

## **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 as public livery or conveyance, including automobiles engaging in public livery and on-demand delivery services through a transportation network or delivery network services company, 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 logbooks, 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 an eligible risk which has its Principal Place of Business within the Commonwealth of Massachusetts and garaged outside of Massachusetts shall be written at liability limits at least equal to the financial responsibility requirements of the state of garaging.

### **A. OTHER THAN ZONE RATED AUTOMOBILES**

For other than zone rated automobiles, use 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.

### **B. ZONE RATED AUTOMOBILES**

For zone rated automobile premium determination, refer to Rule 54 for TTT's, and Rule 74 for Publics.

### **C. CLASSIFICATION AND REPORTING**

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. ADDITIONAL INSURED ENDORSEMENT – MASSACHUSETTS**

The Servicing Carrier will attach Additional Insured endorsement form CR 99 02 to the policy, to identify as an insured the person or organization named in the endorsement for whom the risk is performing operations. A written contract or agreement that states that the person or organization be added as an additional insured on the policy must exist between the risk and such person or organization. For coverage to be afforded, the loss must occur after the signing and execution of the contract or agreement, while the contract or agreement is in effect, while operations are ongoing, and prior to the end of the policy period.

#### **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. 0.50 for the first three years following a conviction for driving while intoxicated, hit and run, homicide or assault with an automobile.
  - b. 0.25 for the first three years following a conviction for speeding or reckless driving that causes injury to a person or damage to property.
  - c. 0.05 applies after the third year following a conviction described in B.2.a. or B.2.b. of this Rule.
  - d. 0.05 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 (TTT Light)**

**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.	\$ 710	3.89	\$ 2,762		\$ 2,762
P.D.	860	1.721	1,480	x .91	<u>1,347</u>
					\$4,109

*Cov. A-1, \$ 618 and Cov. B Basic, \$ 92 = \$ 710*  
*PDL Basic, \$ 860*

\*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. VEHICLE SHARING PROGRAM EXCLUSION ENDORSEMENT**

The Servicing Carrier will attach the Vehicle Sharing Program Exclusion endorsement form CR 99 05 to all policies. A vehicle sharing program means an online-enabled application or digital network used to connect owners of commercially insured vehicles with business entities or others seeking to rent those vehicles.

**RULE 44. PUBLIC OR LIVERY PASSENGER CONVEYANCE AND ON-DEMAND DELIVERY SERVICES EXCLUSION ENDORSEMENT**

The Servicing Carrier will attach the Public or Livery Passenger Conveyance and On-Demand Delivery Services Exclusion Form CR 99 06 to all policies, except those policies providing coverage for public automobiles classified in accordance with Section V – Public Transportation of this Manual

**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.

***RULES 47-50 RESERVED FOR FUTURE USE.***