

**COMMONWEALTH AUTOMOBILE REINSURERS**

**MASSACHUSETTS**

**COMMERCIAL**

**AUTOMOBILE INSURANCE MANUAL**

**Effective November 1, 2022**

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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

### 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 a Registration and Title Application (RTA), 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 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.	\$ 806	3.67	\$ 2,958		\$ 2,958
P.D.	961	1.650	1,586	x .91	<u>1,443</u>
					\$4,401

*Cov. A-1, \$ 703 and Cov. B Basic, \$ 103 = \$ 806*  
*PDL Basic, \$ 961*

\*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 and Code
 

<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.

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

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. Zone Rated Automobiles – Determination of Zone, Zone of Principal Garaging, Zone Combination, and Zone Combination Code

For risks that are subject to zone rating, determine the zone, zone of principal garaging, zone combination, and zone combination code for each automobile as follows:

a. Zone

Use the Long Distance Zone Definitions tables in the Rate Section to identify the metropolitan and/or regional zones that will be used for determining zone combination as described in Section D.2.c. of this Rule and zone combination code as described in Section D.2.d. of this Rule.

b. Zone of Principal Garaging

- 1) If the automobile is principally garaged in any of the metropolitan zones identified in the Long Distance Zone Definitions table (either zone 03 (Boston) or any other metropolitan zone outside of Massachusetts), assign zone 03 as the zone of the automobile's principal garaging.
- 2) If the automobile is principally garaged in any of the regional zones identified in the Long Distance Zone Definitions table (either zone 49 (New England) or any other regional zone), assign zone 49 as the zone of the automobile's principal garaging.

c. Zone Combination

- 1) 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 that is farthest away from the automobile's principal garaging.
- 2) In all other situations, the zone combination is the zone of principal garaging and the zone of the terminal included in the automobile's operations that is farthest away from the automobile's principal garaging.

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.



d. Zone Combination Code

To identify the zone combination code that will be used for statistical reporting purposes, refer to the applicable Zone Rating Table in the Rate Section based upon whether the automobile's zone of principal garaging, as determined in Section D.2.b., is zone 03 (zone combination codes 2XX) or zone 49 (zone combination codes 9XX). The tables provide liability base premiums and physical damage factors for each zone combination and identify the applicable zone combination codes.

Refer to the following examples for determining zone combination and zone combination code:

**Examples:**

1. The automobile is principally garaged in Worcester, Massachusetts (regional zone 49 – New England) and its operations include terminals in Utica, New York (regional zone 48 – Eastern) and Hartford, Connecticut (metropolitan zone 12 – Hartford). In accordance with Sections D.2.b.2) and D.2.c.1) of this Rule, the proper zone combination is 49 (the automobile is principally garaged in a regional zone) and 12 (the metropolitan zone that is farthest from the automobile's principal garaging).

To identify the zone combination code, refer to the Zone Rating Table (Zone of Principal Garaging is Zone 49 (New England) or Other Regional Zones). According to this table and based upon the determined zone combination, the zone combination to be used for statistical reporting purposes is 912.

2. The automobile is principally garaged in Albany, New York (regional zone 48 – Eastern) and its operations include terminals in Boston, Massachusetts (metropolitan zone 03 – Boston) and Hartford, Connecticut (metropolitan zone 12 – Hartford). In accordance with Sections D.2.b.2) and D.2.c.1) of this Rule, the proper zone combination is 49 (the automobile is principally garaged in a regional zone) and 03 (the metropolitan zone that is farthest from the automobile's principal garaging).

To identify the zone combination code, refer to the Zone Rating Table (Zone of Principal Garaging is Zone 49). According to this table and based upon the determined zone combination, the zone combination to be used for statistical reporting purposes is 903.

3. The automobile is principally garaged in Springfield, Massachusetts (regional zone 49 – New England) and its operations include a terminal in Bangor, Maine (regional zone 49 – New England). In accordance with Sections D.2.b.2) and D.2.c.2) of this Rule, the proper zone combination is 49 (the zone in which the automobile is principally garaged is a regional zone) and 49 (the zone of the terminal included in the automobile’s operations that is farthest from the automobile’s principal garaging).

To identify the zone combination code, refer to the Zone Rating Table (Zone of Principal Garaging is Zone 49 (New England) or Other Regional Zone). According to this table and based upon the determined zone combination, the zone combination code to be used for statistical reporting purposes is 949.

4. The automobile is principally garaged in Boston, Massachusetts (metropolitan zone 03 – Boston) and its operations include terminals in New York City (metropolitan zone 26 – New York City) and Utica, New York (regional zone 48 – Eastern). In accordance with Sections D.2.b.1) and D.2.c.2) of this Rule, the proper zone combination is 03 (the zone in which the automobile is principally garaged is a metropolitan zone) and 48 (the zone of the terminal included in the automobile’s operations that is farthest from the automobile’s principal garaging).

To identify the zone combination code, refer to the Zone Rating Table (Zone of Principal Garaging is Zone 03 (Boston) or Other Metropolitan Zone). According to this table and based upon the determined zone combination, the zone combination code to be used for statistical reporting purposes is 248.

5. The automobile is principally garaged in New York City (metropolitan zone 26 – New York City) and operates in Atlanta, Georgia (metropolitan zone 01 – Atlanta) and in Tallahassee, Florida (regional zone 47 – Southeast). In

accordance with Sections D.2.b.1) and D.2.c.2) of this Rule, the proper zone combination is 03 (the zone in which the automobile is principally garaged is a metropolitan zone) and 47 (the zone of the terminal included in the automobile's operations that is farthest from the automobile's principal garaging).

To determine the zone combination code, refer to the Zone Rating Table (Zone of Principal Garaging is in a Metropolitan Zone). According to this table and based upon the established zone combination, the zone combination code to be used for statistical reporting purposes is 247.

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.

<u>Coverage</u>	<u>Rate Pages to be Used</u>					
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 Combined Rating Factor

1. 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.

2. Determine the State Rating Factor

Refer to the Zone Rating Tables section of the rate pages to determine the state rating factor.

3. Determine the combined rating factor by multiplying the primary rating factor determined in A.1. by the state rating factor determined in A.2.

B. Premium Computation

1. Liability, Personal Injury and Property Damage Coverages

- a. 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 applicable Zone Rating Table in the Rate Section. Apply the indicated factors to the premium obtained from the applicable Zone Rating Table to compute the base rate.
- b. Multiply the base rate from B.1.a. by the Combined Rating Factor as determined in A.3 to obtain the final premium.

<u>Coverage</u>	<u>Rate Pages to be Used</u>						
Compulsory BI	\$20,000/\$40,000 Bodily Injury (from the Zone Rating Table)	X	0.86	X	Combined Rating Factor** (from Rule 54.A.3.)	=	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

- a. 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.
- b. 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.

- c. 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.
- d. Determine Combined Rating Factor
  - 1) 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.
  - 2) Determine the State Rating Factor

Refer to the Zone Rating Tables section of the rate pages to determine the state rating factor.
  - 3) Determine the combined rating factor by multiplying the primary rating factor from 2.d.(1) by the state rating factor determined in 2.d.(2).
- e. Apply the physical damage factor for the zone combination from the applicable Zone Rating Table and the combined rating factor determined from 2.d.(3) 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	Combined Rating Factor* (from Rule 54.B.2.d.)	= 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 principally garaged and the zone combination for that zone. For example, the factors for a risk principally garaged in Boston are those shown in the Boston box on the Zone 03 (Metropolitan) 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 principally garaged in Boston insuring 10 trailers for \$500 deductible Comprehensive Coverage, \$12,000 limit of liability, for 20 days.
- (a) Daily per trailer base rate – \$ 0.048
  - (b) Rating factor for Comprehensive from Zone Rating Table, as determined in Section D.1.b.(4) of this Rule – 1.58
  - (c) Rate per day – ( $\$ 0.048 \times 1.58$ ) = \$ 0.076
  - (d) Total premium – ( $\$ 0.076 \times 10 \text{ trailers} \times 20 \text{ days}$ ) = \$15.20
- 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
<sup>(1)</sup> 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				
<sup>(2)</sup> Collision (\$500 Deductible)	Private Passenger Types Physical Damage	Higher Deductible Factor			
<sup>(2)</sup> Comprehensive (\$500 Deductible)		Higher Deductible Factor			

<sup>(1)</sup> Refer to Rule 40 – Increased Liability Limits in Section II – Common Coverages and Rating Procedures of this Manual for determining Increased Limits

<sup>(2)</sup> 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 as public livery or conveyance, including automobiles engaging in public livery and on-demand delivery services through a transportation or delivery network services company.

**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.
  - (9) may be under contract with a transportation network or delivery network services company.
- 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. Zone Rated Automobiles – Determination of Zone, Zone of Principal Garaging, Zone Combination, and Zone Combination Code

For risks that are subject to zone rating, determine the zone, zone of principal garaging, zone combination, and zone combination code for each automobile as follows:

a. Zone

Use the Long Distance Zone Definitions tables in the Rate Section to identify the metropolitan and/or regional zones that will be used for determining zone combination as described in Section C.1.c. of this Rule and zone combination code as described in Section C.1.d. of this Rule.

b. Zone of Principal Garaging

- 1) If the automobile is principally garaged in any of the metropolitan zones identified in the Long Distance Zone Definitions table (either zone 03 (Boston) or any other metropolitan zone outside of Massachusetts), assign zone 03 as the zone of the automobile's principal garaging.
- 2) If the automobile is principally garaged in any of the regional zones identified in the Long Distance Zone Definitions table (either zone 49 (New England) or any other regional zone), assign zone 49 as the zone of the automobile's principal garaging.

c. Zone Combination

- 1) 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 that is farthest away from the automobile's principal garaging.
- 2) In all other situations, the zone combination is the zone of the automobile's principal garaging and the zone included in the automobile's operations that is farthest away from the automobile's principal garaging.

d. Zone Combination Code

To identify the zone combination code that will be used for statistical reporting purposes, refer to the applicable Zone Rating Table in the Rate Section based upon whether the automobile's zone of principal garaging, as determined in Section C.1.b., is zone 03 (zone combination codes 2XX), or zone 49 (zone combination codes 9XX). The tables provide liability base premiums and physical damage factors for each

zone combination and identify the applicable zone combination codes.

Refer to the following examples for determining zone combination and zone combination code:

**Examples:**

1. The automobile is principally garaged in Worcester, Massachusetts (regional zone 49 – New England) and operates in Utica, New York (regional zone 48 – Eastern) and Hartford, Connecticut (metropolitan zone 12 – Hartford). In accordance with Sections C.1.b.2) and C.1.c.1) of this Rule, the proper zone combination is 49 (the automobile is principally garaged in a regional zone) and 12 (the metropolitan zone that is farthest from the automobile’s principal garaging).

To identify the zone combination code, refer to the Zone Rating Table (Zone of Principal Garaging is Zone 49 (New England) or Other Regional Zones). According to this table and based upon the determined zone combination, the zone combination code to be used for statistical reporting purposes is 912.

2. The automobile is principally garaged in Albany, New York (regional zone 48 – Eastern) and operates in Boston, Massachusetts (metropolitan zone 03 – Boston) and Hartford, Connecticut (metropolitan zone 12 – Hartford). In accordance with Sections C.1.b.2) and C.1.c.1) of this Rule, the proper zone combination is 49 (the automobile is principally garaged in a regional zone) and 03 (the metropolitan zone that is farthest from the automobile’s principal garaging).

To identify the zone combination code, refer to the Zone Rating Table (Zone of Principal Garaging is Zone 49 (New England) or Other Regional Zone). According to this table and based upon the determined zone combination, the zone combination code to be used for statistical reporting purposes is 903.

3. The automobile is principally garaged in Springfield, Massachusetts (regional zone 49 – New England) and operates in Bangor, Maine (regional zone 49 – New England). In accordance with Sections C.1.b.2) and C.1.c.2) of this Rule, the proper zone combination is 49 (the zone in which the

automobile is principally garaged is a regional zone) and 49 (the zone included in the automobile's operations that is farthest from the automobile's principal garaging.

To identify the zone combination code, refer to the Zone Rating Table (Zone of Principal Garaging is Zone 49 (New England) or Other Regional Zone). According to this table and based upon the determined zone combination, the zone combination code to be used for statistical reporting purposes is 949.

4. The automobile is principally garaged in Boston, Massachusetts (metropolitan zone 03 – Boston) and operates in New York City (metropolitan zone 26 – New York City) and Utica, New York (regional zone 48 – Eastern). In accordance with Sections C.1.b.1) and C.1.c.2) of this Rule, the proper zone combination is 03 (the zone in which the automobile is principally garaged is a metropolitan zone) and 48 (the zone included in the automobile's operations that is farthest from the automobile's principal garaging.

To identify the zone combination code, refer to the Zone Rating Table (Zone of Principal Garaging is Zone 03 (Boston) or Other Metropolitan Zone). According to this table and based upon the determined zone combination, the zone combination code to be used for statistical reporting purposes is 248.

5. The automobile is principally garaged in New York City (metropolitan zone 26 – New York City) and operates in Atlanta, Georgia (metropolitan zone 01 – Atlanta) and in Tallahassee, Florida (regional zone 47 – Southeast). In accordance with Sections C.1.b.1) and C.1.c.2) of this Rule, the proper zone combination is 03 (the zone in which the automobile is principally garaged is a metropolitan zone) and 47 (the zone included in the automobile's operations that is farthest from the automobile's principal garaging.

To determine the zone combination code, refer to the Zone Rating Table (Zone of Principal Garaging is Zone 03 (Boston) or Other Metropolitan Zone). According to this table and based upon the established zone combination, the zone combination code to be used for statistical reporting purposes is 247.

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			N/A	
Uninsured Motorist (U-1)				
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.

<b>Rule 72.B. – Primary Classification Section</b>	<b>Public Automobiles Liability Rate Page Title Rule</b>
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)		

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 Combined Rating Factor

1. Determine the classification code and the primary rating factor in accordance with Rule 72.B. – Public Automobile Classifications.

2. Determine the State Rating Factor

Refer to the Zone Rating Tables section of the rate pages to determine the state rating factor.

3. Determine the combined rating factor by multiplying the primary rating factor determined in A.1. by the state rating factor determined in A.2.

B. Premium Computation

1. Liability and Personal Injury Coverages

a. 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 applicable Zone Rating Table in the Rate Section. Apply the indicated factors to the premium obtained from the applicable Zone Rating Table to compute the base rate.

b. Multiply the base rate from B.1.a. by the Combined Rating Factor as determined in A.3 to obtain the final premium.

<b>Coverage</b>	<b>Rate Pages to be Used</b>						
Compulsory BI	\$20,000/\$40,000 Bodily Injury (from the Zone Rating Table)	X	0.86	X	Combined Rating Factor** (from Rule 74.A.3.)	=	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

- a. 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.
- b. 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.

- c. 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.

d. Determine Combined Rating Factor

- 1) Determine the classification code and the primary rating factor in accordance with Rule 72.B. – Public Automobile Classifications.
- 2) Determine the State Rating Factor

Refer to the Zone Rating Tables section of the rate pages to determine the state rating factor.

- 3) Determine the combined rating factor by multiplying the primary rating factor from 2.d.(1) by the state rating factor determined in 2.d.(2).

- e. Apply the physical damage factor for the zone combination from the applicable Zone Rating Table and the combined rating factor determined from 2.d.(3) 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	Combined Rating Factor* (from Rule 74.B.2.d.)	=	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. PUBLIC OR LIVERY PASSENGER CONVEYANCE AND ON-DEMAND DELIVERY SERVICES – OTHER INSURANCE CONDITION**

For all policies with automobiles classified as public automobiles in accordance with this Section, the Servicing Carrier will attach Public or Livery Passenger Conveyance and On-Demand Delivery Services – Other Insurance Condition endorsement form CR 99 04 to the policy.

**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 126 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. SPECIALTY AND CLASSIC AUTOMOBILES AND MOTORCYCLES (Class Code 963000)**

- A. This rule applies to cars or motorcycles that are twenty-five years old or less and are maintained solely for use in exhibitions, club activities, parades and other functions of public interest and are not used primarily for the transportation of passengers or goods over any way.
- B. Specialty and Classic Auto Endorsement CR 99 03 must be issued with the policy.
- C. Refer to the Special Types Rating Procedures in the Rate Section for premium determination.