

COMMONWEALTH AUTOMOBILE REINSURERS

MASSACHUSETTS

COMMERCIAL

AUTOMOBILE INSURANCE MANUAL

Effective March 1, 2019

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RULE 1. APPLICATION OF THIS MANUAL

A. Contents

This Manual contains the rules, rates and rating procedures applicable to those commercial classes of risk which are ceded to the Commonwealth Automobile Reinsurers (CAR).

B. Sections

This Manual is divided into separate sections for:

- I General Rules
- II Common Coverages and Rating Procedures
- III Trucks, Tractors and Trailers
- IV Private Passenger Types
- V Public Transportation
- VI Garage Dealers
- VII Special Types and Operations
- VIII Anti-Theft Device Standards and Discounts

C. Rates

For rates, refer to the Rate Section.

D. Statistical Codes

Most statistical codes are on the rate pages or in the specific rules. Refer to the Massachusetts Commercial Automobile Statistical Plan for statistical codes not shown.

RULE 2. EFFECTIVE DATE RULE

The date shown at the top of the page is the effective date for the application of rules contained in this Manual. Revisions or additions to Manual Rules will be announced via a Commercial Lines Notice that will specify the effective date of the change.

RULE 3. POLICIES AND COVERAGES

A. Compulsory Automobile Insurance Law

All automobiles registered in Massachusetts are subject to the Compulsory Automobile Insurance Law except those owned by:

1. the Federal Government or the Commonwealth of Massachusetts or any political subdivision thereof (state, city or town);
2. a person, firm or corporation for the operation of which security is required to be furnished the Department of Public Utilities (DPU);
 - a. automobiles owned, leased or rented by a public utility.
 - b. buses, excluding school buses under exclusive contract to a city or town.
3. a street railway company under public control.

Risks subject to the compulsory law are required to be insured under the approved coverage form. The appropriate Massachusetts forms must be used with the Business Auto Coverage Form and Massachusetts Mandatory Endorsement MM 99 11 must be issued when insuring risks subject to the Compulsory Automobile Insurance Law. Refer to Chapter V – Premium of CAR’s Manual of Administrative Procedures for a complete listing of cedeable policy forms and endorsements.

Coverage for policies written on the Business Auto Coverage Form is restricted to vehicles specifically described on the policy declarations and designated with Covered Auto Designation Symbols 7, 8, or 9 only.

Risks not subject to the compulsory law must be endorsed to afford Personal Injury Protection and Personal Injury Protection Coverage Endorsement MM 99 35 must be issued.

B. Compulsory Coverages

The compulsory coverages that must be afforded to risks subject to the Massachusetts Compulsory Automobile Insurance Law are:

Compulsory Bodily Injury Liability at limits of \$20,000 per person, \$40,000 per accident.

Personal Injury Protection at \$8,000 each person.

Property Damage Liability at \$5,000 basic limits. Increased limits are available.

Protection Against Uninsured Motorists at basic limits of \$20,000 per person, \$40,000 per accident. Increased limits are available.

C. Mandatory Offer

Rule 6 – Coverages of CAR’s Rules of Operation requires that the Servicing Carrier providing compulsory coverages offer additional coverages consisting of:

Optional Bodily Injury at limits up to \$1,000,000 per person, \$1,000,000 per accident.

Protection Against Uninsured Motorists at limits up to \$500,000 per person, \$500,000 per accident and may not exceed the Optional Bodily Injury limits of the policy.

Protection Against Underinsured Motorists at limits up to \$500,000 each person, \$500,000 each accident and may not exceed the Optional Bodily Injury limits of the policy.

Medical Payments at a \$5,000 limit. Refer to the Rate Section for other available limits.

Increased Property Damage Liability up to a limit of \$500,000.

A Combined Single Limit for Bodily Injury and Property Damage Liability up to a limit of \$1,000,000 per accident.

Coverages requested by the applicant which are required by any financial responsibility law or State or Federal regulation as specified in the definition of Eligible Risk which is contained in Rule 2 – Definitions of CAR’s Rules of Operation.

Specified Causes of Loss or Comprehensive Coverages

Collision and Limited Collision Coverages

Waiver of Deductible

Loss of Use - Rental Reimbursement

Servicing Carriers may refuse physical damage coverages under certain circumstances. Refer to Rule 6 – Coverages of CAR’s Rules of Operation.

RULE 4. STANDARD PROCEDURES

A. Renewals

1. The Servicing Carrier may elect to include a renewal application or questionnaire with the renewal policy.
2. The application or questionnaire may be accompanied by a letter indicating that coverage will be continued or renewed only upon receipt of the completed form and payment of premium based on the latest classification information.
3. The letter may indicate that failure to furnish the necessary items may result in cancellation of the policy.
4. The specific reason for cancellation under this rule shall be:
 - a. Failure to furnish renewal application or questionnaire, or
 - b. Non-payment of renewal premium.

The cancellation notice must also contain the following statement:

"If the insured furnishes the necessary item(s) prior to the effective date of the cancellation, the cancellation shall be rescinded."

B. Transfer of Insurer

1. The producer of record must provide the Servicing Carrier with information required by the Registry of Motor Vehicles for each automobile insured.

In addition to reporting the necessary information to the Servicing Carrier, the producer shall prepare an RMV-3 form, accompanied by the appropriate fee, for processing by the Registry of Motor Vehicles, if an insured requests a corrected registration certificate.

2. At the same time the transfer information is released to the new carrier, the producer of record must immediately issue a Notice of Transfer of Insurer to the former producer of record, if known, or if not known to the former carrier.

The notice must be signed by the producer of record and certified by affixing the company stamp of the new carrier.

3. Upon receipt of the Notice of Transfer of Insurer, coverage shall be discontinued as of the date shown on the form. No notice of cancellation is required.

C. Cancellation (Other Than Transfer of Insurer)

1. Notice of cancellation must be given in a timely manner as required by Massachusetts law on a form approved by the Commissioner and shall include the specific reason(s) for cancellation.
2. Immediately upon the intended effective date of the cancellation, notification must be sent to the Registry of Motor Vehicles in a format as prescribed by the Registrar.
3. In the event that a policy has been terminated by –
 - a. sale or transfer of the automobile, or
 - b. surrender of the registration plates by the owner of the automobile to the Registry,

a plate return receipt from the Registry of Motor Vehicles must be furnished to the Servicing Carrier.

4. If a policy has been cancelled by a Servicing Carrier, and such policy is later reinstated by the Board of Appeals or by the Superior Court or Municipal Court of the City of Boston, the premium charge for the unexpired term of the policy shall be

calculated pro rata on the premium applicable to the policy when originally issued.

5. If a Servicing Carrier determines, at any time during the policy term, that a ceded policy is to be retained on a voluntary basis, such policy is to be cancelled pro rata and rewritten as a voluntary policy using the Servicing Carrier's voluntary filed rate.
6. No policy in effect prior to a rate level revision shall be endorsed or cancelled and rewritten to take advantage of such a revision, or to avoid the application of such a revision.
7. Refer to Rule 9 – Cancellation.

RULE 5. POLICY TERM

The Servicing Carrier must issue to an insured an annual automobile policy providing compulsory coverages, or at the option of the insured, a short-term policy containing an expiration date as elected by the insured.

RULE 6. ROUNDING RULE

A. Rates, Factors, Multipliers

Round rates, factors and multipliers after the final calculation to three decimal places. Five-tenths or more of a mill shall be considered one mill; e.g., .1245 = .125.

B. Premium

Round the premium for each peril, coverage and exposure for which a separate premium is calculated, to the nearest whole dollar. Round a premium involving \$.50 or over to the next higher whole dollar; e.g., \$100.50 = \$101.00 but \$100.49 = \$100.00.

C. Minimum Premium

Charge a premium of at least \$1 for each instance where a separate premium is calculated.

RULE 7. PREMIUM COMPUTATION

For an annual policy, compute the premium at the rates in effect at policy inception.

For policies written with terms less than one year, pro rate the annual premium using rates in effect at policy inception. Refer to the Rate Section for pro rata and short rate tables.

RULE 8. PREMIUM CHANGES

A. Premium Determination

Pro rate all changes requiring adjustment of the policy premium at the rate used to calculate the policy premium at inception.

B. Waiver of Premium

Waive additional or return premium of \$5.00 or less. Grant any return premium due if requested by the insured. This waiver applies to any cash exchange due on an endorsement effective date.

RULE 9. CANCELLATION

Evidence supporting the request for cancellation shall be sent to the Servicing Carrier.

A. Pro Rata Cancellation

The return premium shall be computed pro rata and rounded to the next higher whole dollar if:

1. The policy is cancelled at the request of the company.
2. The policy is cancelled, at the request of the insured, within 30 days of its effective date or within 30 days of the insured's receipt of the policy, whichever is later.
3. The insured automobile is stolen or is a constructive total loss, and the insured requests cancellation within 30 days following the date the automobile is stolen or becomes a constructive total loss.

4. The return premium shall be computed on a pro rata basis if at any time during the policy term the insured requests such cancellation in order to obtain coverage in the voluntary market.

B. Short Rate Cancellation

The return premium shall be computed on a short rate basis if, at the request of the insured, the policy is cancelled 31 or more days after its effective date or 31 or more days after receipt of the policy, whichever is later and the provisions of Section A.4. of this Rule are not applicable.

C. Pro Rata and Short Rate Tables

Refer to the Rate Section for appropriate pro rata and short rate tables.

RULE 10. FACTORS OR MULTIPLIERS

Whenever applicable, factors or multipliers are to be applied consecutively and not added together except where rules in this Manual specifically call for factors to be added to or subtracted from other factors.

RULES 11 THROUGH 19 RESERVED FOR FUTURE USE.

RULE 20. HOW TO CLASSIFY AUTOMOBILES

- A. If an automobile has more than one use, use the highest rated classification, unless 80% or more of the use is in a lower rated activity. In that case, use the lower rated classification.
- B. Classify and rate automobiles of the truck type that transport property or are used in business according to Section III – Trucks, Tractors and Trailers of this Manual.
- C. Classify and rate automobiles of the private passenger type according to Section IV – Private Passenger Types of this Manual.
- D. Classify and rate buses, taxicabs and other automobiles that are used in the business of transporting people according to Section V – Public Transportation of this Manual.
- E. Classify and rate new and used automobile dealers according to Section VI – Garage Dealers of this Manual.
- F. Classify and rate automobiles that do not fit into these categories according to Section VII – Special Types and Operations of this Manual.
- G. Upon request, the applicant shall be required to substantiate with permanent records (such as log books, revenue books, etc.) that the automobile is being used as set forth in the application or renewal questionnaire.

RULE 21. RESIDENCE AND LOCATION

The proper rate schedules and rules are those effective in the city or town where the automobile is principally garaged except as otherwise provided in this Manual. Automobiles used by salesmen or solicitors, or those with similar duties, requiring the operation of the automobile in more than one rating territory in Massachusetts, shall be assigned to the territory determined by the place of principal garaging, or, if there is no specific city or town of principal garaging, then, by the residential address of the operator or, if the residential address of the operator cannot be determined then, by the Massachusetts business address of the operator. No adjustment of the premium shall be made by reason of a change in the place of principal garaging during the policy period unless such change is permanent.

Massachusetts registration is required of non-residents in accordance with reciprocal agreements with the various states as determined by the Registrar of Motor Vehicles.

Any automobile owned by a non-resident of Massachusetts for which Massachusetts registration is required, regularly garaged inside the Commonwealth, shall be charged the rate for the territory in which the automobile is principally garaged by such non-resident during the period of Massachusetts registration.

RULE 22. OUT-OF-STATE GARAGING

Any automobile owned or leased by a Massachusetts headquartered risk and garaged outside of Massachusetts shall be written at liability limits at least equal to the financial responsibility requirements of the state of garaging using the premiums for the highest rated territory as contained in the Rate Section of this Manual. The highest rated territory is determined based upon manual rates at basic limits (coverages A-1 and B basic limits of \$20,000 per person, \$40,000 per accident Bodily Injury and \$5,000 Property Damage) for the classification of the automobile to be rated.

Automobiles rated in accordance with this rule shall be classified and premium town reported in accordance with the applicable classification code and out-of-state town code contained in the Massachusetts Commercial Automobile Statistical Plan.

RULE 23. DEPOSIT PREMIUM RULE

The Servicing Carrier, its agent or any broker may require deposit premium prior to the issuance of a policy provided the per vehicle deposit does not exceed 30% of the applicable annual premium for the insurance requested. If the applicant has been in default in the payment of any premium during the preceding 24 months the entire policy premium charges are payable in advance.

RULE 24. REGISTRY CERTIFICATION

- A. The Servicing Carrier shall certify, on behalf of the insured, the registration form required by the Massachusetts Registry of Motor Vehicles for all Massachusetts automobiles subject to the Massachusetts Motor Vehicle Law.
- B. No form of certificate shall be used other than that which is a part of the application for automobile registration.

- C. The certificate must be executed in the name of the Servicing Carrier and signed by an officer, employee or agent authorized by the Servicing Carrier on an approved form filed with the Commissioner of Insurance.
- D. A policy must be issued with the same effective date covering all automobiles for which a registration certification has been executed.

RULE 25. COMBINATION OF INTEREST

More than one interest may be named on a policy and rated as a single risk if one interest owns more than 50% of another. All the interests that are combined must be named on the policy.

RULE 26. DRIVE OTHER CAR COVERAGE (CODE 90200)

- A. Drive Other Car Coverage is provided for no additional charge in the following cases:
 - 1. An individual named insured who owns a private passenger automobile. Refer to Rule 34 – Individual as Named Insured.
 - 2. An individual named insured written under a Massachusetts Garage Insurance Policy.

Refer to policies for appropriate coverages.

- B. In all other cases, refer to the Rate Section for additional charges.
- C. In all cases, Drive Other Car Coverage includes coverage for the spouse for no additional charge.

RULE 27. NON-OWNERSHIP LIABILITY

- A. This rule does not apply to risks written under a Massachusetts Garage Insurance Policy.
- B. To extend Non-Ownership Liability Coverage to cover the individual liability of employees while using their automobiles in the employer's business, refer to the Rate Section for premium determination.
- C. Social Service Agency Risks

To extend Non-Ownership Coverage to cover the individual liability of agency employees or to extend coverage to cover the blanket individual liability of volunteers who use their own automobiles in the

agency's social service programs, refer to the Rate Section for premium determination.

- D. Unless there is a substantial change in exposure during the policy period, the advance premium is the earned premium.

RULE 28. HIRED AUTOMOBILES

- A. For automobiles hired, loaned, leased or furnished:
 - 1. If the insured is providing the primary insurance covering the automobile and the term of the lease is six months or more:
 - a. Rate as though owned by the insured; and
 - b. if the policy is extended to cover the owner of the automobile as an additional insured, multiply the otherwise applicable bodily injury liability and property damage liability rates by 1.04. Use the appropriate endorsement for including the owner or lessor as an additional insured.
 - 2. If the owner of the automobile is providing the primary insurance, refer to the Rate Section.
- B. Cost of Hire Basis - Liability Coverages (Class Code 66110, Minimum Premium Class Code 66190)
 - 1. For automobiles used in trucking operations, refer to Rule 55 – Premium Development Options for Truckers in Section III – Trucks, Tractors and Trailers of this Manual.
 - 2. For public transportation automobiles, (other than social service agencies), moving van associations and freight forwarding operations, the cost of hire rate is determined by applying a factor of .0033 to the specified car rate determined in accordance with the appropriate manual rule for the applicable automobile.

RULE 29. RESERVED FOR FUTURE USE

RULE 30. MEDICAL PAYMENTS

- A. The premiums for trucks, tractors, trailers, public automobiles, private passenger types and miscellaneous private passenger types are on the rate pages.

- B. For zone rated risks, refer to Zone Rating Tables.
- C. For garage risks, refer to Rule 89 – Medical Payments Insurance in Section VI – Garage Dealers of this Manual.

No charge shall be made for service or utility trailers.

RULE 31. OPERATOR EXCLUSION FORM

The Servicing Carrier will attach the Operator Exclusion Form, CR 99 01 08 18, to the policy in regard to any owner of the business who is not listed as an operator on the application and does not have a valid license, or in other circumstances as requested by the insured. A separate endorsement should be completed for each excluded operator.

RULE 32. PARTNERSHIP AS THE NAMED INSURED – NON-OWNERSHIP LIABILITY (CLASS CODE 70000)

- A. When Non-Ownership Liability is afforded, the Business Auto Coverage Form provides coverage to a partnership for the use of automobiles owned by individual partners which are used in the business of the partnership.
- B. Multiply the private passenger type rates by .10 for each active or inactive partner for the territory in which the partnership is located. Apply this rating base regardless of the type of automobile being used.

RULE 33. RENTAL REIMBURSEMENT (COVERAGE CODE 083)

- A. Do not write Rental Reimbursement Coverage for less than 30 days or for a limit of less than \$15 per vehicle per day.
- B. Refer to the Rate Section for premium development.

RULE 34. INDIVIDUAL AS THE NAMED INSURED

Endorse a Business Auto Coverage Form covering an individually owned private passenger automobile with the appropriate individual named insured endorsement.

- A. Drive Other Car Coverage is provided at no additional charge if the policy covers:
 - 1. A private passenger automobile not used for public transportation or rented to others without a driver.

2. A pick-up, panel truck or van that is not customarily used in the business of the insured other than for farming or ranching.

B. Drive Other Car Coverage is provided at no additional charge if the policy covers an automobile dealer garage risk.

RULE 35. UNINSURED MOTORIST INSURANCE

All automobiles subject to the Massachusetts Compulsory Law must be insured for protection against uninsured motorists.

Basic limits are \$20,000 per person and \$40,000 per accident. Increased limits are available. This coverage is excess over Personal Injury Protection benefits. The coverage limits may not exceed the bodily injury liability limits of the policy.

The premium shall not be subject to modification under the provisions of any rating plan or subject to the rating procedures of any other manual rule.

No charge shall be made for service or utility trailers.

RULE 36. UNDERINSURED MOTORIST INSURANCE

This coverage is optional. Basic limits are \$20,000 per person and \$40,000 per accident. Increased limits are available. The coverage limits may not exceed the bodily injury liability limits of the policy.

The premium shall not be subject to modification under the provisions of any rating plan or subject to the rating procedures of any other manual rule.

No charge shall be made for service or utility trailers.

RULE 37. RESERVED FOR FUTURE USE

RULE 38. FINANCIAL RESPONSIBILITY LAWS – CERTIFICATION

A. If the named insured or any person covered by the policy is required to certify that the policy complies with a financial responsibility law, an additional charge is required for each filing.

B. Premium Calculation

1. To compute the additional premium, determine the premiums to be charged for Bodily Injury Liability, Property Damage Liability and any No-Fault Coverage as follows:

- a. Garage Risks – multiply the premiums for a private passenger type automobile by 2.00 for the highest rated territory in which the named insured does business.
 - b. For all other risk types, determine the premiums for the highest rated automobile owned by the insured.
2. Multiply these premiums by the following factors and add this amount to the policy premium.
- a. .50 for the first three years following a conviction for driving while intoxicated, hit and run, homicide or assault with an automobile.
 - b. .25 for the first three years following a conviction for speeding or reckless driving that causes injury to a person or damage to property.
 - c. .05 applies after the third year following a conviction described in B.2.a. or B.2.b. of this Rule.
 - d. .05 for any other reason requiring a filing.

RULE 39. EMPLOYERS SUBJECT TO MASSACHUSETTS WORKERS' COMPENSATION ACT

An automobile owned by an employer subject to the Massachusetts Worker's Compensation Law not used at any time to transport persons other than employees of the named insured shall be eligible for a 25% reduction in the personal injury protection premium otherwise applicable. The policy covering an automobile to which this reduction applies must be accompanied by the endorsement titled Restriction of Personal Injury Protection for Employers Subject to the Massachusetts Workers' Compensation Act Endorsement MM 99 20.

RULE 40. INCREASED LIABILITY LIMITS

- A. The premiums on the rate pages are for coverages A-1 and B basic limits of \$20,000 per person, \$40,000 per accident Bodily Injury and \$5,000 Property Damage.
- B. Most limits are displayed on the rate pages. For limits not shown, refer to the Rate Section for Increased Limit Factors Tables. To develop Bodily Injury increased limits, refer to the Rate Section for rating procedures.

RULE 41. COMBINED SINGLE LIMIT LIABILITY COVERAGE

- A. Optional Bodily Injury and Property Damage Liability Coverages are available on a combined single limit basis at the option of the insured.
- B. The premium for a combined single limit shall be calculated as follows:
 - 1. Using normal rating procedures, determine the bodily injury and property damage rate at split limits equal to the desired single limit.
 - 2. Determine the discount factor from the Single Limit Discount Table.

SINGLE LIMIT DISCOUNT TABLE

Single Limit	Discount Factor
\$ 45,000 - \$49,000	.896
\$ 50,000 - \$99,000	.900
\$100,000 or over	.910

- 3. Apply the discount factor to the total bodily injury or property damage premium whichever is lower, and add the discounted premium to the higher premium.
- 4. All premium adjustments made during a policy period because of additions and deletions of exposure shall be calculated by applying the discount to the bodily injury or property damage rate, whichever was lower at inception of policy.

EXAMPLE

SINGLE LIMIT \$500,000

Coverage	Basic Limits Premium	Factors for *\$500,000/\$500,000 B.I. \$500,000 P.D.	Total Limits Premium for Separate Limits	Application of Discount	Single Limit Premium
B.I.	\$1,035	2.78	\$2,877		\$2,877
P.D.	1,129	1.552	1,752	x .91	<u>1,594</u>
					\$4,471

Cov. A-1, § 921 and Cov. B Basic, § 114 = \$ 1,035
PDL Basic, § 1,129

*Refer to the Increased Limit Factors Tables contained in the Rate Section for the appropriate factors by automobile type.

RULE 42. PHYSICAL DAMAGE COVERAGE RATING PROCEDURES

Physical damage coverages are on an actual cash value, stated amount or agreed value basis.

- A. Massachusetts law sets a standard \$500 deductible which may be reduced to a minimum of \$300, subject to underwriting requirements established by the Servicing Carrier, as permitted by law.

The cost to reduce the deductible from \$500 is subject to primary and secondary rating factors. If a rate is a percentage or factor of another rate, the same percentage or factor shall apply to the cost to reduce the deductible.

- B. Waiver of Deductible is available at the option of the insured.

Unless otherwise specified, the charge for Waiver of Deductible is not subject to primary or secondary rating factors, percentages or factors.

- C. Actual Cash Value Premiums.

Most automobiles rated in this Manual are insured on an actual cash value basis.

1. Actual cash value premiums are based on original cost new and age group of the automobile.
2. Original Cost New
 - a. Original cost new is the retail cost the original purchaser paid for the automobile and its equipment. This includes the value of any trade-in automobile and any federal, state and local sales taxes or any other taxes charged in place of sales taxes.
 - b. If the original cost new is not known, multiply the original cost new of the chassis by 1.33.

3. Age Group

a. Age Group

<u>and Code</u>	<u>All automobiles of the:</u>
1	current model year
2	first preceding model year
3	second preceding model year
4	third preceding model year
5	fourth preceding model year
6	fifth preceding model year
7	sixth preceding model year
8	seventh preceding model year
9	All other automobiles.

b. The current model year changes October 1, regardless of the actual date the models are introduced.

c. For rebuilt or structurally altered automobiles, the age of the chassis determines the age of the automobile.

D. Stated Amount Rating Procedures

1. The following procedures are applicable for developing stated amount rates for all physical damage coverages:

a. Determine the actual cash value premium for age group 1 for the automobile, original cost new and deductible in the appropriate territory.

b. Divide the actual cash value premium by the stated amount divisor and round the determined figure to the nearest cent.

STATED AMOUNT DIVISORS

Original Cost New	Divisor
\$ 0 - 4,500	22.5
4,501 - 6,000	52.5
6,001 - 8,000	70.0
8,001 - 10,000	90.0
10,001 - 15,000	125.0
15,001 - 20,000	175.0
20,001 - 25,000	225.0
25,001 - 40,000	325.0
40,001 - 65,000	525.0
65,001 - 90,000	775.0
90,001 - and over	1080.0

2. Determination of Premium

a. Trucks, Tractors and Trailers

Determine the value of the automobile and divide by \$100. Apply the stated amount rate to this value to determine the base premium. The base premium must be modified by the appropriate primary rating factor and, when applicable, by the secondary rating factor.

b. Van Pools

Determine the value of the automobile and divide by \$100. Apply the stated amount rate to this value to determine the base premium. This base premium must be modified by the applicable van pool rating factor.

c. Private Passenger Types

Determine the value of the automobile and divide by \$100. Apply the stated amount rate to this value to determine the stated amount premium.

E. Agreed Value Basis

Physical Damage Coverages may be written on an agreed value basis which provides that in determining the actual cash value of an automobile to be insured, no deduction shall be made to reduce the value of the automobile to less than the agreed value in the event of a loss. Agreed value means the value of the automobile as determined by agreement between the insurer and the policyholder. As a condition to this coverage, the insurer shall be permitted to inspect the automobile at the time of application. The following procedures apply when rating this coverage:

1. An appraisal is to be made to establish the current market value of the automobile. The cost of said appraisal shall be borne by the policyholder.

2. Multiply the stated amount premium obtained by a factor of 110%.

RULE 43. ANTI-THEFT DEVICE – VEHICLE RECOVERY SYSTEM

A. This rule is applicable to private passenger types as defined in Section IV – Private Passenger Types of this Manual and commercial automobiles as defined in Section III - Trucks, Tractors and Trailers of this Manual which are registered with the Massachusetts Registry of

Motor Vehicles and which have a gross vehicle weight of 10,000 pounds or less.

- B. The discount is applicable to the Comprehensive Coverage or any other combination of Specified Causes of Loss Coverage which affords theft coverage.
- C. Refer to Section VIII – Anti-Theft Device Standards and Discounts of this Manual.

RULE 44. RESERVED FOR FUTURE USE

RULE 45. AUDIO, VISUAL AND DATA ELECTRONIC EQUIPMENT

- A. This rule does not apply to equipment permanently installed in the opening of the dash or console of the automobile normally used by the manufacturer for the installation of a radio.
- B. Use the appropriate endorsement to remove without charge the exclusion relating to audio, visual and data electronic equipment when the policy insures:
 - 1. police department automobiles,
 - 2. fire department automobiles,
 - 3. emergency automobiles owned by local, state or federal governments or by volunteer fire departments, rescue squads or ambulance corps operations.
- C. In all other cases, coverage for loss of or damage to audio, visual and data electronic equipment is available if the equipment is permanently installed in the owned automobile.
- D. Refer to the Common Coverages rate pages in the Rate Section for premium development.

RULE 46. POLLUTION LIABILITY

- A. Coverage for bodily injury or property damage arising out of the discharge of pollutants that are being transported or towed by, loaded onto or unloaded from or, with the exception of certain fuels, stored, disposed of, treated or processed in or upon a covered automobile is excluded under the Business Auto and Truckers Coverage Forms and the Massachusetts Garage Insurance Policy. Massachusetts Mandatory Endorsement MM 99 11 modifies this exclusion by applying the exclusion to damages payable for bodily injury or property damage

that exceed limits of \$35,000 per person, \$80,000 per accident for Bodily Injury and \$5,000 for Property Damage.

B. Pollution Liability – Broadened Coverage for Covered Automobiles

Business Auto and Truckers Coverage Forms and Massachusetts Garage Insurance Policies shall be endorsed at the option of the insured to delete that part of the pollution exclusion relating to the discharge of pollutants which are being transported or towed by, handled for movement into, onto, or from, the covered automobile, or otherwise in the course of transit by or on behalf of the insured. This extension of coverage does not apply to liability assumed under any contract or agreement. Attach endorsement MM 99 55 for Business Auto and Truckers Coverage Forms, and MM 25 96 for Massachusetts Garage Insurance Policies.

C. Classes of Pollutants

Pollutants that are contained in any property that is being transported or towed by, or handled for movement into, onto, or from, covered automobiles are classed as follows:

1. Property (Non-Hazardous)
2. Hazardous substances as defined in 49 CFR 171.8 transported in cargo tanks, portable tanks, or hopper-type vehicles with capacities in excess of 3,500 water gallons; or in bulk Class A or B explosives, poison gas (Poison A), liquefied compressed gas or compressed gas; or highway route controlled radioactive materials as defined in 49 CFR 173.455.
3. Oil listed in 49 CFR 172.101; hazardous waste, hazardous materials and hazardous substances defined in 49 CFR 171.8 and listed in 49 CFR 172.101, but not mentioned in Section C.2. or Section C.4. of this Rule.
4. Any quantity of Class A or B explosives; any quantity of poison gas (Poison A); or highway route controlled quantity radioactive materials as defined in 49 CFR 173.455.

D. Premium Development

1. Business Auto or Truckers Coverage Forms

a. Owned Automobiles

- (1) Charge an additional 4% of the otherwise applicable compulsory bodily injury, optional bodily injury and

property damage premium at policy limits for each covered automobile transporting any substance described in Section C.1. of this Rule.

- (2) Charge an additional 9% of the otherwise applicable compulsory bodily injury, optional bodily injury and property damage premium at policy limits for each covered automobile transporting any substance described in Section C.3. of this Rule.
- (3) Charge an additional 24% of the otherwise applicable compulsory bodily injury, optional bodily injury and property damage premium at policy limits for each covered automobile transporting any substance described in Sections C.2. or C.4. of this Rule.
- (4) Where more than one class of pollutants is transported by a covered automobile, apply the charge which develops the highest premium.

b. Hired Automobiles

Charge an additional percentage of the otherwise applicable compulsory bodily injury, optional bodily injury and property damage premium at policy limits for Hired Automobile Coverage. Such percentage is the highest one determined in accordance with Section D.1.a. of this Rule for any covered automobile. Where hired automobiles will transport more than one class of pollutants, apply the charge which develops the highest premium.

2. Garage Policies

Dealers

Charge an additional 4% of the otherwise applicable compulsory bodily injury, optional bodily injury and property damage premium at policy limits.

RULE 51. ELIGIBILITY

- A. This section applies to all trucks, including pick-up, panel and van types, truck-tractors, trailers and semitrailers except for the following:
 - 1. Automobiles used for public transportation. Refer to Section V – Public Transportation of this Manual.
 - 2. Automobiles leased or rented to others by leasing or rental concerns. Refer to Rule 120 – Leasing or Rental Concerns in Section VII – Special Types and Operations of this Manual.
 - 3. Individually owned pick-ups, panel trucks or vans that are owned or leased under a contract for at least twelve months and that have a gross vehicle weight of 10,000 pounds or less and not used for the delivery or transportation of goods or materials unless such use is incidental to the insured's business of installing, maintaining or repairing furnishings or equipment.
 - 4. Self-propelled automobiles with the following types of permanently attached equipment. Refer to Rule 125 – Special or Mobile Equipment in Section VII – Special Types and Operations of this Manual.
 - a. Equipment designed primarily for:
 - (1) Snow removal;
 - (2) Road maintenance, but not construction or road resurfacing;
 - (3) Street cleaning;
 - b. Cherry pickers and similar devices mounted on an 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.
- B. Unique rating procedures apply to trucking risks. A trucker is defined as a person, firm or corporation in the business of exclusively or occasionally transporting goods, material or commodities for another, including automobiles used in moving operations. A risk qualifies for the truckers classifications even if it calls itself or advertises as a contractor, building contractor, building material dealer, sand and gravel

hauler, or some other similar name. Refer to Rule 55 – Premium Development Options for Truckers for premium determination.

RULE 52. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS

The following classification procedures apply for the purpose of determining premiums.

A. Fleet and Non-Fleet Classifications

1. Fleet Classification

Any risk that has five or more self-propelled automobiles of any type that are under one ownership. For the purpose of assigning this classification, do not include:

- a. automobiles owned by allied or subsidiary interests unless the insured holds a majority financial interest.
- b. mobile equipment insured on a General Liability Policy.
- c. trailers, but apply the fleet classification to the trailers if the risk otherwise is classified as a fleet.

2. Non-Fleet Classification

Automobiles for risks that do not qualify for a fleet classification.

Do not change the fleet or non-fleet classification because of mid-term changes in the number of owned automobiles except at the request of the insured. The policy must be cancelled in accordance with Rule 9 – Cancellation in Section I – General Rules of this Manual and rewritten as of the effective date of the cancellation.

B. Primary Classifications

The primary classification criteria are the automobile's size, business use and travel radius. These criteria are reflected in the Trucks, Tractors and Trailers Primary Classifications Rating Factors and Statistical Codes tables in the Rate Section.

1. Size Class - Automobiles

An automobile's size class is determined based on the vehicle's gross vehicle weight (GVW) or gross combination weight (GCW).

GVW is the maximum loaded weight for which a single automobile is designed, as specified by the manufacturer.

GCW is the maximum loaded weight for a combination truck-tractor and semitrailer or trailer for which the truck-tractor is designed, as specified by the manufacturer.

a. Light Trucks –

- (1) trucks that have a gross vehicle weight (GVW) of 10,000 pounds or less, or
- (2) buses that have a seating capacity of 1-8 that is determined in accordance with Rule 72.D. – Public Automobile Classifications in Section V – Public Transportation of this Manual

b. Medium Trucks –

- (1) trucks that have a gross vehicle weight (GVW) of 10,001-20,000 pounds, or
- (2) crawler-type trucks, or
- (3) buses that have a seating capacity of 9-20 that is determined in accordance with Rule 72.D. – Public Automobile Classifications in Section V – Public Transportation of this Manual.

c. Heavy Trucks –

- (1) trucks that have a gross vehicle weight (GVW) of 20,001-45,000 pounds, or
- (2) buses that have a seating capacity of 21-60 that is determined in accordance with Rule 72.D. – Public Automobile Classifications in Section V – Public Transportation of this Manual.

d. Extra-Heavy Trucks –

- (1) trucks that have a gross vehicle weight (GVW) over 45,000 pounds, or

(2) buses that have a seating capacity of 61 or more that is determined in accordance with Rule 72.D. – Public Automobile Classifications in Section V – Public Transportation of this Manual, that do not otherwise qualify as a public vehicle.

e. Truck-Tractors – a truck-tractor is a motorized automobile with or without body for carrying commodities or materials, equipped with fifth wheel coupling device for semitrailers.

(1) Heavy Truck-Tractors – truck-tractors that have a gross combination weight (GCW) of 45,000 pounds or less.

(2) Extra-Heavy Truck-Tractors – truck-tractors that have a gross combination weight (GCW) over 45,000 pounds.

2. Size Class – Trailers

a. Semitrailers – a semitrailer is a trailer equipped with fifth wheel coupling device for use with a truck-tractor, with load capacity over 2,000 pounds. This includes bogies used to convert containers into semitrailers.

b. Trailers – any trailer with load capacity over 2,000 pounds, other than a semitrailer.

c. Service or Utility Trailer – any trailer or semitrailer with load capacity of 2,000 pounds or less.

3. Business Use Class

If a truck, tractor or trailer has more than one use, use the classification with the highest use factor for BI and PD from the Primary Classifications Rating Factors and Statistical Codes table in the Rate Section unless 80% or more of the use is in a single lower rated activity. In that case, use the lower rated classification.

a. Service Use – automobiles used for transporting the insured's personnel, tools, equipment and incidental supplies to or from a job location. This classification is confined to automobiles principally parked at job locations for the majority of the working day or used to transport supervisory personnel between job locations.

- b. Retail Use – automobiles used to pick up property from, or deliver property to individual households.
- c. Commercial Use – automobiles used for transporting property other than those automobiles defined as service or retail.

4. Radius Class

Determine radius on a straight line from the street address of the automobile's principal garaging. For vehicles that are not eligible for zone rating as described in Section D. of this Rule, classify the risk using the longest radius class unless 80% or more of the automobile's operation is in a single shorter radius class.

- a. Local – up to 50 miles – the automobile is not operated beyond a radius of 50 miles from the street address where such automobile is principally garaged.
- b. Intermediate – 51 to 200 miles – the automobile is operated beyond a radius of 50 miles but not beyond a radius of 200 miles from the street address where such automobile is principally garaged.
- c. Long distance – over 200 miles – the automobile is operated beyond a 200 mile radius from the street address where such automobile is principally garaged.

C. Secondary Classification

Secondary classifications apply to the following special industry classes, but do not affect the premiums for zone rated policies or premiums for light trucks and trailers used with light trucks. Where more than one secondary rating factor applies, classify the automobile using the secondary classification with the largest secondary adjustment unless 80% or more of the use is in a single secondary classification with a lower secondary adjustment. In that case, classify the automobile using the secondary classification associated with the smaller adjustment.

There are ten general categories for secondary classifications:

- 1. Manufacturers – Automobiles used to transport raw materials and finished or unfinished goods manufactured, processed or constructed by the insured, except food manufacturers.

2. Truckers – Automobiles used to haul or transport goods, materials, or commodities for another, other than automobiles used in moving operations.
3. Food Delivery – Automobiles used by food manufacturers to transport raw and finished products or used in wholesale distribution of food.
4. Specialized Delivery – Automobiles used in deliveries subject to time and similar constraints.
5. Waste Disposal – Automobiles transporting salvage and waste material for disposal or resale.
6. Farmers – Automobiles owned by a farmer, used in connection with the operation of his own farm occasionally used to haul commodities for other farmers.
7. Dump and Transit Mix Trucks and Trailers
8. Contractors (Other than Dump Trucks)
9. Logging and Lumbering
10. Petroleum Business – Automobiles used to transport petroleum and petroleum products such as gasoline and fuel oil.

Refer to the Secondary Classification table in the Rate Section to determine rating factors and statistical codes.

D. Geographic Classification

An automobile classified under this rule is subject to zone rating if the automobile is regularly operated beyond a 200 mile radius from the street address of principal garaging. Any risk that does not satisfy the conditions for zone rating, including all risks comprised of light trucks and trailers used with light trucks, are not subject to zone rating.

1. For risks that are not subject to zone rating, rating territory is determined based upon the street address of principal garaging, in accordance with Rule 21 – Residence and Location of Section II – Common Coverages of this Manual.
2. For risks that are subject to zone rating, determine the zone or zone combination and code for each automobile as follows:

- a. When an automobile is principally garaged in a regional zone and operates from terminals in that zone and in one or more metropolitan zones, the zone combination is the regional zone and the metropolitan zone farthest away.
- b. In all other situations, the zone combination is the zone of principal garaging and the zone of the terminal (included in the automobile's operation) farthest from that point.
- c. A terminal is any point at which an automobile regularly loads or unloads. It is not limited to a terminal facility which the insured owns and operates.

Examples:

- a. The automobile is principally garaged in Worcester, Mass. (regional zone 49) and its operations include terminals in Utica, New York (regional zone 48) and Hartford, Connecticut (metropolitan zone 12). The proper zone combination is 49 and 12.
- b. The automobile is principally garaged in Springfield, Mass. (regional zone 49) and its operations include a terminal in Bangor, Maine (regional zone 49). The proper zone is 49.
- c. The automobile is principally garaged in Boston, Mass. (metropolitan zone 03) and has terminals in New York City (metropolitan zone 26) and Utica, New York (regional zone 48). The proper zone combination is 03 and 48.

Refer to the Long Distance Zone Definitions and the Zone Rating Tables in the Rate Section.

E. Special Provisions for Certain Risks

1. Truckers. If the business of the insured involves transporting materials or commodities for another, Rule 55 – Premium Development Options for Truckers also applies.
2. Transporters of Liquid Products. A policy that covers an automobile used for the bulk transportation of liquid products must exclude accidents resulting from the erroneous delivery of one liquid product for another, or the delivery of any liquid product into the wrong receptacle if the accident occurs after the operations have been completed. Use Wrong Delivery of Liquid Products Endorsement CA 23 05.
3. Amusement Devices. A policy written to cover a commercial automobile, trailer or semitrailer on which an amusement device has been mounted does not provide coverage for the operation of the amusement device. Refer to the General Liability Manual for operations coverage. Use Commercial Automobiles Equipped with Amusement Devices Endorsement MM 23 03.
4. Transporters of Explosives. A policy that covers an automobile used for transporting explosives must exclude coverage for the explosion hazard. Use Explosives Endorsement MM 23 04.
5. Rolling Stores. A policy that covers automobiles including canteens, display rooms and automobiles used for selling products must exclude product liability. Use Rolling Stores Endorsement CA 23 04.
6. Trailers or Semitrailers Used As Showrooms (Class Code 04520)
 - a. To provide liability coverage for trailers or semitrailers used as showrooms or salesrooms, multiply the trailer or semitrailer rating factor by 2.00. The minimum premium per trailer or semitrailer is \$30 for \$20,000 per person, \$40,000 per accident bodily injury and \$5 for \$5,000 property damage. The policy must exclude product liability.
 - b. For medical payments coverage, multiply the private passenger type Medical Payments premium for the territory in which the risk is located by 3.00.
 - c. Use Rolling Stores Endorsement CA 23 04.

7. Trucks, Trailers and Semitrailers Used in Dumping Operations
 - a. Rate automobiles used in dumping operations including ready-mix and mix-in transit cement trucks at the Vehicles Used in Dumping Operations Collision rates from the Trucks, Tractors and Trailers physical damage rate pages in the Rate Section.
 - b. Use those rates regardless of the secondary classification used. The Dump and Transit Mix Trucks and Trailers rating classification applies to hopper-type transporters of dry commodities, which unload through the bottom by gravity and is only used when no other secondary classification applies.
8. Operations coverage may not be afforded under the auto policy for special or mobile equipment. Refer to Rule 125 – Special or Mobile Equipment in Section VII – Special Types and Operations of this Manual.

RULE 53. PREMIUM DEVELOPMENT – SPECIFIED CAR BASIS – OTHER THAN ZONE RATED AUTOMOBILES

- A. Determine the rating territory code from the Territory Schedule in the Rate Section in accordance with the provisions of Rule 52.D.1. – Trucks, Tractors and Trailers Classifications.
- B. Determine the Combined Rating Factor

Determine the classification code and the combined rating factor as follows:

1. Determine whether the risk is classified as fleet or non-fleet according to Rule 52 – Trucks, Tractors and Trailers Classifications.
2. Determine the primary rating factor from the applicable Trucks, Tractors and Trailers Primary Classifications Rating Factors and Statistical Codes table in the Rate Section based on size class, business use class and radius class in accordance with Rule 52 – Trucks, Tractors and Trailers Classifications.
3. Determine the secondary rating factor from the Secondary Classification Table in the Rate Section based on the special industry classification.
4. Determine the combined rating factor by adding the secondary rating factor to the primary rating factor.

C. Premium Computation

1. Liability and Personal Injury Coverages

Use the fleet or non-fleet designation and size class as determined according to Rule 52 – Trucks, Tractors and Trailers Classifications and the applicable rating territory to determine the rate for the applicable coverage level from the Trucks, Tractors and Trailers liability rate pages in the Rate Section. Multiply these rates by the combined rating factor determined in accordance with Section B. of this Rule to compute the final premium.

<u>Coverage</u>	<u>Rate Pages to Be Used</u>				
Compulsory BI (A-1)	Trucks, Tractors and Trailers Liability	X	Combined Rating Factor (from Rule 53.B.)	=	Premium
PIP (A-2)					
Property Damage (PDL)					
Optional BI (B)					
Medical Payments					
Uninsured Motorist (U-1)		N/A			
Underinsured Motorist (U-2)					

2. Physical Damage Coverages

The premiums for physical damage coverage reflected in the Rate Section are on an actual cash value basis. For coverage on a stated amount or agreed value basis, refer to Rule 42.D. and E. – Physical Damage Coverage Rating Procedures in Section II – Common Coverages and Rating Procedures of this Manual.

Determine the fleet or non-fleet designation according to Rule 52.A. – Trucks, Tractors and Trailers Classifications, the original cost new and age of the automobile to be insured according to Rule 42.C. – Physical Damage Rating Procedures in Section II – Common Coverages and Rating Procedures of this Manual and the applicable rating territory as determined according to Rule 21 – Residence and Location in Section II – Common Coverages and Rating Procedures of this Manual.

For collision coverage, use the fleet or non-fleet designation, original cost new, age and rating territory to determine the rate for collision coverage from the Trucks, Tractors and Trailers physical damage rate pages in the Rate Section. The rates for collision coverage are based upon whether the automobile is a truck, truck-tractor or automobile used in dumping operations. Use the truck

rates for trailers or semitrailers unless the automobile is used in dumping operations.

For comprehensive coverage, use the fleet or non-fleet designation, original cost new, age and rating territory to determine the \$300 or \$500 deductible rate for other than collision coverage from the Trucks, Tractors and Trailers physical damage rate pages in the Rate Section.

If a higher other than collision deductible is desired, determine the \$500 deductible rate from the Trucks, Tractors and Trailers rate pages and charge the indicated percentage for the deductible desired.

To compute the final physical damage premium, multiply the collision and comprehensive rates by the combined rating factor determined in accordance with Section B. of this Rule. If collision – waiver of deductible coverage exists, add the premium associated with the applicable deductible level to the final collision premium.

Coverage	Rate Pages to be Used					
Collision	Trucks Tractors and Trailers Physical Damage	X	N/A	X	Combined Rating Factor (from Rule 53.B.)	= Premium
Collision – Waiver of Deductible					N/A	
Comprehensive					Percentage for >\$500 Deductible Option (from Physical Damage Rate Pages)	

The premium for limited collision coverage is determined by multiplying the percentage displayed on the Trucks, Tractors and Trailers physical damage rate pages by the final collision premium. Rating procedures for additional limited collision coverage options are also indicated on the Trucks, Tractors and Trailers physical damage rate pages in the Rate Section.

RULE 54. PREMIUM DEVELOPMENT – ZONE RATED AUTOMOBILES

A. Determine the classification code and the primary rating factor in accordance with Rule 53.B. – Premium Development – Specified Car Basis – Other than Zone Rated Automobiles.

B. Premium Computation

1. Liability, Personal Injury and Property Damage Coverages

Use the zone or zone combination as determined according to Rule 52.D.2. – Trucks, Tractors and Trailers Classifications to determine the Bodily Injury (\$20,000 per person, \$40,000 per accident) and \$5,000 Property Damage liability premium from the Zone Rating Table in the Rate Section. Apply the indicated factors to the premium obtained from the Zone Rating Table to compute the final premium.

Coverage	Rate Pages to be Used						
Compulsory BI	\$20,000/\$40,000 Bodily Injury (from the Zone Rating Table)	X	0.86	X	Primary Rating Factor** (from Rule 53.B.)	=	Premium
PIP	\$20,000/\$40,000 Bodily Injury (from the Zone Rating Table)		0.04				
Property Damage	\$5,000 Property Damage (from the Zone Rating Table)		N/A				
Optional BI*	\$20,000/\$40,000 Bodily Injury (from the Zone Rating Table)		0.10				
Medical Payments	Trucks, Tractors and Trailers Liability		N/A		N/A		
Uninsured Motorist							
Underinsured Motorist							

*Refer to Rule 40 – Increased Liability Limits in Section II – Common Coverages and Rating Procedures for determining increased limits.

**Secondary rating factors do not apply, however, report secondary statistical codes from the Secondary Classification table in the Rate Section.

2. Physical Damage Coverages

The premiums for physical damage coverage reflected in the Rate Section are on an actual cash value basis. For coverage on a stated amount or agreed value basis, refer to Rule 42.D. and E. – Physical Damage Coverage Rating Procedures in Section II – Common Coverages and Rating Procedures of this Manual.

Determine the original cost new and age of the automobile to be insured according to Rule 42.C. – Physical Damage Coverage Rating Procedures in Section II – Common Coverages and Rating Procedures of this Manual.

For collision coverage, use the original cost new and age to determine the base premium from the Long Distance Physical Damage Base Premiums Table in the Rate Section. The base premium for collision coverage is determined according to whether the automobile is a truck, trailer or semitrailer or a truck-tractor or automobile used in dumping operations. Use the truck base premiums for trailers or semitrailers unless the automobile is used in dumping operations.

For comprehensive coverage, use the original cost new and age to determine the \$300 or \$500 base premium from the Long Distance Physical Damage Base Premiums Table in the Rate Section.

If a higher deductible is desired for either comprehensive or collision, refer to the Long Distance Physical Damage premium development page in the Rate Section.

Apply the physical damage factor for the zone combination from the Zone Rating Table and the primary rating factor determined in accordance with Rule 53.B. – Premium Development – Specified Car Basis – Other than Zone Rated Automobiles to the base premiums obtained from the Long Distance Physical Damage Base Premiums Table to compute the final premium.

<u>Coverage</u>	<u>Rate Pages to be Used</u>						
Collision	Long Distance Physical Damage Base Premiums	X	Collision Factor (from Zone Rating Table)	X	Primary Rating Factor* (from Rule 53.B.)	=	Premium
Comprehensive			Comprehensive Factor (from Zone Rating Table)				

* Secondary rating factors do not apply, however, report secondary statistical codes from the Secondary Classification table in the Rate Section.

RULE 55. PREMIUM DEVELOPMENT OPTIONS FOR TRUCKERS

Rate automobiles transporting exclusively for one concern on the same basis as though owned by such concern for both territory and classification.

A. Specified Car Basis

Truckers may be written on a specified car basis with premiums calculated according to Rule 53 – Premium Development – Specified Car Basis – Other than Zone Rated Automobiles or Rule 54 – Premium Development – Zone Rated Automobiles.

In addition to rating on a specified car basis, a trucker may also be rated on the following bases provided it meets the coverage and risk criteria.

B. Cost of Hire Basis (Class Code 66130, Minimum Premium Class Code 66190)

A trucking risk may be written on the cost of hire basis to cover its liability because of a contract involving the hire of trucks, tractors and trailers. Coverage written on a cost of hire basis is subject to audit.

1. Determine the total cost of hiring the automobiles. If automobiles are hired without operators, include the wages of the operators of such automobiles subject to an average weekly maximum of \$100 per operator.
2. Determine the average specified car rate by:
 - (1) Computing the premium for all automobiles, including trailers or semitrailers owned and leased by the insured that are used in trucking operations according to Rule 53 – Premium Development – Specified Car Basis – Other than Zone Rated Automobiles or Rule 54 – Premium Development – Zone Rated Automobiles.
 - (2) Dividing this by the number of trucks and truck-tractors owned and leased by the insured.
3. The cost of hire rate is determined by multiplying the average specified car rate by .0033.
4. Compute the advance premium by multiplying each \$100 of the total amount estimated for the cost of hire during the policy period by the cost of hire rate.
5. Compute the earned premium at the rates in force at the inception of the policy, in the same manner as the advance premium.

6. If the Servicing Carrier which insures the owned automobiles of the risk also insures the hired automobiles of the risk, the minimum premium shall be \$17 for \$20,000 per person, \$40,000 per accident bodily injury and \$4 for \$5,000 property damage. Otherwise the minimum premium shall be the average applicable specified car rate.

C. Bobtail Operations (Class Code 74890)

Liability and no-fault coverages may be limited to non-trucking use when the automobiles are not rented, nor used for business purposes to carry property or to haul someone else's trailers.

1. Liability, Personal Injury and Property Damage Coverages

Use the size class determined according to Rule 52.B. – Trucks, Tractors and Trailers Classifications and the applicable rating territory to determine the non-fleet rate for the desired coverage level from the Trucks, Tractors and Trailers liability rate pages in the Rate Section. Multiply these rates by the indicated factor to compute the final premium.

Coverage	Rate Pages to be Used		Factor		
Compulsory BI (A-1)	Trucks, Tractors and Trailers Liability	X	1.00	=	Premium
PIP(A-2)					
Property Damage (PDL)					
Optional BI (B)					
Medical Payments					
Uninsured Motorist (U-1)			N/A		
Underinsured Motorist (U-2)					

2. Physical Damage Coverages

Compute the premiums for these coverages in accordance with Rule 52 – Trucks, Tractors and Trailers Classifications, Rule 53 – Premium Development – Specified Car Basis – Other than Zone Rated Automobiles, and Rule 54 – Premium Development – Zone Rated Automobiles, as appropriate.

D. Trailer Interchange Agreement (Class Code 99320)

Coverage may be provided for the insured's legal liability for physical damage to trailers not owned by him but in his possession under a trailer interchange agreement.

1. Premium Determination

- a. If there is an even interchange of non-owned trailers and owned trailers with insurance ceasing when the owned trailers are in the possession of others, there is no additional premium charge as the company's total liability remains constant.
- b. If the insurance on owned trailers remains in force when in the possession of others, the premiums for coverage for non-owned trailers are determined as follows and subject to a \$25.00 minimum premium charge:
 - (1) Determine the trailer's radius class while in the possession of the insured according to Rule 52 – Trucks, Tractors and Trailers Classifications.
 - (2) Use the radius class to determine the daily per trailer base rate for the selected limit of liability coverage from the Trailer Interchange Agreement Rates Table in the Rate Section.
 - (3) For liability limits over \$20,000, multiply the additional charge displayed on the Trailer Interchange Agreement Rates Table by the number of each \$1,000 or fraction of \$1,000 of coverage over \$20,000. Add this amount to the rate for the \$20,000 limit of liability shown in the table.
 - (4) Multiply the daily per trailer rates by the physical damage factors determined from the Zone Rating Tables as follows:
 - (a) Local and intermediate radius – use the Zone Rating Table for where the risk is domiciled and the zone combination for that zone. For example, the factors for a risk domiciled in Boston are those shown in the Boston box on the Zone 03 (Boston) Combination Zone Rating Table.
 - (b) Long Distance – determine the factors according to Rule 54 – Premium Development – Zone Rated Automobiles.
 - (5) Multiply this amount by the number of days for which insurance is provided.
 - (6) The following is an example of the premium calculation for an intermediate radius risk domiciled in Boston insuring 10

trailers for \$500 deductible Comprehensive Coverage, \$12,000 limit of liability, for 20 days.

(a) Daily per trailer base rate – \$ 0.046

(b) Rating factor for Comprehensive from Zone Rating Table, as determined in Section E.1.b.(4) of this Rule – 1.60

(c) Rate per day – ($\$ 0.046 \times 1.60$) = \$ 0.074

(d) Total premium – ($\$ 0.074 \times 10 \text{ trailers} \times 20 \text{ days}$) = \$14.80

- c. If the insured leases from others more trailers than leased to others with the insurance on the owned trailers ceasing when in the possession of others, the premiums are calculated on the difference between the number of non-owned and owned trailers.

RULES 56-60 RESERVED FOR FUTURE USE.

RULE 61. ELIGIBILITY

- A. Automobiles of the private passenger or station wagon type that are owned or leased under contract for a continuous period of at least twelve months by (1) partnerships, (2) corporations, (3) unincorporated business associations, or (4) other legal business entities with a federal employer identification number. This section does not apply to:
1. Automobiles that are used as a public livery or conveyance. Refer to Section V – Public Transportation of this Manual.
 2. Automobiles that are rented to others without a driver. Refer to Rule 120 – Leasing or Rental Concerns in Section VII – Special Types and Operations of this Manual.

RULE 62. PRIVATE PASSENGER TYPES CLASSIFICATIONS

A. Fleet and Non-Fleet Classifications

1. Classify as fleet (class codes 73980 or 19980) any risk that has five or more self-propelled automobiles of any type that are under one ownership. For the purposes of assigning this classification, do not include:
 - a. automobiles owned by allied or subsidiary interests unless the insured holds a majority financial interest
 - b. mobile equipment insured on a General Liability Policy
 - c. trailers
2. Classify as non-fleet (class code 73910) automobiles of any other risk.

Do not change the fleet or non-fleet classification because of mid-term changes in the number of owned automobiles except at the request of the insured. The policy must be cancelled in accordance with Rule 9 – Cancellation in Section I – General Rules of this Manual and rewritten as of the effective date of the cancellation.

B. Geographic Classification

Determine the principal place of garaging in accordance with Rule 21 – Residence and Location in Section II – Common Coverages and Rating Procedures of this Manual.

- C. Leased automobiles that qualify as private passenger types under the provisions of Rule 61 – Eligibility should be classified and rated based on the use of the vehicle by the lessee regardless of whether coverage is provided by the owner or the lessee of the vehicle.

RULE 63. PREMIUM DEVELOPMENT

- A. Determine the classification code as follows:

- 1. Determine whether the risk is classified as fleet or non-fleet according to Rule 62.A. – Private Passenger Types Classifications.

Refer to the Servicing Carrier for determining the premium for risks classified as non-fleet.

- 2. Determine the rating territory from the Territory Schedule in the Rate Section.

- B. Liability and Personal Injury Coverages

For risks classified as fleet, as determined in Section A., refer to the Rate Section for the following coverages for each private passenger type automobile:

- 1. Compulsory Bodily Injury Liability
- 2. Personal Injury Protection
- 3. Property Damage Liability
- 4. Optional Bodily Injury Liability
- 5. Medical Payments
- 6. Uninsured Motorists Insurance
- 7. Underinsured Motorists Insurance

- C. Physical Damage

- 1. Determine the original cost new and age of each automobile to be insured according to Rule 42.C. – Physical Damage Coverage and Rating Procedures of Section II – Common Coverages and Rating Procedures of this Manual, and use the automobile’s fleet or non-fleet designation and rating territory from Section A. to obtain the actual cash value premiums for comprehensive, collision and limited

collision coverage from the Private Passenger Types rate pages in the Rate Section.

2. The premium for fire, theft, and combined additional coverage is obtained by multiplying the applicable percentage shown on the Private Passenger Types physical damage rate pages in the Rate Section by the comprehensive premium as determined in Section C.1.
3. Premiums for towing and labor coverage are shown on the Private Passenger Types rate pages in the Rate Section.

D. Premiums for Coverage Limits or Deductibles Not Shown on the Rate Pages

To determine premiums for coverage limits or deductibles not shown on the Private Passenger Types rate pages, apply the appropriate limit factor or deductible factor to the premiums from the Private Passenger Types rate pages in the Rate Section.

<u>Coverage</u>	<u>Rate Pages to be Used</u>		<u>Factor to be Applied</u>		
Compulsory BI (20/40)	Private Passenger Types Liability	X	N/A	=	Premium
* Optional BI (20/40)			Increased Limit Factor from Private Passenger Types Rate Pages		
Property Damage (\$5,000)			Increased Limit Factor from Private Passenger Types Rate Pages		
**Collision (\$500 Deductible)	Private Passenger Types Physical Damage		Higher Deductible Factor		
**Comprehensive (\$500 Deductible)			Higher Deductible Factor		

* Refer to Rule 40 – Increased Liability Limits in Section II – Common Coverages and Rating Procedures of this Manual for determining Increased Limits

** For collision, limited collision or comprehensive deductibles lower than \$500, add the amounts indicated on the Private Passenger Types rate pages in the Rate Section to the otherwise applicable \$500 premium.

RULE 64. PREMIUMS FOR STATED AMOUNT OR AGREED AMOUNT COVERAGE

To determine comprehensive or collision premiums for coverage provided on a stated amount or agreed amount basis, refer to Rule 42 – Physical Damage Coverage Rating Procedures in Section II – Common Coverages and Rating Procedures of this Manual.

RULE 65. TOWING AND LABOR COST

The annual premium shown on the Private Passenger Type rate pages in the Rate Section is applicable regardless of the period of coverage or term of the policy.

RULES 66 - 70 RESERVED FOR FUTURE USE.

RULE 71. ELIGIBILITY

This section applies to automobiles registered or used for the transportation of members of the public.

RULE 72. PUBLIC AUTOMOBILE CLASSIFICATIONS

If an automobile has more than one use, use the highest rated classification unless 80% or more of the use is in a single lower rated activity. In that case, use the lower rated classification.

Classify public automobiles as follows:

A. Fleet and Non-Fleet Classifications

1. Fleet Classification

Any risk that has five or more self-propelled automobiles of any type that are under one ownership. For the purpose of assigning this classification, do not include:

- 1) automobiles owned by allied or subsidiary interests unless the insured holds a majority financial interest
- b. mobile equipment insured on a General Liability Policy
- c. trailers

2. Non-Fleet Classification

Automobiles for risks that do not qualify for a fleet classification.

Do not change the fleet or non-fleet classification because of mid-term changes in the number of owned automobiles except at the request of the insured. The policy must be cancelled in accordance with Rule 9 – Cancellation in Section I – General Rules of this Manual and rewritten as of the effective date of the cancellation.

B. Primary Classifications

The primary classification codes assigned to public vehicles are determined based upon the automobile's use and radius class with the exception of van pools which use seating capacity in determining classification. Refer to the Public Transportation Classification Codes and Primary Rating Factors table in the Rate Section.

1. Use Class

- a. *Taxicab or Similar Passenger Carrying Service* – a metered or unmetered automobile with a seating capacity of eight or less that is operated for hire by or on behalf of the named insured or by an employee, but does not pick up, transport, or discharge passengers along a route.

(1) Owner-Operator

This classification shall apply to individual owners of single taxicabs operated by the individual owner or spouse. It shall also apply to individuals owning under a corporate name a single taxicab operated by such individual or spouse.

(2) Rented or Leased Taxi

A taxi which is not operated by the named insured or an employee of the named insured in attendance as a chauffeur, and is rented or leased to others on a long term or short term agreement, or on a time, commission, profit-sharing, or other independent contractor basis.

If such automobile is operated part of the time by the named insured or an employee of the named insured, and is rented or leased to others part of the time as stated above, it shall be classified as a Rented or Leased Taxi.

For the purpose of this classification, an employee is defined as one who is deemed to be such within the purview of the Massachusetts Worker's Compensation Law, or any other federal, state or municipal law which defines an employer-employee relationship and is applicable to the person operating the automobile.

(3) All Other

This classification shall apply in all other cases where Sections B.1.a.(1) or (2) of this Rule do not apply.

- b. *Limousine* – an unmarked luxury sedan with a seating capacity of eight or less that is operated for hire which

- (1) is hired on a prearranged hourly basis for weddings, funerals, religious ceremonies or other non-business social functions;
 - (2) is hired on an exclusive, dedicated basis for the duration of the event, not for drop-off and pick-up;
 - (3) is operated by the named insured, an employee, or an independent contractor of the named insured, in attendance as a chauffeur at the beginning and ending of the function.
- c. *Car Service* – an unmarked for hire automobile with a seating capacity of eight or less which
- (1) is hired on a prearranged basis;
 - (2) does not pick up hail fares on the street;
 - (3) does not contain a rate meter, and does not charge for services based upon miles traveled if the trip is less than 25 miles;
 - (4) operates on a scheduled business day, and is returned to the automobile's base of operation for a continuous period of at least four hours in each 24 hour period;
 - (5) is operated by the named insured, an employee, or an independent contractor of the named insured, in attendance as a chauffeur;
 - (6) operates from a base with two-way communication;
 - (7) primary payment method is by billing or credit card;
 - (8) may be under contract with a regional transit authority where transportation services are paid for by the individual requesting the services. For services contracted and paid for by a social service agency, classify the automobile in accordance with Section B.1.f.(7) of this Rule.
- d. *School Bus* – an automobile that carries students or other persons to and from school, or in any school activity including games, outings and similar school trips. There are two types of school buses for rating purposes:

1. School buses owned by political subdivisions or school districts.
2. All others including independent contractors, private schools and church owned buses.

The collision premium on a policy written on an annual term may be prorated to reflect the actual school term. However, credit shall not be given for Saturdays, Sundays or holidays or for any other periods of lay-up during the school term.

- e. *Church Bus* – an automobile used by a church to transport persons to or from services and other church related activities. This classification does not apply to public automobiles used primarily for daily school activities.
- f. Other Buses
 - (1) *Inter-City Bus* – an automobile that picks up and transports passengers on a published schedule of stops between stations located in two or more towns or cities.
 - (2) *Urban Bus* – an automobile that picks up, transports and discharges passengers at frequent local stops along a prescribed route. This classification applies only to automobiles operated principally within the limits of a city or town, and communities contiguous to such city or town, and includes scheduled express service between points on that route.
 - (3) *Airport Bus or Airport Limousine* – an automobile for hire that transports passengers between airports and other passenger stations, or motels. Automobiles used to transport passengers from their home or place of employment to or from an airport should be classified according to Sections B.1.a.– c. of this Rule, as appropriate.
 - (4) *Charter Bus* – an automobile chartered for special trips, touring, picnics, outings, games and similar uses.
 - (5) *Sightseeing Bus* – an automobile accepting individual passengers for a fare for sightseeing or guided tours, making occasional stops at certain points of interest and returning the passengers to the point of origin.

(6) *Transportation of Athletes and Entertainers* – an automobile owned by a group, firm or organization that transports its own professional athletes, musicians or other entertainers.

(a) If it is used to transport other professional athletes or entertainers, rate as a Charter Bus.

(b) An automobile owned by a group, firm or organization to transport its own non-professional athletes, musicians or entertainers, rate as Bus Not Otherwise Classified.

(7) *Social Service Agency Automobile* – an automobile used by a government entity, civic, charitable or social service organization to provide transportation to clients incidental to the social services sponsored by the organization, including special trips and outings.

This classification includes, for example, automobiles used to transport

(a) senior citizens or other clients to meal centers, medical facilities, social functions, shopping centers;

(b) handicapped persons to work or rehabilitative programs;

(c) children to day care center, Head Start programs; and

(d) Boy Scout or Girl Scout groups planned activities.

The following automobiles are eligible for this classification:

(a) Automobiles owned, or leased for one year or more, by the social service agency.

(b) Automobiles donated to the social service agency, without a driver.

(c) Automobiles hired under contract by the social service agency.

There are two types of Social Services Bus for rating purposes:

(a) Employee-Operated Automobiles

Automobiles operated by employees of the social service agency. If a social service automobile is also operated by volunteer drivers or other non-agency employees, do not classify the automobile as Employee-Operated unless 80% of the use is by agency employees.

(b) All Other

Automobiles which do not meet the employee-operated automobile classification requirements.

Excess Liability Coverage may be provided to cover automobiles not owned or licensed by the agency while being used in its social service transportation activities. This coverage may be extended to cover the agency's liability only or the liability of both the agency and, on a blanket basis, the individual liability of agency employees or volunteer donors or owners of the automobiles. For automobiles hired, loaned, leased or furnished refer to Rule 28 – Hired Automobiles of Section II – Common Coverages and Rating Procedures of this Manual. For all other non-owned automobiles, refer to Rule 27 – Non-Ownership Liability of Section II – Common Coverages and Rating Procedures of this Manual.

(8) *Bus Not Otherwise Classified* – this classification includes, but is not limited to automobiles such as country club buses, cemetery buses, real estate development buses, and courtesy buses run by hotels.

g. *Van Pools* – an automobile of the station wagon, van, truck or bus type used to provide prearranged commuter transportation for employees to and from work and is not otherwise used to transport passengers for a charge.

(1) Employer Furnished Transportation

Transportation is held out by the employer as an inducement to employment, a condition of employment or is incidental to employment.

(a) Employer Owned Automobiles

Automobiles owned, or leased for one year or more by an employer and used to provide transportation only for employees of the employer.

(b) Employee Owned Automobiles

Automobiles owned, or leased for one year or more by an individual employee and used to provide transportation only for fellow employees.

(2) All Other

Automobiles which do not meet the employer owned automobile classification requirements.

h. *Transportation of Employees – Other Than Van Pools* – automobiles of any type used to transport employees other than as defined in Section B.1.g. of this Rule.

(1) Automobiles that are owned or leased for one year or more by an employer and used to transport only his own employees. The classification code applicable to these vehicles is 5851.

(a) automobiles that can be classified as private passenger types in accordance with the eligibility requirements described in Rule 61 – Eligibility of Section IV – Private Passenger Types of this Manual shall be rated in accordance with the provisions of Rule 63 – Premium Development of Section IV – Private Passenger Types of this Manual.

(b) all other automobiles that cannot be classified as private passenger types in accordance with the eligibility requirements described in Rule 61 – Eligibility of Section IV – Private Passenger Types of this Manual shall be rated as van pools.

- (2) Automobiles that are owned or leased for one year or more by a person or organization who is in the business of transporting employees of one or more employers shall be classified and rated in accordance with Rule 72 – Public Automobile Classifications and Rule 73 – Premium Development – Other than Zone Rated Automobiles for automobiles described as a Bus Not Otherwise Classified in Section B.1.f.(8) of this Rule.

2. Radius Class

Determine radius on a straight line from the street address of the automobile’s principal garaging.

- a. Local – up to 50 miles – the automobile is not operated beyond a radius of 50 miles from the street address where such automobile is principally garaged.
- b. Intermediate – 51-200 miles – the automobile is operated beyond a radius of 50 miles but not beyond a radius of 200 miles from the street address where such automobile is principally garaged.
- c. Long distance – over 200 miles – the automobile is operated beyond a 200 mile radius from the street address where such automobile is principally garaged.

C. Geographic Classification

Automobiles with a primary classification of Other Buses described in Section B.1.f.(1), or Sections B.1.f.(3) – (8) of this Rule are subject to zone rating if the automobile is regularly operated beyond a 200 mile radius from the street address of principal garaging.

1. Determining Zone or Zone Combination for Zone Rated Risks

Determine the zone or zone combination and code for each automobile as follows:

- a. Use the Long Distance Zone Definitions in the Rate Section to determine the appropriate zone combination as described in Sections C.1.b. and C.1.c. of this Rule.

- b. When an automobile is principally garaged in a regional zone and operates in that zone and in one or more metropolitan zones, the zone combination is the regional zone and the metropolitan zone farthest away.
- c. In all other situations, the zone combination is the zone of the automobile's registration and the zone included in the automobile's operations farthest from that point.

Examples:

- a. The automobile is registered in Worcester, Massachusetts (regional zone 49) and operates in Utica, New York (regional zone 48) and Hartford, Connecticut (metropolitan zone 12). The proper zone combination is 49 and 12.
- b. The automobile is registered in Springfield, Massachusetts (regional zone 49) and operates in Bangor, Maine (regional zone 49). The proper zone combination is 49.
- c. The automobile is registered in Boston, Massachusetts (metropolitan zone 03) and operates in New York City (metropolitan zone 26) and Utica, New York (regional zone 48). The proper zone combination is 03 and 48.

Refer to the Long Distance Zone Definitions and the Zone Rating Tables in the Rate Section.

2. Non-Zone Rated Automobiles – Determination of Rating Territory

For automobiles classified under this rule that are not subject to zone rating, the rating territory shall be determined by the highest rated territory through which or in which the public automobile operates. The highest rated territory is the territory with the highest manual premiums for compulsory and optional bodily injury liability at \$20,000 per person, \$40,000 per accident and \$5,000 property damage as shown on the Public Automobiles Liability rate pages in the Rate Section. A rating territory other than the highest rated territory may apply if the risk supplies credible documentation that 80% or more of the public automobile's operation is outside the highest rated territory. In that case, assign the territory of the automobile's highest percentage of operation. If the automobile's highest percentage of operation is outside of Massachusetts, assign the highest rated

Massachusetts territory, regardless of the automobile's Massachusetts operations.

Refer to the Territory Schedule in the Rate Section.

D. Secondary Classifications

A secondary classification is assigned to automobiles with a primary classification of Other Buses and described in Section B.1.f. of this Rule that do not qualify for zone rating, and to automobiles with a primary classification of School Bus as described in Section B.1.d. or Church Bus as described in Section B.1.e. of this Rule. The secondary classification is based on the seating capacity of the automobile.

Apply the following criteria to determine the seating capacity of the automobile:

1. Use the seating capacity specified by the manufacturer of the automobile unless a public authority rules otherwise.
2. Do not include the driver's seat when determining seating capacity.
3. If a truck, tractor or trailer is classified as a public automobile, determine the seating capacity from the size class as follows:

<u>Size Class</u>	<u>Seating Capacity</u>
Light	1 to 8
Medium	9 to 20
Heavy	21 to 60
Extra-Heavy	Over 60

RULE 73. PREMIUM DEVELOPMENT – OTHER THAN ZONE RATED AUTOMOBILES

This Rule shall apply to all classifications described in Rule 72 – Public Automobile Classifications except for the classifications described in Section B.1.h.(1) of Rule 72.

- A. Determine the rating territory code from the Territory Schedule in the Rate Section in accordance with the provisions of Rule 72.C. – Public Automobile Classifications.

B. Determine the Combined Rating Factor

Determine the classification code and combined rating factor as follows:

1. Determine whether the risk is classified as fleet or non-fleet according to Rule 72 – Public Automobile Classifications.
2. Determine the primary rating factor from the applicable Public Transportation Classification Codes and Primary Rating Factors table in the Rate Section, based on the automobile's use and radius class and in accordance with Rule 72 – Public Automobile Classifications. For van pools, the primary rating factor is based on seating capacity as defined in Rule 72.D. – Public Automobile Classifications.
3. Determine the secondary rating factor, if applicable, from the Public Transportation Secondary Classification Codes and Rating Factors table in the Rate Section, based on the seating capacity and in accordance with Rule 72 – Public Automobile Classifications.
4. Determine the combined rating factor by adding the secondary rating factor to the primary rating factor.

C. Premium Computation

1. Liability and Personal Injury Coverages

Use the rating territory as determined in Section A. of this Rule to determine the rate for the applicable liability coverage level from the appropriate Public Automobiles rate pages in the Rate Section. Apply the rating factor from the appropriate Public Transportation Rating Factors and Statistical Codes table in the Rate Section to the liability rate to compute the final premium.

<u>Coverage</u>	<u>Rate Pages to be Used*</u>				
Compulsory BI (A-1)	Public Automobiles Liability	X	Combined Rating Factor (from Rule 73.B.)	=	Premium
PIP (A-2)					
Property Damage (PDL)					
Optional BI (B)					
Medical Payments					
Uninsured Motorist (U-1)			N/A		
Underinsured Motorist (U-2)					

*Use the following table to determine the appropriate Public Automobiles rate page to reference for each of the primary classifications described in Rule 72.B. – Public Automobile Classifications.

Rule 72.B. – Primary Classification Section	Public Automobiles Liability Rate Page Title Rule
Rule 72.B.1.a.	Taxis – Owner Operator, Rented or Leased and All Other
Rule 72.B.1.b.	Limousines
Rule 72.B.1.c.	Car Service
Rule 72.B.1.e., 72.B.1.d.	Church and School Buses
Rule 72.B.1.f.(7), 72.B.1.f.(8), 72.B.1.h.(2)	Social Services and Bus N.O.C.
Rule 72.B.1.f.(1)-(6)	Other Buses
Rule 72.B.1.g., 72.B.1.h.(1)(b)	Van Pools

2. Physical Damage Coverages

- a. These rating procedures apply to public automobiles that are classified as van pools in accordance with Section B.1.g. of Rule 72 or are classified as being used for transportation of employees in accordance with Section B.1.h.(1)(b) of Rule 72 – Public Automobile Classifications.

The premiums for physical damage coverage reflected in the Rate Section are on an actual cash value basis. For coverage on a stated amount or agreed value basis, refer to Rule 42.D. and E. – physical Damage Coverage Rating Procedures in Section II – Common Coverages and Rating Procedures of this Manual.

Determine the original cost new and age of the vehicle to be insured according to Rule 42.C. – Physical Damage Coverage Rating Procedures in Section II – Common Coverages and Rating Procedures of this Manual and the rating territory according to Section C.2. of Rule 72 – Public Automobile Classifications to obtain the premium at the selected deductible from the Van Pools rate pages in the Rate Section.

If a higher other than collision deductible is desired, determine the \$500 deductible rate from the Van Pools rate pages and charge the indicated percentage for the deductible desired.

To compute the final physical damage premium, multiply the collision and comprehensive rates by the combined rating factor determined in accordance with Section B. of this Rule. If collision – waiver of deductible coverage exists, add the premium associated with the applicable deductible level to the final collision premium.

<u>Coverage</u>	<u>Rate Pages to be Used</u>						
Collision (\$500 Deductible)	Van Pools Physical Damage	X	N/A	X	Combined Rating Factor (from Rule 73.B.)	=	Premium
Collision – Waiver of Deductible					N/A		
Comprehensive (\$500 Deductible)			Percentage for >\$500 Deductible Option (from Physical Damage Rate Pages)		Combined Rating Factor (from Rule 73.B.)		

The premium for limited collision coverage is obtained by multiplying the percentage indicated on the Van Pools physical damage rate pages in the Rate Section by the final collision premium. Rating procedures for additional limited collision coverage options are also described on the Van Pools rate pages in the Rate Section.

- b. Refer to the Public Vehicles Rating Procedures in the Rate Section for automobiles other than Van Pools.

RULE 74. PREMIUM DEVELOPMENT – ZONE RATED AUTOMOBILES

- A. Determine the classification code and primary rating factor in accordance with Rule 72.B. – Public Automobile Classifications.
- B. Premium Computation
 - 1. Liability and Personal Injury Coverages

Determine the zone or zone combination according to Rule 72.C. to determine the bodily injury (\$20,000 per person, \$40,000 per accident) and \$5,000 property damage liability premium from the Zone Rating Table in the Rate Section. Apply the indicated factors to the premium obtained from the Zone Rating Table to compute the final premium.

Coverage	Rate Pages to be Used						
Compulsory BI	\$20,000/\$40,000 Bodily Injury (from the Zone Rating Table)	X	0.86	X	Primary Rating Factor** (from Rule 72.B.)	=	Premium
PIP	\$20,000/\$40,000 Bodily Injury (from the Zone Rating Table)		0.04				
Property Damage	\$5,000 Property Damage (from the Zone Rating Table)		N/A				
Optional BI*	\$20,000/\$40,000 Bodily Injury (from the Zone Rating Table)		0.10				
Medical Payments	Trucks, Tractors and Trailers Liability						
Uninsured Motorist	Public Automobiles Liability		N/A		N/A		
Underinsured Motorist							

*Refer to Rule 40 – Increased Liability Limits in Section II – Common Coverages and Rating Procedures for determining increased limits.

**Secondary rating factors do not apply, however, report secondary statistical codes from the Secondary Classification Codes and Rating Factors table in the Rate Section.

2. Physical Damage Coverages

The premiums for physical damage coverage reflected in the Rate Section are on an actual cash value basis. For coverage on a stated amount or agreed value basis, refer to Rule 42.D. and E. – Physical Damage Coverage Rating Procedures in Section II – Common Coverages and Rating Procedures of this Manual.

Determine the original cost new and age of the automobile to be insured according to Rule 42.C. – Physical Damage Coverage Rating Procedures in Section II – Common Coverages and Rating Procedures of this Manual.

For collision coverage, use the original cost new and age to determine the base premium from the Long Distance Physical Damage Base Premiums Table in the Rate Section. The base premium for collision coverage is determined according to whether the automobile is a truck, trailer, or semi-trailer or a truck-tractor or automobile used in dumping operations. Use truck base premiums for trailers or semitrailers unless the automobile is used in dumping operations.

For comprehensive coverage, use the original cost new and age to determine the \$300 or \$500 base premium from the Long Distance Physical Damage table in the Rate Section.

If a higher deductible is desired for either comprehensive or collision, refer to the Long Distance Physical Damage premium development page in the Rate Section.

Apply the physical damage factor for the zone combination from the Zone Rating Table and the primary rating factor determined in accordance with Section A. of this Rule to the base premiums obtained from the Long Distance Physical Damage Base Premiums Table to compute the final premium.

<u>Coverage</u>	<u>Rate Pages to be Used</u>					
Collision	Long Distance Physical Damage Base Premiums	X	Collision Factor (from Zone Rating Table)	X	Primary Rating Factor* (from Rule 72.B.)	= Premium
Comprehensive			Comprehensive Factor (from Zone Rating Table)			

*Secondary rating factors do not apply, however, report secondary statistical codes from the Secondary Classification Codes and Rating Factors table in the Rate Section.

RULE 75. RESERVED FOR FUTURE USE

RULE 76. TRANSPORTATION OF MIGRANT FARM WORKERS BY FARM LABOR CONTRACTORS

This rule applies only to automobiles of a farm labor contractor required to be registered in accordance with the Migrant and Seasonal Agricultural Workers Protection Act.

A. Eligible Class Codes

1. Passenger Hazard Included (Class Code 5926)
2. Passenger Hazard Excluded (Class Code 5927)

B. Premium Computation

1. Rate each automobile as an inter-city bus (Rule 72.B.1.f.(1)) and calculate the otherwise applicable non-fleet premium for each risk according to the provisions of Rule 73 – Premium Development – Other than Zone Rated Automobiles. If an automobile subject to this rule is of a truck type, the secondary rating factor should reflect a seating capacity of 21-60 in accordance with this Rule.

2. Passenger Hazard Included

Multiply the compulsory and optional bodily injury liability, personal injury protection and property damage liability premiums determined in Section B.1. of this Rule by 0.50 to determine the final premium.

3. Passenger Hazard Excluded

Multiply the compulsory and optional bodily injury liability, personal injury protection and property damage liability premiums determined in Section B.1. of this Rule by 0.375 to determine the final premium.

RULES 77-85 RESERVED FOR FUTURE USE

I. RISKS SUBJECT TO THE MASSACHUSETTS COMPULSORY LAW

RULE 86. ELIGIBILITY

A. This subsection applies to any form of business engaged in one or more of the operations classified in Section B. of this Rule to which a dealer plate has been issued by the Registrar of Motor Vehicles.

These classifications shall be written on the Massachusetts Garage Insurance Policy. Use Policy Form MM 00 95.

B. Classification and Codes

Only one classification and code applies to a risk for both liability and physical damage coverages.

Classification Description		Code	
		Limited	Unlimited
a.	Franchised private passenger automobile dealer (with or without any other type of franchise)	73010	73020
b.	Franchised truck or truck-tractor dealer (with or without any other type of franchise except private passenger automobile franchise)	73110	73120
c.	Franchised motorcycle dealer including all two wheeled cycle vehicles (no private passenger automobile or truck franchise)	73210	73220
d.	Franchised residence type mobile home trailer dealers	78200	78210
e.	Franchised commercial trailer dealers	78300	78310
f.	Franchised recreational vehicle dealer (no private passenger, snowmobile or residence type mobile home trailer franchise)	73310	73320
g.	Other franchised self-propelled land motor vehicle dealer, including motor homes and campers	73410	73420
h.	Non-franchised dealer (any risk described above that is not a franchised dealer)	73510	73520

RULE 87. LIABILITY COVERAGE

A. Limited Liability Coverage for Customers

1. This coverage is available for franchised dealers and non-franchised dealers.

2. Except for the Massachusetts compulsory coverages, Limited Liability Coverage is afforded to customers only if there is no other automobile liability insurance or if the limit of other insurance is lower than any financial responsibility requirement.
3. Limited Liability Coverage does not affect the coverage afforded the named insured, employees, directors, or partners.

B. Unlimited Liability Coverage for Customers

1. This coverage affords full liability coverage to customers.
2. The rates shown on the Garages Liability Rates pages in the Rate Section are for Unlimited Liability Coverage.

RULE 88. PREMIUM DEVELOPMENT

Liability, Personal Injury Protection, Uninsured Motorists, Underinsured Motorists

Determine the rating territory from the Territory Schedule in the Rate Section based on the street address for each location.

Compute the advance premium at inception and the earned premium as developed by audit, if subject to audit, according to the following procedures:

A. Covered Automobile Coverage (Unlimited Liability Coverage for Customers)

1. Apply the rate per plate shown in the Rate Section for each dealer registration plate issued to the named insured by the Registrar of Motor Vehicles. An automobile that is specifically registered by the named insured must be rated on a specified car basis according to its actual exposure.

Refer to the Dealers Physical Damage Rates pages in the Rate Section for premium determination of garage trailer plates (Class Code 07090).

If the named insured has more than one place of business, the rate for each plate shall be the rate for the location in connection with which each plate is used. If a plate is used in connection with more than one location, the rate for the highest rated location shall apply.

The premium at which the policy is originally issued shall be based upon the original number of dealer plates issued to the named insured by the Registrar of Motor Vehicles.

Upon application by the named insured for additional plates, the named insured shall pay to the company the additional premium required which shall be computed on a pro rata basis. For plates surrendered to the Registrar of Motor Vehicles during the policy period the earned premium shall be computed on a pro rata basis.

B. Automobile Coverage (Limited Liability Coverage)

1. Limited Liability Coverage may be provided by reducing the premium charged for optional bodily injury liability coverage and by reducing that portion of the property damage liability premium providing coverage in excess of the basic limit.
2. Refer to the Dealers Physical Damage Rates pages in the Rate Section for premium determination.

C. Other Than Covered Automobiles Coverage

The premium for this coverage is based upon the rates as shown in the Garage Operations – Other than Covered Automobiles table in the Rate Section, applied to each \$100 of the named insured's estimated annual payroll.

Compute the advance premium at inception and the earned premium as developed by audit separately for each location according to the following procedures:

1. Liability
 - a. Multiply the rates per \$100 of payroll shown in the Garage Operations – Other than Covered Automobiles table in the Rate Section by the estimated annual payroll.
 - b. The payroll for each employee must be the actual salary subject to a maximum of \$100 per week. All active proprietors or officers must be included at a fixed amount of \$100 per week. Do not include inactive proprietors or officers.

2. Minimum Premium
 - a. The minimum premium shall be the minimum shown in the Garage Operations – Other Than Covered Automobiles table in the Rate Section applied separately to each location.
 - b. Charges for other coverages shall apply in addition to the minimum premium.
3. Aggregate Limit
 - a. The combined single limit of liability rates displayed in the Garage Operations – Other Than Covered Automobiles table in the Rate Section reflect an aggregate limit of three times the otherwise applicable per accident liability limit.
 - b. For aggregate limits applicable to losses of other than three times the per accident limit, multiply the rates by the appropriate factor shown on the Garage Operations – Other Than Covered Automobiles rate page in the Rate Section.

RULE 89. MEDICAL PAYMENTS INSURANCE

Automobile Medical Payments Coverage and Garage Locations and Operations Medical Payments Coverage

- A. The percentages shown in the Garage Medical Payments Table in the Rate Section are applicable to the total bodily injury premium for compulsory bodily injury liability coverage and optional bodily injury liability coverage for covered automobiles.
- B. If the liability coverage is limited in accordance with Section A. of Rule 87 – Liability Coverage, the percentages for the limits shown are applicable to the total bodily injury premium prior to the application of the discount.
- C. Use Automobile Medical Payments Coverage Endorsement MM 99 13 to provide automobile medical payments insurance. Use Garage Locations and Operations Medical Payments Coverage Endorsement CA 25 05 to provide garage locations and operations medical payments insurance.

RULE 90. ADDITIONAL PROVISIONS

A. Elevators and Escalators

Liability Coverage for elevators and escalators is included. A charge shall be made for legally required inspections made by or for the company.

- B. To extend the policy to apply to the liability of a political subdivision in connection with certain permits it may require at the premises of the named insured, use Additional Insured (Municipalities) Endorsement MM 25 98.

RULES 91-94 RESERVED FOR FUTURE USE.

II. GARAGEKEEPERS INSURANCE

RULE 95. ELIGIBILITY

Garagekeepers insurance may be issued only to a single garage owner or operator described in this Section. Do not group two or more garage owners or operators in a single policy.

RULE 96. PREMIUM DEVELOPMENT

- A. Determine the type of coverage to be afforded:
1. Legal Liability
 2. Direct Coverage – primary basis (without regard to legal liability)
 3. Direct Coverage – excess over customer’s policy (without regard to legal liability)
- B. Rating basis - maximum limit of liability.
- C. Show each location with its limit of liability.
- D. Charge the premium shown in the Garagekeepers Premiums tables in the Rate Section based on the limit of liability selected for each location. The total premium is the sum of the premium for each location.

RULE 97. PREMIUM DEVELOPMENT – CUSTOMERS’ SOUND RECEIVING EQUIPMENT

A. Application

Comprehensive coverage, excluding theft, and Collision coverage for sound receiving equipment in a garage’s care, custody or control may be provided. Use Garagekeepers Coverage – Customers’ Sound Receiving Equipment Endorsement CA 99 59.

B. Premium Development

Determine the maximum limit of liability for customers’ sound receiving equipment in a garage’s care, custody or control at any one time. If more than one location, show the applicable limit for each location.

Use the premium shown in the Garagekeepers Premiums Tables for Other Than Collision and Collision in the Rate Section for the total of the limits of liability for all locations and apply the following factors:

1. For Comprehensive – excluding theft – .50
2. For Collision – .40

III. GARAGE PHYSICAL DAMAGE COVERAGE

RULE 98. DEALERS PHYSICAL DAMAGE COVERAGE

A. This coverage applies to:

1. Automobiles owned by a dealer or non-dealer and held for sale;
2. Automobiles owned and used in the named insured’s business, including demonstrator automobiles and service automobiles;
3. Automobiles on consignment if specifically indicated on the declarations;
4. Automobiles held by the named insured pending delivery after sale except as to loss for which the interests of the purchaser are covered by insurance.

B. The rates and premiums for this coverage are applicable for all automobiles in accordance with the following:

1. Franchised Dealers – risks that have a franchise issued by an automobile manufacturer for the sale of new automobiles and are engaged in the sale and services of automobiles, and have been granted a Class 1 license as defined in G.L. c. 140, §58.

Charge 100% of the applicable manual rate for all coverages.

2. Non-Franchised Dealers – risks that are primarily engaged in the sale of automobiles that are not franchised dealers, and have been granted a Class 2 or Class 3 license as defined in G.L. c. 140, §58.

Charge 110% of the applicable manual rate for all coverages.

3. Non-Dealer Risks – develop the premium by using the non-reporting basis specified in Section B.2. of this Rule and charge 110% of the applicable manual rate for all coverages. Use Physical Damage Coverage – Autos Held for Sale by Non-Dealers Endorsement MM 20 27.

C. Rating Basis

1. Reporting basis – use a reporting form to estimate the inventory of a dealer risk.

- a. Charge the insured, on a monthly or quarterly basis, the premium earned during the preceding month or quarter.
- b. Retain any deposit premium to be credited against the final payments.
- c. Determine an estimated annual premium by multiplying the limits of liability shown in the policy by the annual rate.

2. Non-Reporting Basis

- a. The non-reporting basis provides for specified limits at each location subject to a pro rata distribution clause. The total of all such specified limits is the total amount insured under the policy.
- b. The specified limits for any named location may be increased, decreased or cancelled. Locations may be added pro rata.

RULE 99. PARTS, MATERIALS OR ACCESSORIES

Parts, materials or accessories kept as merchandise for sale and not attached to automobiles may not be insured under Dealers Physical Damage Coverage.

RULE 100. SPECIFIED CAR BASIS

- A. Garage physical damage coverage may be provided on a specified car basis.
- B. Charge the applicable trucks, tractors and trailers rates or private passenger type rates.

RULE 101. CLASSIFICATIONS

The following classifications apply for Dealers Physical Damage Coverages:

- A. Standard Open Lots are open parking storage lots enclosed on all sides by a metal cyclone or equivalent fence not less than six feet in height; or bounded on one or more sides by the wall or walls of a building, with no unprotected openings, and with the exposed sides of the lot enclosed by a metal cyclone or equivalent fence not less than six feet in height, with openings securely locked when unattended.
- B. Non-Standard Open Lots are all other open lot locations, or unroofed space and buildings not securely enclosed and locked when unattended.
- C. Buildings.

RULE 102. PREMIUM DEVELOPMENT

- A. The rates shown in the Rate Section for Dealers Physical Damage Coverages are annual rates per \$100 of value.
- B. The rates shown in the Rate Section for Miscellaneous Types apply to the following if values are reported separately:
 - Ambulances, fire trucks and apparatus, funeral directors, flower cars, hearses, mobile home trailers, and special or mobile equipment.

RULE 103. FALSE PRETENSE COVERAGE

This coverage may be written at a rate per \$100 of value. Use the total inventory value including the wholesale floor plan value.

Refer to the Dealers Physical Damage Rates pages in the Rate Section. Use False Pretense Coverage Endorsement CA 25 03.

RULE 104. DEALERS COLLISION COVERAGE

- A. Specified Car – pro rate for the time at risk, the manual collision premium for the form of coverage and the type of automobile.
- B. Blanket Collision – if all automobiles are to be insured for collision, charge the rates shown in the Blanket Collision Rates table in the Rate Section.
- C. Dealers Collision Coverage may be written on a named driver basis to insure the dealer while any automobile owned by the dealer is being operated by the named driver or while the named driver is a passenger. This coverage does not apply to dealers drive-away operations. Use Named Driver Collision Coverage Endorsement CA 25 11.

Refer to the Dealers Physical Damage Rate pages in the Rate Section for premium determination.

- D. Blanket Collision may be averaged.
 - 1. Determine the average rate by using the maximum value during the past 12 months or if not available the estimated maximum value to be covered at any time during the coming 12 months.
 - 2. Multiply the values at the specific rates to determine the premium for the various rating splits.
 - 3. Total these premiums and divide by the total values which will result in the average rate.

RULE 105. DEALERS DRIVE-AWAY COLLISION COVERAGE

Collision coverage may be provided for automobiles while being driven, towed or carried on any other automobile or trailer owned or hired by the insured from the point of purchase or distribution to the point of destination. Use the distance from the point of purchase or distribution to the point of destination to determine the mileage rating basis. This coverage is not available to drive-away contractors.

Individual Coverage

When collision coverage is not written on all automobiles, charge the per car per trip premiums displayed on the Dealers Physical Damage Rates pages in the Rate Section.

Blanket Coverage

When collision coverage is written on all automobiles and drive-away operation is in excess of 50 miles, charge the per car per trip premiums displayed on the Dealers Physical Damage Rates pages in the Rate Section.

RULES 106-109 RESERVED FOR FUTURE USE.

RULE 110. ELIGIBILITY

This section applies to all automobiles that are not classified or defined in other sections.

RULE 111. PREMIUM DEVELOPMENT

A. Unless specifically described in the Rule, rating procedures for automobiles defined in Rules 112 through 125 are found on the Special Types Rating Procedures pages in the Rate Section.

1. Base rates for truck, tractor, and trailer type automobiles are found on the Trucks, Tractors and Trailers rate pages in the Rate Section based on the size of the automobile as defined in Rule 52.B.1. and Rule 52.B.2. – Trucks, Tractors and Trailers Classifications in Section III – Trucks, Tractors and Trailers of this Manual. Primary and secondary rating factors as defined in Rule 52.B.3. and Rule 52.B.4. and Rule 52 C. – Trucks, Tractors and Trailers Classifications in Section III – Trucks, Tractors and Trailers of this Manual do not apply.

2. Base rates for private passenger type automobiles are found on the Private Passenger Types rate pages in the Rate Section.

B. Determine if the risk is fleet or non-fleet as defined in Rule 52.A. – Trucks, Tractors and Trailers Classifications in Section III – Trucks, Tractors and Trailers of this Manual or Rule 62.A. – Private Passenger Types Classifications in Section IV – Private Passenger Types of this Manual.

C. Determine the rating territory from the Territory Schedule in the Rate Section based on the street address of principal garaging. Place of principal garaging is described in Rule 21 – Residence and Location of Section II – Common Coverages of this Manual.

D. Liability, No-Fault and Physical Damage

Specific rating instructions are provided in the Rate Section for each classification.

E. Medical Payments, Uninsured and Underinsured Motorists Insurance

Refer to specific rules in the Rate Section. If no 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.

RULE 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. Use Emergency Services – Volunteer Firefighters’ and Workers’ Injuries Excluded CA 20 30.
- B. The policy must exclude coverage for Bodily Injury or Property Damage which results from providing or failing to provide any professional service. Use Professional Services Not Covered Endorsement CA 20 18.

RULE 113. AMPHIBIOUS EQUIPMENT

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

RULE 114. RESERVED FOR FUTURE USE

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

Operations which involve demonstrating, testing, driving away or delivery of automobiles manufactured, assembled, rebuilt or repaired by the insured may be insured at the rate per plate applicable to garage dealers in Rule 88 – Premium Development in Section VI – Garage Dealers of this Manual.

All other automobiles and trailers, owned by the insured and operated in connection with the business of the automobile factory, shall be written on a 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.

RULE 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.

B. Commercial Driving Schools (Class Code 79270)

1. Eligibility

This section applies to automobiles used by driving schools to give driving instruction. Use Driving Schools Endorsement CA 20 06.

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

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.

RULE 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. Use Emergency Services – Volunteer Firefighters’ and Workers’ Injuries Excluded Endorsement CA 20 30.
3. The policy must exclude coverage for Bodily Injury or Property Damage which results from providing or failing to provide any professional service. Use Professional Services Not Covered Endorsement CA 20 18.

RULE 118. FUNERAL DIRECTORS

A. Eligibility

1. This rule applies to limousines, hearses or flower cars 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. Use Professional Services Not Covered Endorsement CA 20 18.

B. Refer to Rule 112 – Ambulance Services for automobiles that are a combination hearse/ambulance.

RULE 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. Use Emergency Services – Volunteer Firefighters’ and Workers’ Injuries Excluded Endorsement CA 20 30.

3. The policy must exclude coverage for Bodily Injury or Property Damage which results from providing or failing to provide any professional service. Use Professional Services Not Covered Endorsement CA 20 18.

RULE 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 Rule 55 – Premium Development Options for Truckers in Section III – Trucks, Tractors and Trailers of this Manual or Rule 72 – Public Automobile Classifications in Section V – Public Transportation of this Manual.

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 automobile. 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 the Additional Insured – Owner of Leased Vehicle Endorsement MM 20 25 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 the Additional Named Insured – Owner of Leased Vehicle Endorsement MM 20 25 and the Lessor – Additional Insured and Loss Payee Endorsement MM 20 26 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 the Lessor – Additional Insured and Loss Payee Endorsement MM 20 26 must be made a part of the policy.

C. Premium Determination

When determining the premiums, use the rating territory from the Territory Schedule in the Rate Section based upon the street address 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 (Class Code 72190)

May be provided if insurance covering the leasing concern on a primary basis is provided by the lessee. Refer to the company for premium determination. Use Leasing or Rental Concerns – Contingent Coverage Endorsement CA 20 09.

2. Specified Car Basis (Short Term)

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

D. Conversion, Embezzlement or Secretion Coverage

1. The policy must be endorsed to exclude, under Comprehensive or Theft, coverage for conversion, embezzlement or secretion.
2. To buy back this coverage, refer to the Rate Section for premium determination. Use Leasing or Rental Concerns – Conversion, Embezzlement or Secretion Coverage Endorsement CA 20 10.

RULE 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. Use Mobile Homes Contents Not Covered Endorsement CA 20 17.

RULE 122. MOTORCYCLES AND SIMILAR VEHICLES

- A. This rule applies to motorcycles, motorscooters, motorbikes and other similar vehicles used for commercial purposes.
- B. Refer to the Commercial Motorcycle rate pages in the Rate Section for premium determination.
- C. The premium for Personal Injury Protection must be charged for vehicles subject to Massachusetts registration.

RULE 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 personal 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 automobiles which have been issued dealer's registration plates by the Registry of Motor Vehicles for use only in taking possession of such automobiles due to foreclosure or subrogation of title, shall be insured under a Business Auto Coverage Form. Use Registration Plates Not Insured for a Specific Auto Endorsement MM 20 10.

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.

RULE 124. REGISTRATION PLATES NOT ISSUED FOR A SPECIFIC AUTOMOBILE

A. Eligibility

This rule applies to risks which have been issued an interchangeable plate other than a dealer plate. Use Registration Plates Not Issued for a Specific Auto Endorsement MM 20 10.

B. Farmer's Special Plates

Any risk engaged primarily in the occupation of farming or raising poultry on land owned or controlled by that risk may be issued farmer's interchangeable registration plates. Such registration plates are valid only when affixed to qualifying automobiles and may not be used with private passenger automobiles.

1. Premium Computation

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

C. Owner-Contractor (Class Code 07070)

Any risk other than a manufacturer, dealer or repairman and which owns or leases a fleet of 10 or more automobiles or trailers which are used exclusively in that risk's principal business, and which maintains an establishment with facilities for the repair, alteration or equipment of those automobiles or trailers may be issued Owner-Contractor interchangeable registration plates.

All automobiles or trailers owned or leased by an owner-contractor 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 the owner-contractor or, in the case of rubber-tired backhoes, 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 provided in the Rate Section.

D. Transporters (Class Code 07060)

Any risk engaged in the business of transporting or delivering under its own power, automobiles not owned by that risk may be issued interchangeable registration plates.

A risk with a valid license issued by the Department of Public Utilities, whose business consists of transporting automobiles which are under the control of, but not owned by such transporter while being delivered by the risk under its own power, shall be registered under the transporter plates assigned to the risk and shall be insured at the rate per plate applicable to Garage Dealers as provided in the Rate Section.

E. Boat Trailers (Class Code 04560)

This classification applies to dealers of boats and boat trailers to which interchangeable boat trailers plates have been issued.

Refer to the Rate Section for premium determination.

F. Repair Plate or Dealer Plate Issued to Automobile Service Operations

1. Any risk engaged in automobile service operations such as repair shops, auto body shops (78090), service stations (78110), storage garages and public parking places (78130).

2. Premium Determination

a. Liability

Rate according to Rule 88.A. – Premium Development in Section VI – Garage Dealers of this Manual.

b. Physical Damage

Any automobile specifically registered by the named insured must be rated on a specified automobile basis according to its actual exposure.

Refer to Rule 98. B.3. – Dealers Physical Damage Coverage in Section VI – Garage Dealers of this Manual to rate automobiles held for sale by a non-dealer and use Physical Damage Coverage – Autos Held for Sale by Non-Dealers Endorsement MM 20 27.

RULE 125. SPECIAL OR MOBILE EQUIPMENT

A. Land Motor Vehicles other than Farm Equipment.

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

Eligibility

This section applies to the following categories:

1. Self-propelled automobiles 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.

b. Cherry pickers and similar devices mounted on an 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 Section A.2. of this Rule 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 Sections A.1. or A.2. of this Rule, 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.

RULE 126. RESERVED FOR FUTURE USE

1. Purpose and Scope

This Section governs the reduction in premium charges for private passenger motor vehicles and certain commercial vehicles equipped with anti-theft devices and vehicle recovery systems.

2. Eligibility

This Section is applicable to private passenger types as defined in Section IV – Private Passenger Types of this Manual and commercial vehicles as defined in Section III – Trucks, Tractors and Trailers of this Manual which are registered with the Massachusetts Registry of Motor Vehicles and which have a gross vehicle weight of less than 10,000 pounds.

3. Coverages

The discount is applicable to the Comprehensive coverage or other combination of specified perils which afford Theft coverage.

4. Discounts Applicable

The following discounts are to be applied:

Vehicles Qualifying for	Discount
Category I	5%
Category II	15%
Category III	20%
Category IV	20%
Category IV, plus Category I	25%
Category IV, plus Category II	30%
Category IV, plus Category III	35%
Category V	25%
Category V, plus Category I	28%
Category V, plus Category II	32%
Category V, plus Category III	36%

5. Definitions

As used in this Section, the following words shall mean:

“Passive device or system” describes an anti-theft device or system which is activated automatically when the operator turns the ignition key to the off position.

“Alarm,” except where otherwise specified, means horn, bell, siren or other sounding device which is audible at 300 feet.

“Tubular” describes a type of lock whose key is cylindrically shaped and which has at least 50,000 combinations.

“Electronic lock or keyless device” is an electronic coding device that has more than 10,000 combinations. The combination used to unlock the device can be entered through a keyboard or similar data entry device or by means of a remote control device.

6. General

Stickers identifying the particular anti-theft system installed may not be attached to the car unless specifically permitted in these rules.

If two or more qualifying devices are attached to a vehicle, the total discount shall be that applicable to the device meeting standards for the highest discount. If one of the qualifying devices is a Category IV device, the applicable discount shall be calculated as stated in Item 4.

Insurers may require reasonable evidence of installation of any anti-theft device but may not refuse to grant a discount to a qualifying device solely on the grounds that it was installed by the owner of the auto.

Categories Defined

Category I

Devices qualifying in this category receive 5% discounts.

(a) Ignition or Starter Cut-Off Switch in Combination with Flush or Tapered Door Lock Buttons

This device is an ignition cut-off switch (sometimes called a “kill switch”) or a starter cut-off switch which is inserted into the ignition wiring of an auto. The switch is tripped upon leaving the auto and must be switched back in order to start the auto.

The switch must be installed so that it is not visible from the driver's position when the driver is seated. In addition, the vehicle must contain flush or tapered door lock buttons on all doors.

A sticker may identify the presence of this system.

(b) Ignition or Starter Cut-Off Switches

Such ignition or starter cut-off switches either must be designed so that the wires leading from the switch to the engine compartment are protected by armored tubing or cable, or operate passively.

(c) Non-Passive, Externally-Operated Alarm

This is a non-passive warning alarm which is installed in an auto and can be set to go off if any door, the trunk or the hood is opened without first turning off the alarm by use of a key inserted in a lock mounted on the outside of the auto.

(d) Steering Column Armored Collar

This is a device similar to an oversized padlock which clamps on the steering column over the ignition lock and prevents access to it. This device, upon being locked, prevents the vehicle from being started, or if the auto is hot-wired and started, the device prevents it from being steered. No part of the device, when not in operation, is attached to the steering column. A sticker may identify the presence of this device.

(e) Steering Wheel Removal Lock

This device prevents steering movement of the vehicle from a parked position. This is a high security steering wheel lock assembly manufactured of hardened steel components, which allows removal of the steering wheel from the vehicle. The assembly is permanently attached to the vehicle's steering column and is located between the column and the steering wheel. Operation of the lock is controlled by a high security configured key. Unlocking the assembly will permit removal of the steering wheel from the vehicle. A fitted security plate is then inserted onto the lock assembly in place of the steering wheel and the lock's security key is then removed. Re-attachment of the steering wheel onto the lock assembly requires use of the security key to first remove the fitted security plate and then to attach the steering wheel. The security key can be removed from the lock assembly only after either the security plate or steering wheel has been locked into place.

Category II

Devices qualifying in this category receive 15% discounts.

(a) Non-Passive Fuel Cut-Off Device

This is a shut-off device which operates to block the fuel line when a switch is tripped or when the device is engaged by a key. The switch to open or shut off the fuel line must be well hidden from view.

(b) Non-Passive Steering Wheel Lock

This device prevents the steering wheel from turning. A steel collar and barrel, into which the shackle of a lock fits, are permanently attached to the steering post. The shackle, made of case-hardened alloy steel, fits over the steering wheel spoke and into the barrel. A tubular key operates the lock. The collar, barrel and shackle must resist cutting with a file. A sticker may identify the presence of this system.

(c) Armored Cable Hood Lock and Ignition Cut-Off Switch

This system is one which meets all the criteria of Section (5.4)(f)(1) except paragraph (a). Armor must be similar to that used in outdoor telephone booths; it must extend through firewall and be secured so as to prevent retraction.

(d) Window Identification System

A window identification is one in which identification letters and/or numbers are etched by sandblasting, chemical process or other permanent marking into all the windows of the vehicle other than the small vent window.

Provision must be made for immediate telephone identification of the owner of the vehicle any time of day or night.

A sticker may identify the presence of this identification system.

(e) Emergency Handbrake Lock

This device prevents the release of the emergency handbrake. The lock replaces the handbrake grip, and is permanently attached to the handbrake lever. The lock encasement must be all metal construction. The lock is released by entering a preset digital combination. A sticker may identify the presence of this device.

(f) Car Transmission Lock

The device prevents the vehicle from moving from a parked position by locking the gear shift. A steel encased lock is permanently attached to the floor of the vehicle by a steel stand. The shackle, made of case hardened alloy steel, fits around the gear shift and is inserted into the lock. The device must have a high security locking system with at least 50,000 combinations. The lock, shackle and stand must resist cutting and filing.

A sticker may identify this system.

Category III

Devices qualifying in this category receive 20% discounts.

(a) Passive Alarm System - This is an alarm system meeting the following criteria:

- (1) Ignition must be cut off automatically, or starter must be disabled automatically.
- (2) Alarm must be triggered by entry of doors, hood or trunk.
- (3) Hood must not open unless unlocked from inside the vehicle by a key, or by an electronic keyless device.
- (4) Alarm must sound for no more than eight minutes, and upon ceasing to sound, must reset itself.
- (5) Alarm must not emit a pulsating, whooping, or yelping sound which would cause it to be mistaken for the modern police, fire or other emergency vehicle siren.
- (6) Alarm must be installed in the engine compartment so as to be inaccessible without opening the hood.
- (7) The system must be engaged passively by turning the ignition key to the off position. To disarm the system a tubular lock or electronic keyless device must be used. The maximum time delay permitted to disarm the system after re-entry is twenty seconds.

(b) Passive Fuel Cut-Off Device

This fuel cut-off device is engaged by turning the ignition key to the off position. The driver must trip a switch to open the fuel line each time the car is started. This device must meet the following criteria:

- (1) The fuel line must be blocked when the power is off.
- (2) The switch to open the fuel line must be well hidden from view, but accessible to the driver from the driver's seat. In the alternative a tubular key or an electronic keyless device may be used.
- (3) A parking/service attendant override switch may be provided. It must be well hidden from view. It must not be accessible from the passenger compartment; alternatively, if the override switch is accessible from the passenger compartment, a warning buzzer must sound (or the operator must be distracted in some other way) while the engine is running and the override switch engaged. If the buzzer is disconnected, it must result in disconnection of the entire anti-theft system.
- (4) Any under-the-dash wiring installed in connection with this device must blend in color with factory-installed wiring.

(c) Armored Ignition Cut-Off Switch

This device is a kill switch designed to resist tampering. To prevent hot-wiring of the auto, a protective cap is attached to the coil or starter solenoid. Such devices must meet the following criteria:

- (1) Armored cable must run from a separate key to the coil, starter solenoid, or other engine component. Such cable must be similar to that used in outdoor telephone booths, collapse when cut, and preclude quick reconnection of the cut wire inside; alternatively, some other effective means of preventing defeat of the system by cutting the armored cable must be employed.
- (2) The device must prevent hot-wiring of the car.
- (3) A separate lock must be of tubular type and must be installed inside the auto so as to facilitate use by the driver; alternatively, an electronic keyless device may be used in lieu of a lock if it does not take significantly longer to engage the device than it takes to remove a key from a lock, and use of the system is otherwise facilitated.

(d) Passive Multi-Component Cut-Off Switch

This device is a kill switch activated when the ignition key is turned to the off position. It is designed to prevent hot-wiring of the auto. Such device must meet the following criteria:

- (1) The primary wire to the ignition coil must be disconnected.
- (2) The device must disconnect the starter.
- (3) One or more wires to the electronic ignition system, or to the points and condenser must be disconnected and grounded to the chassis.
- (4) The wiring must blend with factory-installed wiring, and the disconnecting/grounding wires must be routed to random points in the electrical system away from the components they affect.
- (5) The control module, if separate from the electronic locking mechanism, must be hidden in the engine compartment or other part of the car so that it is not easily detectable.
- (6) In order to start the car, a lock or electronic device must be used to deactivate the system. The lock must be of tubular type and must be installed inside the auto so as to facilitate use by the driver; alternatively, an electronic keyless device may be used in lieu of a lock if it does not take significantly longer to engage the device than it takes to remove a key from a lock, and use of the system is otherwise facilitated.

(e) Passive Time Delay Ignition System

This is a device which allows the car to start only if the operator waits a prescribed time, which must vary from device to device in a range of three to twenty seconds, before moving the ignition key from "On" to "Start". If the auto does not start, the operator must be required to wait at least ninety seconds before the device can be operated successfully on a subsequent try.

The device must be resistant to tampering; for example, if it is forcibly removed, reconnection of the electrical system must not be possible with a hot-wire device. Alternatively, the device must be installed with a hood lock operated by a tubular key.

(f) Armored Cable or Electrically Operated Hood Lock and Ignition Cut-Off Switch

This is a supplemental hood lock operated from within the auto which also cuts off the ignition when engaged. Such devices must meet the following criteria:

(1) Armored Cable Hood Lock

- (a) The hood lock cable must be armored by case hardened solid steel tubing designed to resist cutting; tubing must extend through firewall and be secured so as to prevent retraction. Otherwise, an alarm meeting the criteria of Section (5.3)(a) must be installed.
- (b) The system must be engaged by a push button or other device which facilitates use. The push button or other device must be installed within reach of driver when seated.
- (c) No portion of the hood lock cable may be accessible so that it could be grasped from underneath the car; and, if accessible through the grillwork, armor must extend to the locking mechanism.

(2) Electrically Operated Hood Lock

- (a) The hood lock is electrically operated and functions so that it remains locked even if the wiring operating the hood lock is cut.
- (b) The system must be engaged passively by turning the ignition key to the off position. To disarm the system a separate key or electronic keyless device must be used.
- (c) If the hood lock can be reached through the grillwork or from underneath the car, the hood lock must be shielded or armored so that it cannot be manually operated. The locks controlling the devices must be of tubular type or operate electronically.

(g) Passive, Delayed Ignition Cut-Off System

This electronic system disables the ignition circuit at a preset engine speed such that the engine cannot be restarted or hot-wired. Such device must meet these criteria:

- (1) The ignition must cut off automatically as soon as the engine reaches a speed in the range of 1,500 to 2,000 RPM.

- (2) The system must be automatically armed when the ignition key is turned to the off position.
- (3) A push button or other type of disarm switch must be well hidden from view. The wiring must blend with factory-installed wiring if placed under the dash. In the alternative, a tubular key or an electronic keyless device may be used.
- (4) An alarm or horn shall be actuated at the same time the ignition is disabled.
- (5) If a parking/service attendant switch is provided, a buzzer must sound all the time the engine is running. The switch must be hidden in a remote place.

(h) Passive Ignition Lock Protective system

This is a case hardened steel, protective cap which fits over the ignition lock so as to prevent extraction of the ignition lock cylinder. The cap fastens to a steel collar which fits around the steering post and over the ignition lock. The ignition key fits through a slot in the cap.

A sticker may identify the presence of this system.

(i) High Security Ignition Replacement Lock

This is a high security, case hardened steering column ignition lock, conforming to NHTSA Standard No. 1141, which cannot be removed using a conventional slide hammer or lock puller equipment.

A sticker may identify the presence of this system.

(j) Hydraulic Brake Lock

This is a dash-mounted device which, when activated and pressurized with the brake pedal, maintains hydraulic pressure on the brakes at two or more of a vehicle's wheels so that the vehicle cannot be driven. The device must have a high security locking system with at least 50,000 combinations and a lock which cannot be pulled using a conventional slide hammer or lock puller equipment.

(k) Chip Key

This device allows only the correct ignition key(s) to start the engine. The system prevents the motor vehicle from being started unless the key to the ignition enables the correct signal. The three types of systems that qualify are:

- (1) Transponder immobile system: system must detect the proper transponder value from the chip in the key in order to start the engine
- (2) VATS/PASS-Key system: system must detect the proper resistance value in the key in order to start the engine
- (3) Passlock system: system must detect the proper R-code within the ignition lock or ignition switch to start the engine; this system does not have a chip in the key; the key turns the passlock cylinder which provides the R-code.

Category IV

Devices qualifying in this category receive 20% discounts.

Vehicle Recovery System

This is an electronic unit installed in a vehicle that is activated after that vehicle is stolen. When activated, the device provides information to law enforcement officials or another public or private entity regarding the vehicle's location. The system provides for the routine delivery of the information to the appropriate law enforcement organization to assist in the recovery of the vehicle.

Category V

Devices qualifying in this category receive 25% discounts.

Vehicle Recovery System with Unauthorized Movement Notification

This is an electronic unit installed in a vehicle that is activated after that vehicle is moved without authorization. When activated, the device provides information to law enforcement officials or another public or private entity regarding the vehicle's location. The system provides for the routine delivery of the information to the appropriate law enforcement organization to assist in the recovery of the vehicle. Additionally, the device must provide personalized notification to the owner of a vehicle (or his or her authorized user) in the event of a potentially unauthorized movement of the owner's vehicle. Personalized notification shall mean notification delivered directly to the owner or his or her authorized user via automated communication, which is available beyond the proximity of the vehicle itself, to one or more devices designated in advance by the owner or his or her authorized user, such as to the owner's home telephone, mobile phone, electronic mail service, or wireless text messaging service. If maintaining the system in effect requires the payment of a service fee, insureds must provide the insurer reasonable confirmation of the coverage.