

**Commercial Automobile Insurance Manual**

**Section VII~~3~~ Special Types and Operations**

**110. ELIGIBILITY**

This section applies to all automobiles that are not classified and rated in other sections.

**111. PREMIUM DEVELOPMENT**

- A. Determine the rating territory from the Territory Definitions based on the street address of principal garaging.
- B. Liability, No-Fault and Physical Damage  
See specific rating instructions for each classification in this section.
- C. Medical Payments, Uninsured and Underinsured Motorists Insurance  
Refer to specific rules in this section. If no premium or procedures are shown, determine premiums as follows:
  - 1. If liability premiums are developed from truck, tractor and trailer premiums, charge truck, tractor and trailer Medical Payments premiums, Uninsured and Underinsured Motorists Insurance premiums.
  - 2. If liability premiums are developed from private passenger type premiums, charge private passenger type Medical Payments, Uninsured and Underinsured Motorists Insurance premiums.

**112. AMBULANCE SERVICES**

- A. Except for Compulsory Bodily Injury Coverage, the policy must exclude coverage for bodily injury to any volunteer worker engaged in rescue squad or ambulance corps operations.
- B. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional service.
- C. Refer to the Rate Section for premium computation.

**113. AMPHIBIOUS EQUIPMENT**

For automobiles designed to operate on both land and water, rate as land automobiles according to their use.

**114. RESERVED FOR FUTURE USE**

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**115. AUTOMOBILE BODY MANUFACTURERS AND INSTALLERS (Class Code 79240)**

Operations which involve demonstrating, testing, driving away or delivery of motor vehicles manufactured, assembled, rebuilt or repaired by the insured may be insured at the rate per plate applicable to garage dealers.

All other motor vehicles and trailers, owned by the insured and operated in connection with the business of the automobile factory, shall be written in the regular manner; that is, on the specified car basis in accordance with manual rules and rates.

The policy shall not extend to cover the operation of any branch sales office or garage. Each such branch sales agency or garage must be rated under the rules applying to automobiles garages, dealers and service stations.

**116. DRIVER TRAINING PROGRAMS (EDUCATIONAL INSTITUTIONS AND COMMERCIAL DRIVING SCHOOLS) AND AUTOMOBILE REPAIR TRAINING**

**A. Driver Training Programs - Educational Institutions (Class Code 79260)**

**1. Eligibility**

This section applies to private passenger automobiles used for driver training as part of a school curriculum.

2. A policy covering automobiles used by schools in driver training programs may be written on an annual term for liability and Collision Coverages with premium prorated to reflect the actual school term. However, do not give credit for Saturdays, Sundays or holidays or for any other periods of lay-up during the school term.

3. Refer to the Rate Section for premium computations.

**B. Commercial Driving Schools (Class Code 79270)**

**1. Eligibility**

This section applies to automobiles used by driving schools to give driving instruction.

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**116. DRIVER TRAINING PROGRAMS (EDUCATIONAL INSTITUTIONS AND COMMERCIAL DRIVING SCHOOLS) AND AUTOMOBILE REPAIR TRAINING (Continued)**

2. Refer to the Rate Section for premium computation of owned vehicles.

3. Non-Owned Automobiles

a. The policy must cover the driving instructors and their students.

b. Premium Computation

Charge the private passenger type rates for each instructor in excess of the number of owned automobiles.

C. Automobile Repair Training

For automobiles used by schools in automobile repair training, the rules and rates for owned automobiles, hired automobiles and non-ownership apply.

**117. FIRE DEPARTMENT**

A. Eligibility

1. This rule applies to automobiles used for firefighting purposes.

2. The policy must exclude coverage for bodily injury to any volunteer fireman or volunteer worker engaged in firefighting, rescue squad or ambulance corps operations.

3. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional service.

B. Refer to the Rate Section for premium computation.

**118. FUNERAL DIRECTORS**

A. Eligibility

1. This rule applies to automobiles owned or used by a funeral director.

2. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional service.

B. Refer to the Rate Section for premium computation.

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**119. LAW ENFORCEMENT AGENCIES**

A. Eligibility

1. This rule applies to automobiles used by government law enforcement agencies or police departments.
2. The policy must exclude coverage for bodily injury to any volunteer worker engaged in rescue squad or ambulance corps operations.
3. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional service.

B. Refer to the Rate Section for premium computation.

**120. LEASING OR RENTAL CONCERNS**

A. Eligibility

This rule applies to risks which lease or rent automobiles to others without drivers. For automobiles leased or rented with drivers refer to the Truckers Rule or the Public Transportation Section.

B. Registration Requirements

The Massachusetts Registry of Motor Vehicles requires that motor vehicle registrations be obtained in the name of the actual owner of the vehicle. When liability insurance is to be obtained by a person or organization other than the actual owner, policies must be issued as follows:

1. If the actual owner is other than the leasing company and the leasing company is obtaining the insurance, the policy must be issued to the leasing company as named insured and an endorsement "Application of Insurance to Owner of Leased Motor Vehicle" must be made a part of the policy.
2. If the actual owner is other than the leasing company and the ultimate lessee is obtaining the insurance, the policy must be issued to the ultimate lessee as named insured and endorsements "Application of Insurance to Owner of Leased Motor Vehicle" and "Application of Insurance To Lessor of Leased Motor Vehicle" must be made a part of the policy.
3. If the actual owner is the leasing company and the lessee is obtaining the insurance, the policy must be issued to the lessee as named insured and endorsement "Application of Insurance to Lessor of Leased Motor Vehicle" must be made a part of the policy.

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**120. LEASING OR RENTAL CONCERNS (Continued)**

C. Premium Determination

When determining the premiums, use the territory where the automobile is principally garaged.

1. Specified Car Basis (Long Term)

- a. Rate automobiles leased for one year, or more at the classification rates in this Manual that apply to the lessee.
- b. Contingent Coverage - Refer to company. (Class Code 72190)

2. Specified Car Basis (Short Term)

Refer to the Rate Section for automobiles rented by the hour, day or week.

3. Gross Receipts Basis - Refer to company.

D. Conversion, Embezzlement or Secretion Coverage

1. When using the approved Business Automobile Policy, endorse the policy to exclude, under Comprehensive or Theft, coverage for conversion, embezzlement or secretion.
2. Refer to the Rate Section for premium determination.

**121. MOBILE HOMES**

Mobile homes shall be classified as follows:

A. Trailers equipped as living quarters (Class Code 79630).

B. Pick-up trucks used solely to transport camper bodies (Class Code 79620).

C. Motor homes - self-propelled vehicles equipped as living quarters. Overall length not more than 22 feet (Class Code 79600) and overall length more than 22 feet (Class Code 79610).

D. Refer to the Rate Section for premium determination.

**122. MOTORCYCLES AND SIMILAR VEHICLES**

A. This rule applies to motorcycles, motorscooters, motorbikes and any other similar vehicles used for commercial purposes.

B. Refer to the Rate Section for premium determination.

C. The premium for Personal Injury Protection must be charged for vehicles subject to Massachusetts registration.

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**123. REPOSSESSED AUTOMOBILES (Class Code 79250)**

A. Eligibility

1. This rule does not apply to automobiles that finance companies and banks own or operate for their own business or pleasure purposes. Insure such automobiles according to the regular use of the automobile.
2. Automobile finance companies and banks engaged in the business of financing the purchase of or insuring motor vehicles to whom dealer's registration plates have been issued by the Registry of Motor Vehicles for use only in respect to such vehicles as such person may take in possession by foreclosure or subrogation of title, shall be insured under a Massachusetts Motor Vehicle Liability Policy or the approved Business Automobile Policy.

B. Premium Computation

1. Liability and No-Fault - charge the private passenger type rate for each plate issued.
2. Physical damage coverage for repossessed automobiles is not cedable to the Commonwealth Automobile Reinsurers.

**124. REGISTRATION PLATES NOT ISSUED TO A SPECIFIC AUTOMOBILE**

A. Farmer's Special Plates

Any person, individual or partnership engaged primarily in the occupation of farming or raising poultry on land owned or controlled by him may register certain farm motor vehicles and trailers for which farmer's special interchangeable registration plates be used. Such registration plates are valid only when affixed to qualifying vehicles operated within the Commonwealth, the state of Maine or operated in bordering states having a reciprocal agreement with the Massachusetts Registry of Motor Vehicles.

1. Premium Computation

- a. Refer to Rate Section for liability coverage premium.
- b. Physical damage coverage is available on a specified car basis only.

B. Owner-Repairman (Class Code 07070)

Owner-Repairman - any person who is not a manufacturer, dealer or repairman and who owns a fleet of ten or more motor vehicles or trailers which are used by him exclusively in his principal business, and who maintains an establishment with facilities for the repair, alteration or equipment of such motor vehicles or trailers.

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**124. REGISTRATION PLATES NOT ISSUED TO A SPECIFIC AUTOMOBILE (Continued)**

All motor vehicles or trailers owned by an owner-repairman which are in the process of being repaired, altered, equipped or transferred from one location to another and which are not being used during such time in the operation of the principal business of said owner-repairman or, in the case of rubber-tired back-hoes, front-end loaders and road graders are being used on the traveled parts of public ways for the building, repair, or maintenance thereof, shall be regarded as registered under the general distinguishing number or mark assigned by the Registrar of Motor Vehicles and shall be insured at the rate per plate applicable to garage-dealers as shown on the rate pages in the Rate Section.

C. Transporters (Class Code 07060)

Transporter - any person engaged in the business of transporting or delivering under their own power, motor vehicles not owned by said person.

A person, firm or corporation whose business consists of transporting motor vehicles which are under the control of, but not owned by such transporter while being delivered by him under his own power, shall be registered under the transporter plates assigned to him and shall be insured at the rate per plate applicable to garage-dealers as shown on the rate sheets in the Rate Section.

D. Boat Trailers (Class Code 04560)

This classification applies to dealers in boats and boat trailers to whom interchangeable boat trailers plates have been issued.

Refer to the Rate Section for premium determination.

**125. SPECIAL OR MOBILE EQUIPMENT**

A. Land motor vehicles other than farm equipment.

Unless indicated otherwise, operations coverage for the operation of any equipment described in this section is not provided under an automobile policy.

Eligibility

This section applies to the following categories:

1. Self-propelled vehicles which are required to be covered on an automobile policy with the following types of permanently attached equipment:
  - a. Equipment designed primarily for:
    - (1) Snow removal;
    - (2) Road maintenance, but not construction or resurfacing;
    - (3) Street cleaning.

Operations coverage for this equipment is provided under an automobile policy.

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Section VII~~3~~4 Special Types and Operations

**125. SPECIAL OR MOBILE EQUIPMENT (Continued)**

- b. Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers;
  - c. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
2. Vehicles of the following types not covered by General Liability Insurance which may be covered under an automobile policy:
- a. Bulldozers; forklifts, and other vehicles designed for use principally off public roads;
  - b. Vehicles maintained for use solely on or next to premises the insured owns or rents;
  - c. Vehicles that travel on crawler treads;
  - d. Vehicles maintained primarily to provide mobility to permanently mounted:
    - (1) Power cranes, shovels, loaders, diggers or drills; or
    - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
  - e. Vehicles not described in a., b., c. or d. that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
    - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
    - (2) Cherry pickers and similar devices used to raise or lower workers;
  - f. Vehicles not described in 1 or 2 maintained primarily for purposes other than the transportation of persons or cargo:
- B. Farm Equipment (Class Code 79070)

**Eligibility**

This rule applies to farm tractors, harvesting combines, power driven lawn mowers and other self-propelled farm equipment used for farming purposes.

Liability insurance for self-propelled farm equipment includes coverage for trailers, semitrailers, farm wagons and other farm implements while attached to the equipment. Coverage shall not extend to the operations of farm machinery or to a home, office, store of passenger trailer.

- C. Refer to the Rate Section for premium determination and class codes.



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Section VII~~3~~ Special Types and Operations

**126. COMPOSITE RATING**

A. Liability

1. Introduction

This is a rating plan applicable to automobile liability insurance, by which composite rates for a risk may be established on one or more exposure bases, in lieu of the regular underwriting basis and rates of the various manuals. This Composite Rating Rule also provides an effective procedure for rating those classifications for which the manual exposures are not readily available and cannot be obtained without excessive difficulty.

An initial survey will be made of the exposures of the risk and composite rates established on special underwriting bases which will reasonably reflect and measure fluctuations in the exposures involved.

Such composite rate may be restricted to any specified coverages.

2. Eligibility Requirements

In order to qualify for application of this Plan, the exposures to be rated on a composite rate basis shall produce a total annual basic limits premium at manual rates, for the period indicated in Rule 3(a) of at least \$25,000.

However, if a risk does not meet this premium requirement, it may nevertheless be rated under this Plan provided a minimum premium equal to the required premium for eligibility for basic limits is charged for the coverages to be insured on a composite rate basis.

3. Computation of Composite Rate

The use of this rating procedure should result in the development of an estimated annual premium charge which does not deviate from a specified car premium determination.

Each composite rate shall be developed as follows:

- a. Determine the exposures on the regular underwriting bases for the coverages to be insured on a composite rate basis, for a period of twelve consecutive months beginning not earlier than twenty-four months nor later than twelve months prior to the date on which the composite rate is to be effective. If these exposures are not susceptible of exact determination for any portion of the insurance to be rated, they shall be estimated from the use of such information as is available.

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Section VII<sup>3/4</sup> Special Types and Operations**126. COMPOSITE RATING (Continued)**

- b. Ascertain for the exposures referred to in (a) the applicable manual rates and minimum premiums at basic limits (including rates and minimum premiums for operations which must be submitted to the company for rating) and any rating modifications developed under applicable rating plans in effect as of the date on which the composite rate is to be effective.
- c. Determine the actual exposures on the special underwriting basis or bases to be used for the composite rate, for the same twelve month period as used in (a) of this rule.

Note: The exposures referred to in (a) and (c) may be adjusted to recognize known changes in the risks basic operations, other than exposure changes resulting from variations in price or wage levels.

- d. Compute the composite rate as follows:
  - (1) Extend the exposures in (a) at the manual rates in (b), subject to any applicable minimum premiums, multiplied by any applicable rating modifications indicated in (b).

Note: If more than one Increased Limits Table applies to the liability exposures in (a), the premiums shall be subtotaled according to each underlying Increased Limits Table. Refer to Rule 4.

- (2) Divide the total of the premiums obtained in (d) (1) by the exposure in (c). The result is the composite rate for the risk.

Note: If the composite rate is to be applied to a policy written for a period in excess of one year, no term discount shall apply.

**EXCEPTIONS**—For risks not in existence during the period referred to in Rule 3(a), composite rates will also be computed in a similar manner using the classification exposures on the regular underwriting bases for the coverages to be insured on a composite rate basis, together with the exposure on the special underwriting basis selected, which are estimated to apply during the ensuing twelve month period.

**4. Increased Limits**

Where limits of liability in excess of the basic limits reflected in the rate computation are to be afforded, the company shall apply the appropriate increased limits table factor to the basic limits composite rate (or rates) for liability insurance developed under Rule 3(d) (2). If amounts of coverage other than those reflected in the rate computation are to be afforded for glass or theft insurance, reflection of such changes in the composite rate computation shall be made.

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**126. COMPOSITE RATING (Continued)**

5. Experience Rating

The prescribed procedures of applicable experience rating plans shall apply to risks rated in accordance with this rule.

6. Revisions of Composite Rates

The composite rates shall be revised annually to reflect any revisions of manual rates or rating modifications developed under applicable rating plans. Such reratings shall be based on the data contained in the latest available survey.

A complete re-survey of exposures and revision of the composite rates may be made annually or at any time at the request of the carrier or the insured, to reflect thereafter the effect of marked exposure changes which would not otherwise be fully reflected by the special underwriting basis selected.

7. New Coverage During A Policy Year

A composite rate may be adjusted to include other kinds of insurance, or subdivisions thereof or coverages added after the effective date of the policy. Such adjustments may be made at the time of the addition or at the next rating anniversary date. If such composite rate adjustment is not made at the time of the addition, the regular manual rating procedure and applicable experience modifications shall apply to such additional kinds of insurance, or subdivisions thereof, or coverages, during the period between the inception of coverage for such additional exposures and the date of the adjustment of the composite rate to include such exposures.

8. Administration of Plan

The determination of composite rates under this Plan shall be administered in the same way that the Experience Rating Plans are administered.

9. Earned Premium Determination

Upon policy expiration, the earned premium of a risk rated under this Plan shall be determined by multiplying the audited exposure under the special underwriting basis (or bases) by the composite rate (or rates), subject to any applicable premium discounts. The earned premium shall be allocated as may be required by a percentage breakdown determined from the ratio of the premiums of the risk as determined in Rule 3(d) increased for desired limits to the total of such premiums thus increased.

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**126. COMPOSITE RATING (Continued)**

B. Physical Damage

1. Introduction

This is a rating rule applicable to automobile physical damage insurance, either for separate perils or any combination thereof by which composite rates for a risk may be established on one or more exposure bases in lieu of the regular underwriting basis and rates of the manual. This Composite Rating Rule provides an effective procedure for rating those classifications for which the manual exposures are not readily available and cannot be obtained without excessive difficulty.

An initial survey will be made of the exposures of the risk and composite rates established on special underwriting bases which will reasonably reflect and measure possible fluctuations in the exposures involved.

Such composite rate may be restricted to any specified coverages, or to any specified operation provided such operation meets the eligibility requirements and, if specifically fleet rated, is under separate insurance management.

2. Eligibility Requirements

(a) Fleets of Automobiles

In order to qualify for application of this Plan, the risk must consist of a minimum of 50 automobiles (including trailers and semitrailers) which are under one ownership as defined in the Fleet Rating Formulae, or the exposures to be rated on a composite rate basis must produce annual automobile physical damage premiums at manual rates of at least \$10,000.

3. Computation of Composite Rate

Each initial or revised composite rate shall be developed as follows:

- (a) Determine the exposures on the regular underwriting bases for the coverages to be insured on a composite rate basis, for a period of twelve consecutive months beginning not earlier than twenty-four months nor later than twelve months prior to the date on which the composite rate is to be effective. If these exposures are not susceptible of exact determination for any portion of the insurance to be rated, they shall be estimated from the use of such information as is available.

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**126. COMPOSITE RATING (Continued)**

- (b) Ascertain from the exposures referred to in (a) the applicable manual rates, minimum premiums and any rating modifications developed under applicable rating plans in effect as of the date on which the composite rate is to be effective.
- (c) Determine the actual exposures on the special underwriting basis or bases to be used for the composite rate, for the same twelve-month period as used in (a) of this rule.

Note: The exposure referred to in (a) and (c) may be adjusted to recognize known changes in the risk's basic operations, other than exposure changes resulting from variations in price or wage levels.

- (d) Compute the composite rate as follows:
  - (1) Extend the exposures in (a) at the manual rates in (b), subject to any applicable rating modifications and minimum premiums indicated in (b).
  - (2) Divide the total of the premiums obtained in (d) (1) by the exposure in (c). The result is the composite rate for the risk.

Note: If the composite rate is to be applied to a policy written for a period in excess of one year, no term discount shall apply.

**127-135 RESERVED FOR FUTURE USE**