insurance?

First you should determine what types of coverage you need, and how much of each type you need. Once you have decided what you need, you should then get premium quotes for that coverage from several companies. You will be able to do this by working with one or more agents and by contacting different insurance companies directly.

For a current list of all insurance companies offering auto insurance in Massachusetts, please visit the DOI's website at www.mass.gov.

How Should I Decide Where To Purchase My Policy?

Once you have chosen the types and amounts of coverage that you need, you will need to obtain quotes from different insurance companies in order to find the best price. ***Make sure the premium quotes you are getting from each company are for the same coverage.*** Once you have determined which companies will provide you with the best price for the coverage you need, you may wish to speak with family members, friends and neighbors to learn about their claim experiences. Remember that while price is certainly an important factor in deciding which insurance company to choose, it is not the only factor. Price, discounts, claims handling, the location of an agent or direct writer, or the financial health of the company are all legitimate factors you might consider in buying insurance. Ultimately, you must decide which features are most important to you.

Can I Pay My Premium in Installments?

Most companies offer installment plans to allow policyholders to spread out their payments. The company typically adds a service fee to policies making use of the installment plan option. If you are assigned to an insurer through the MAIP, you will be offered an installment plan unless you have previously had a policy cancelled for non-payment or if you have made a payment with a bounced check. For policies written on the voluntary market, installment plans are optional.

Part III. How do I lower my premium?

How is my premium calculated?

Many consumers are confused about how their automobile insurance premiums are calculated. They mistakenly believe that they have no control over the cost of their auto insurance. This is not true. Massachusetts drivers do have the ability to lower their auto insurance premium by shopping around, driving safely, choosing appropriate coverage, and taking advantage of discounts.

Insurance companies group you with other individuals who share your risk characteristics - such as the number of years of driving experience. Insurance companies then calculate your individual premium, using the base rate for your group, and then revise your premium to reflect your individual risk factors and appropriate discounts. In determining your actual premium, insurance companies consider your years of driving experience, the number and type of your at-fault accidents, the number and type of your traffic violations, the vehicle you drive and the principal place where you garage that vehicle. Insurance companies may also consider other risk factors if those factors are relevant to risk and approved by the Commissioner.

Extra Risk Rating

You may be denied comprehensive coverage or required to pay a higher extra-risk rate if you or another driver listed on your policy:

- Own a high theft car, unless you have installed a minimum anti-theft device,
- Have been convicted of auto theft or auto related fraud within the last 5 years,
- Have two or more auto theft or fire claims within the last 3 years, or
- Have filed a claim with an intentional and material misrepresentation within the last 5 years.

You may be denied collision coverage or required to pay a higher extra-risk rate if you or another driver listed on your policy:

- Have been convicted of vehicular homicide in the last 5 years,
- Have been convicted of auto theft or auto related fraud within the last 5 years, or
- Have been convicted in any category of driving under the influence of alcohol or drugs within the last 3 years

Prohibited Underwriting and Rating Factors

For rates offered as of April 1, 2008, insurance companies may not use certain factors for either underwriting or rating under Massachusetts law. Underwriting is the company's process of deciding whether or not to accept your business and issue you a policy. Insurers cannot use sex, marital status, race, creed, national origin, religion, age, occupation, income, principal place of garaging, education, and home ownership in the underwriting process.

Rating is the company's process of deciding how much premium to charge you. Insurers cannot use sex, marital status, race, creed, national origin, religion, age (except for safe drivers who are 65 years or older), occupation, income, education, and home ownership in the rating process.

Insurance companies are also prohibited from using credit information from consumer reporting agencies for either underwriting or rating.

Saving Money

Coverage Choices

Drivers can often lower their premium by thinking about which optional coverages they really need and the level of coverage that best fits their situation.

PIP Coverage

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."

Collision and Comprehensive

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.

Substitute Transportation

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.

Towing & Labor

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

Discounts

Insurance companies offer a variety of discounts. Some discounts are required by law, such as for passive restraint systems or other safety features, anti-theft devices, and for drivers who are 65 years or older. Other discounts are optional, and may include driver-training, multi-car or other Commissioner-approved factors that reduce either the risk or extent of injuries or damage. Whether insurance companies are required to offer a particular discount by law or simply choose to offer it, the amount of those discounts may vary somewhat from company to company. When shopping for your new policy, be sure to find out what types of discounts each company offers, and how much each of those discounts reduce your premium.

Mandatory Discounts

All companies must offer the following discounts:

Age 65 or Older

At least a 25% discount for all coverages will be applied to a premium after all other discounts and rating factors if the driver meets the following conditions:

- The principal operator is 65 years or older,
- The vehicle is not operated by an Inexperienced Operators (less than 6 years driving experience), and
- The vehicle is not customarily used for business

Passive Restraint

At least 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.

Anti-Theft

Anti-theft discounts on 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 discount applied to the premium paid for compulsory coverages (Parts 1, 2 and 4) and, if selected, optional coverages (Parts 5, 7, 8 and 9) is available if an individual or married couple own two or more automobiles insured by the same company.

Optional Discounts

Companies may offer many discounts in addition to the ones listed above. Some examples of discounts that you might find include:

- Annual Mileage
- Public Transit
- Advanced Driver Training
- Good Student
- Student Away at School
- Daytime Running Lights
- Years with the Company
- Years Licensed
- New Vehicle
- Other Policies with the Company
- Enrollment Credits

Each company will set eligibility requirements for optional discounts. Talk to your agent or company representative to learn what is available and if you qualify.

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.

Part IV. My driving record

Beginning in April 2008

As of April 1st, 2008, Massachusetts drivers will have the benefit of a competitive automobile insurance market. This means that the old system where automobile rates are set by the Commissioner of Insurance no longer exists. In a competitive market, insurance companies may set their own rates. In addition, insurance companies may choose to develop their own Merit Rating Plan or they can decide to continue to use the existing Safe Driver Insurance Plan (SDIP). In any event, all insurance company rates and Merit Rating Plans must be approved by the Commissioner of Insurance.

What is a Merit Rating Plan?

Under the new competitive market system, insurance companies will be permitted to develop their own rules - known as Merit Rating Plans - to determine if and how they will impose surcharges on your premium for at-fault accidents and traffic violations. For example, an insurance company's Merit Rating Plan might offer an accident forgiveness option where surcharge points will not be applied for your first at-fault accident under certain circumstances.

An insurance company's Merit Rating Plan shall not:

- Use any at-fault accident or traffic violation that is greater than 6 years old from the policy effective date, or
- Increase premium for at-fault accidents or traffic violations for more than 5 years.

For more information on individual insurance company Merit Rating Plans, contact the insurance company or insurance agent directly.

What is the Safe Driver Insurance Plan (SDIP)?

Companies can also choose to adopt the existing SDIP system as their Merit Rating Plan. The SDIP is the point based system that lowers premiums for drivers with clean driving records, and increases premiums for drivers with traffic violations and at-fault accidents. Auto policies written through the Massachusetts Automobile Insurance Plan (MAIP) use the SDIP system as the company's merit rating plan. For more specific details about the SDIP, visit the Merit Rating Board's website at www.mass.gov/mrb.

Driving Safely Can Reduce Your Premium

Companies are free to create Merit Rating Plans or use the existing SDIP. These plans lower your premium based on years of incident-free driving, or raise your premium based on at-fault accidents and traffic violations. Most insurance company Merit Rating Plans and the SDIP provide good driver discounts to drivers with clean driving records. Driving safely and maintaining a clean driving record will almost certainly reduce your automobile insurance premium.

Application of At-Fault Accident Surcharges to Your Record

Insurers are required to determine if a driver is more than 50% at fault for an accident by applying the Standards of Fault (211 C.M.R. 74.00). These standards are common accident types under which you are presumed to be more than 50% at fault. For example drivers are presumed to be more than 50% at fault when operating a vehicle which collides with the rear section of another vehicle.

If your company determines that you are at fault for an accident, it will send you a Surcharge Notice. This notice includes instructions for appealing the surcharge to the Board of Appeals at the Division of Insurance. Surcharge points remain on your driving record unless you successfully appeal the surcharge.

If you receive a Surcharge Notice naming the wrong operator, call your insurance company. Your insurer will rescind the incorrect notice and reissue the notice to the correct operator.

Under the new competitive system, insurers will still be required to report all at-fault accidents to the Merit Rating Board (MRB).

Appealing an At-Fault Accident Surcharge

If you have been surcharged for a traffic accident and you believe that you were not more than 50 percent responsible for causing the accident, you may appeal the surcharge to the Division of Insurance Board of Appeals. There is a \$50 fee to file an appeal. You must file your appeal within 30 days from receiving your Surcharge Notice; otherwise you may lose your right to appeal.

If a surcharge is applied to your auto insurance premium while your appeal is pending, you must pay the additional premium or your policy will be cancelled. If you win your appeal, you will receive a refund or credit from your insurance company for any increased premium you paid as a result of the surcharge.

Your 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. For specific details about the at-fault accident appeal process, contact the Division of Insurance Board of Appeals at 617-521-7478, or visit their website at www.mass.gov/doi.

Appealing Traffic Violations

If you receive a traffic ticket - known as a civil traffic citation - that results in a surcharge, you cannot appeal the surcharge to the Board of Appeals. You must challenge the ticket in court. The rules for contesting the ticket will be found on the back of the ticket. Typically, you will have a hearing before a clerk-magistrate or judge. If the court finds in your favor, you will not be surcharged for the violation.

For more information on appealing civil traffic citations, please visit the Merit Rating Board's website at www.mass.gov/mrb.

Copies of Your Driving Record

You may obtain an official copy of your driving history record from the Merit Rating Board (MRB). The MRB is the state agency that maintains driving history records. You can receive a copy of your record by submitting a completed "Request for Detailed Driving History Record" form to the MRB. There is a \$15 fee to process your request. You can download the form from the MRB's website at www.mass.gov/mrb or you can call 617-351-4400 to obtain the form.

Operators New To Massachusetts

If you are new to Massachusetts you may be assigned to an insurer through the MAIP. MAIP policies use the SDIP system for a Merit Rating Plan. This allows drivers new to Massachusetts to get credit for their safe driving in other jurisdictions. If a driver new to Massachusetts was licensed in another state or country within the last 6 years, the driver will initially have zero (0) SDIP surcharge points. However, the new driver will not be eligible for any safe driving discounts.

If a new driver's Motor Vehicle Report (MVR) is electronically available, the insurer will be responsible for obtaining it from the state or country where the driver was previously licensed. If an MVR is not electronically available, the driver can obtain an official driving record, or a record from a previous insurer, and submit it to the current insurer. If that driving record is not in English, the driver must obtain a translation certified true and correct by a translator, attach it to the driving record, and submit it to the current insurer.

Merit Rating Board

The Merit Rating Board is the state agency that maintains operator driving history records and is responsible for the administration of the Safe Driver Insurance Plan. The MRB receives and maintains information from insurance companies, police departments, and Massachusetts courts regarding at-fault accidents and motor vehicle traffic violations.

If you are a listed driver on a Massachusetts private passenger automobile insurance policy assigned through the MAIP, the MRB will determine your SDIP rating and report it to your insurance company. If you obtain your policy through the voluntary market and your insurance company uses its own merit rating plan, the insurance company will use the information from the MRB's driving history record to determine your premium.

You can learn more about the MRB and the SDIP by visiting our website at www.state.ma.us/mrb or you can contact the Merit Rating Board's Customer Service Section at 617-351-4400.

Part V. Accidents, Claims & Fraud

Everyone Pays for Insurance Fraud

Auto insurance fraud is not a victimless crime. We can all do our part to hold down costs by reporting suspected fraud and being part of the solution. Insurance fraud is a crime punishable by up to five years in state prison and a \$10,000 fine.

When you are involved in an automobile accident, you rely on your auto insurer to handle your claim properly, fairly, and with as little inconvenience to you as possible. As a policyholder, you can ensure the efficiency of claims processing by doing your part to assist insurers in providing accurate information when the policy is issued, and in the fact-gathering process that follows an automobile accident. If you give false information to your insurer concerning where your car is garaged or who customarily drives your car, your claim may be denied.

Buying a Policy

The single most important thing you can do to protect yourself from a claim denial is to check that all of the information you provide your insurance company is complete and accurate.

You must indicate where your car is garaged most of the time, regardless of your listed address. Furthermore, you must also list all the licensed drivers who are likely to operate your vehicle. This includes people who live with you (family and roommates) who do not have their own auto insurance, and also people who use your car on any kind of regular basis.

After an Accident

Three simple steps can make a real difference in collecting all of the relevant information in the event of an accident:

- 1) Keep the following items in your glove compartment - a disposable camera, a first aid kit, a tape measure, and blank police reports or accident diagrams.
- 2) Note all participants and witnesses at the scene including their name, address, contact information, and insurers regardless of whether or not anyone was injured.
- 3) File reports with the local police and your insurer promptly after the accident.

These easy steps will allow you to make a contribution to limiting the cost of fraud to all insurers, and thereby hold down rates for all consumers. In addition, you will be far more likely to be satisfied with the handling of your claim.

If you suspect fraudulent conduct on the part of anyone involved in your motor vehicle accident or your insurance claim - including other operators, any passengers, the repair shop, the appraiser, or any employee of the insurer - please call the Insurance Fraud Bureau hotline at 1-800-32-FRAUD. Another number to remember is the Governor's Auto Theft Strike Force Hotline at 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.

Finally, be sure that your auto body repair shop is registered with the Division of Standards 1-617-727-3480.

The Use of Original Equipment Manufacturer (OEM) Parts in the Repair of Your Vehicle

OEM Parts - No Additional Charge to Owner

You are entitled to the use of Original Equipment Manufacturer (OEM) parts in the repair of your vehicle under any of the following circumstances:

- Your vehicle has been driven for no more than 20,000 miles,
- The operational safety of the vehicle would otherwise be impaired, or
- After reasonable and diligent effort, an appropriate rebuilt, aftermarket or used part cannot be located.

If you do not meet any of the criteria listed above, you can always require your auto repairer to use OEM parts, but you must pay the increased cost that may result.

Whenever repairs are to be made to a vehicle using non-OEM parts, state law requires that notice must be given by the appraiser and repairer to the owner prior to repairs being made.

Optional Endorsement for OEM Parts

Some insurers may offer an endorsement covering the amount necessary to replace any damaged "crash part" which cannot be repaired, with an OEM part. You must pay additional premium for this optional endorsement. Contact your agent or insurance company to see if they offer this endorsement.

Part VI. Things to Remember

Pre-Insurance Inspection

A Pre-Insurance inspection of used private passenger motor vehicles prior to providing coverage for Collision, Limited Collision or Comprehensive is required unless waived by your insurer. The inspection may be deferred for ten calendar days - not including legal holidays and Sundays. If your auto is not inspected within the required time, these coverages will be automatically suspended.

Cancelling Your Policy

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

Safety Inspection and Premium Payment

It is your responsibility to make sure that your safety inspection sticker is current. If you fail to keep your sticker current, 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.

Newly Licensed Drivers

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.

Cooperate with Your Insurance Company

If you or someone on your behalf gives your insurance company false, deceptive, misleading, or incomplete information concerning the place of garaging of your car, or the names of those people who drive your car, your insurer may refuse to pay your claims under any or all of the Optional Insurance Parts of your policy.

For More Information

If you visit the Division of Insurance's website at www.mass.gov/doj, you will find an array of materials that can help you understand automobile insurance in Massachusetts. Go there to learn more about:

- Shopping Around for Automobile Insurance
- Consumer Rights in Automobile Insurance
- Learn More About the Massachusetts Automobile Insurance Plan (MAIP)
- Insurance and Your Rental Car