

**Ways to**

**Save**

**on Your**

**Automobile Insurance**

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## **Important Notice**

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

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## Part I. - Shopping for Insurance

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

### Will Competition Lower My Premium?

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

### How Should I Shop For Auto Insurance?

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

For a current list of all insurance companies offering auto insurance in Massachusetts, please visit the DOI's website at [www.mass.gov/doi](http://www.mass.gov/doi).

### How Should I Decide Where To Purchase My Policy?

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

### Can I Pay My Premium in Installments?

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

### Online Shopping Resources

If you are unsure about how to start shopping, or if you do not know which companies offer automobile insurance in Massachusetts, you can get information from the Division's Sample Premium website [www.mass.gov/autorates](http://www.mass.gov/autorates). The premiums you see on this website are NOT premium quotes. They are sample premiums based on sample driver profiles and intended only to be used as examples. The only place you get an actual premium quote is from a company or an agent.

The website allows you to review the sample premiums from each company based on a general customer profile. The website also offers you the ability to link directly to a company, or search for an agent in your area to obtain an actual quote based on your detailed profile. The website allows you to review the sample premiums from each company based on a general customer profile.

## Part II. - What is in My Insurance Policy?

### Compulsory Insurance

There are several types of compulsory insurance that you are required to purchase under Massachusetts law. These coverages are:

**Bodily injury to Others** protects you against legal liability for the accident injury or death of others (but not your passengers) caused by the operation of your car, but only if the accident occurs in Massachusetts. You will be covered up to a basic limit of \$20,000 per person and \$40,000 per accident.

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

**Bodily Injury Caused by Uninsured Auto** protects you, anyone you let drive your car, household members and passengers (unless covered by another Massachusetts policy with similar coverage) against losses caused by an uninsured or unidentified ("hit and run") driver. A minimum limit of \$20,000 per person and \$40,000 per accident is required.

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

## Optional Coverage

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

Examples of optional coverages that companies may offer are as follows:

Coverage for Bodily Injury to others outside of Massachusetts

- Coverage for guest passengers in your car
- Increased limits for bodily injury to others
- Increased limits for bodily injury caused by an uninsured or underinsured auto
- Coverage for medical payments beyond the mandatory PIP coverage
- Collision coverage that pays for damage to your car no matter who causes the accident.
- Comprehensive coverage that pays for damage to your car caused by events such as fire, theft, or vandalism
- Multiple deductible options for Collision and Comprehensive
- Coverage for substitute transportation while your car is being repaired from a collision or comprehensive claim
- Coverage for towing and labor when your car breaks down
- Accident forgiveness
- Roadside assistance
- Auto loan/lease coverage
- Pet Coverage

Each of these coverages is subject to important limitations and exclusions. Agents and companies must inform you in simple language of your coverage options when you apply for an automobile insurance policy, or at any time upon your request if you already have a policy.

## Mandatory Offer

Insurers and agents must offer you the option of purchasing the following amounts of coverage:

- Bodily injury liability and uninsured motorist coverage up to \$35,000 per person/\$80,000 per accident
- Personal injury protection benefits up to \$8,000 per person/per accident
- Property damage liability up to \$5,000 per accident
- Comprehensive and Collision coverage subject to a deductible of \$500 must be offered unless you have an excessive history of claims
- Medical payments insurance of at least \$5,000

## Part III. How Do I Lower My Premium?

### How is my Premium Calculated?

Massachusetts drivers do have the ability to lower their auto insurance premium by shopping around, driving safely, choosing appropriate coverage and taking advantage of discounts.

To calculate your premium, insurance companies consider your years of driving experience, the number and type of your at-fault accidents, the number and type of your traffic violations the vehicle you drive and the principal place where you garage that vehicle. Insurance companies may also consider other risk factors if those factors are relevant to risk and approved by the Commissioner.

## **Prohibited Underwriting and Rating Factors**

Insurance companies may not use certain factors for either underwriting or rating under Massachusetts law. Underwriting is the company's process of deciding whether or not to accept your business and issue you a policy. Rating is the company's process of deciding how much premium to charge you. Insurers cannot use sex, marital status, race, creed, national origin, religion, age (except for safe drivers who are 65 years or older), occupation, income, education, and home ownership in the underwriting or rating process.

Insurers may use the principal place of garaging in determining your rate, but not for underwriting. Insurance companies may not use credit information from consumer reporting agencies for either underwriting or rating.

## **Saving Money**

### **Coverage Choices**

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

#### **PIP Coverage**

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

#### **Collision and Comprehensive**

If you have a car of low dollar value, it may be a wise economic choice not to buy the Collision or Comprehensive coverage unless a lender requires it.

#### **Medical Payments**

You should consider carefully your choice to purchase medical payments insurance if you already have health insurance. Your medical payments insurance may not be necessary if you have health insurance.

#### **Substitute Transportation**

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

#### **Towing & Labor**

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

## **Selecting Your Deductible**

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

## **Individual Discounts**

Insurance companies offer a variety of ways to reduce your premium. While there are some discounts that are required by law - such as discounts for drivers who are 65 years or older - companies may have other savings tied to driver-training, multiple cars on the same policy or other factors that reduce either the risk or extent of injuries or damage. The amount of these savings may vary somewhat from company to company. When shopping for your new policy, be sure to find out what factors may reduce your premium for each company.

## **Group Marketing Programs**

In recent years, many insurers have been offering reduced rates of certain groups. In addition, many group plans do not charge interest or require an initial deposit.

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

## Part IV. My Driving Record

### Driving Safely Can Reduce Your Premium

Now that competition has arrived in Massachusetts, each company will calculate premiums differently. Your driving record will always be a significant factor in determining how much you will be pay. Driving safely and maintaining a clean driving record will almost certainly reduce your automobile insurance premium regardless of what company you choose.

### What is a Merit Rating Plan?

Under the new competitive market system, insurance companies are free to create their own rules - known as Merit Rating Plans - to determine how your driving record will affect your premium. These plans lower your premium based on years of accident-free driving, or raise your premium based on at-fault accidents and traffic violations.

An insurance company's Merit Rating Plan shall not:

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

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

### Appealing At-Fault Accidents on Your Record

Insurers are required to determine if a driver is more than 50% at fault for an accident by applying the specific standards of fault. These standards are common accident types under which you are presumed to be more than 50% at fault. For example, drivers are presumed to be more than 50% at fault when operating a vehicle which collides with the rear section of another vehicle.

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

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

If you believe that you were not more than 50% responsible for causing the accident, follow the instructions on the Surcharge Notice to appeal the surcharge to the Board of Appeals. There is a \$50 fee to file this appeal. You must file your appeal within 30 days from receiving your Surcharge Notice; otherwise, you may lose your right to appeal.

If a surcharge is applied to your auto insurance premium, you must pay the additional premium while your appeal is pending or your policy will be cancelled. If you win your appeal, you will receive a refund or credit from your insurer for any increased premium you paid as a result of the surcharge. For specific details about the at-fault accident appeal process, contact the Division of Insurance Board of Appeals at **617-521-7478** or visit our website at [\*\*www.mass.gov/doi\*\*](http://www.mass.gov/doi).

### Appealing Traffic Violations

If you receive a traffic ticket - known as a civil traffic citation - that increases your premium, you can challenge the ticket in court. The rules for contesting the ticket will be found on the back of the ticket. Typically, you will have a hearing before a clerk-magistrate or judge. If the court finds in your favor, you will not be surcharged for the violation.

For more information on appealing civil traffic citations, please visit the Merit Rating Board's website at [\*\*www.mass.gov/mrb\*\*](http://www.mass.gov/mrb).

### Merit Rating Board and Copies of Your Driving Record

You may obtain an official copy of your driving history record from the Merit Rating Board (MRB). The MRB is the state agency that maintains driving history records. The MRB receives and maintains information from insurance companies, police departments, and Massachusetts courts regarding at-fault accidents and motor vehicle traffic violations. You can receive a copy of your driving record by submitting a completed "Request for Detailed Driving History Record" form to the MRB. There is a \$15 fee to process your request. You can learn more about the MRB by visiting their website at [\*\*www.mass.gov/mrb\*\*](http://www.mass.gov/mrb) or you can call at **617-351-4400**.

## **Part V. My Consumer Rights**

### **You have the right to seek the lowest prices available for automobile insurance**

Now that competition has arrived in Massachusetts, you can shop for the best automobile insurance rates available. The Division of Insurance encourages you to shop aggressively for the best rates for the products that fit your needs. Premium calculations vary by company depending on the types of traffic violations, accidents, and other criteria they consider. Even if you have recently been involved in an accident or received a traffic ticket, it still pays to shop because some companies may judge some types of accidents differently.

### **You cannot be denied automobile insurance for unfairly discriminatory reasons**

Massachusetts insurers may not deny you automobile insurance based on your gender, race, creed, national origin, marital status, religion, age, occupation, income, principal place of garaging your car, education or homeownership.

### **You cannot be denied automobile insurance based on your credit history**

Companies may not deny you automobile insurance based on any credit information contained in a consumer report that is obtained from a credit reporting agency.

### **You have the right to know the basis for a company's denial of your application for insurance**

Insurance companies can refuse to offer you coverage based on non-discriminatory grounds, but they must identify the reasons for their denial. If you believe an insurer's refusal is unlawful, you should file a written complaint to the Division of Insurance.

### **You have the right to coverage even if an insurer declines to give you a policy**

If you cannot find an insurance company willing to issue a policy, you may obtain coverage through the Massachusetts Automobile Insurance Plan (MAIP). An insurance agent can help you apply for coverage through MAIP. The MAIP will assign you to an insurance company that will provide insurance for you for up to three years.

### **You have the right to select certain insurance policy periods**

The majority of automobile insurance companies offer policies for one-year periods. Some insurance companies also offer policies for six-month periods, or for periods up to two years. You can take advantage of these options if they are offered to you. However, every insurance company that agrees to offer you a policy must provide a policy with a one-year term if you ask for it. When you compare quotes from different companies, be sure to compare policy periods that are identical.

### **You have the right to have coverage under your automobile insurance policy regardless of who is driving your car provided you gave your consent to the driver**

In most cases, your policy covers any accident involving your car even if it is driven by someone else with your permission. Your policy will not cover bodily injuries or property damage resulting from an accident when someone drives your car without your consent. If your car is stolen, comprehensive coverage will pay to repair any damage to your car if recovered, or its actual cash value at the time it was stolen. If someone else regularly uses your car, they must be listed on your policy.

### **You have the right to travel and have your car follow you**

Your policy's bodily injury protection (part 1) only applies to accidents that occur in Massachusetts. In order to have bodily injury coverage outside of Massachusetts, you must purchase optional part 5. Part 5 coverage- including bodily injury coverage- follows you everywhere in the U.S. and Canada.

### **You have the right to an explanation of how your driving history record affects your premium**

All companies use driving history when calculating premiums. The Division of Insurance's regulation does not permit companies to calculate premium based on an accident or traffic violation that is more than six years old.

### **You have the right to cancel your policy at any time**

You can shop for a cheaper or different automobile insurance policy at any time- not just when your policy is up for renewal. If you find a better price or a company that offers additional coverages that you wish to purchase, you can cancel your old policy and seek a refund of your unused premium. Be aware that if you cancel a policy before it expires, your prior company may charge you a penalty.



## **You have the right to change your coverages and policy limits at any time**

You have the right to change your coverages and policy limits at any time, even if your policy is not up for renewal. If you select lower policy limits or cancel non-mandatory coverages, you have a right to a refund for your unused premium.

## **You have the right to the prompt and fair handling of claims**

You may ask about any payments made by others by your company and charged to your policy. If you file a claim with your company, it should be handled promptly and fairly. If your claim is denied, the company must provide you with a written explanation for the denial.

## **If you are in an accident and your insurance company finds that you are "at fault", you have a right to an appeal before the Board of Appeals**

Your insurance company must notify you that it has made a decision that you were more than 50% "at fault" in an automobile accident. If you believe that you were not more than 50% responsible for causing the accident, follow the instructions on the Surcharge Notice to appeal the surcharge to the Board of Appeals. There is a \$50 fee to file this appeal. You must file your appeal within 30 days from receiving your Surcharge Notice; otherwise, you may lose your right to appeal.

## **You have the right to a notice of cancellation**

An insurance company may cancel your policy before its expiration date under very limited circumstances. The company must give you at least 20 days written notice before canceling your policy. The notice must specify the reason for cancellation. If you receive a cancellation notice for non-payment of premium, you have until the date that the cancellation is to take effect in which to pay the premium and avoid cancellation.

## **You have the right to appeal a cancellation of insurance**

If an automobile insurance company cancels your insurance, you can file an appeal with the Board of Appeals. You should start shopping for insurance coverage from another insurance company immediately, even if you have not had your appeal hearing, so that you are not left without insurance coverage. You should never drive your car without insurance.

## **You have the right to a notice of non-renewal**

An insurance company can decline to renew your coverage for several different reasons. The company must issue a non-renewal notice directly to you or to your agent at least 45 days prior to the expiration of your policy. The notice must specify the insurance company's reason for non-renewing your policy.

## **You have the right to keep private the personal information you give to your agent and insurance company**

Insurance companies and agents are required by law to have procedures in place that protect the privacy of your information. Your insurance company must provide you with a notice of these procedures. Also, insurance companies and agents are required by law to protect your personal information from identity theft, and provide you with specific instructions should a security breach occur.

## **You have the right to file a complaint with the Division of Insurance**

We are here for you. The Division of Insurance is always available to help you with questions or complaints about all types of insurance policies, insurance companies and agents. You can talk to a consumer service representative by calling the Division's consumer hotline at 617-521-7794.

# **Part VI. Accidents, Claims & Fraud**

## **Everyone Pays for Insurance Fraud**

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

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



## Buying a Policy

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

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

## After an Accident

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

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

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

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

## Part VII. Things to remember

### Pre-insurance Inspection

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

### Cancelling Your Policy

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

### Newly Licensed Drivers

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

### Cooperate with Your Insurance Company

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

### For More Information

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

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