COMMONWEALTH OF MASSACHUSETTS
Office of Consumer Affairs and Business Regulation
DIVISION OF INSURANCE

One South Station • Boston, MA 02110-2208
(617) 521-7794 • FAX (617) 521-7475
TTY/TDD (617) 521-7490
http://www.mass.gov/doi

DEVAL L. PATRICK
GOVERNOR

TIMOTHY P. MURRAY
LIEUTENANT GOVERNOR

DANIEL O'CONNELL
SECRETARY OF HOUSING AND ECONOMIC DEVELOPMENT

DANIEL C. CRANE
DIRECTOR

NONNIE S. BURNES
COMMISSIONER OF INSURANCE

BULLETIN 2008-09

TO: Insurance Companies and Insurance Company Groups That Sell Private Passenger Motor Vehicle Insurance Policies in Massachusetts

FROM: Nonnie S. Burnes, Commissioner of Insurance

RE: Regulatory Review Standards Applicable to Private Passenger Motor Vehicle Insurance Rate Filings in the Residual Market for Rates Effective April 1, 2009 through March 31, 2010.

DATE: August 22, 2008

In furtherance of my commitment to manage competition in our private passenger motor vehicle insurance market, I am continuing certain transitional constraints with regard to the rate filing for the residual market that the Commonwealth Automobile Reinsurers ("CAR") shall make for private passenger motor vehicle insurance policies with effective dates of April 1, 2009 through March 31, 2010. I remain steadfast in my resolve to maintain a small residual market, to keep the number of uninsured drivers to a minimum and to ensure that the rates in the residual market are neither excessive nor unfairly discriminatory. The goal of this Bulletin is to meet all of these objectives.

I will find a CAR private passenger motor vehicle insurance rate filing to be unfair, unreasonable, and in violation of public policy if it seeks an increase to base rates for the coverage options listed in Exhibit 1 for any operator class and rating territory combination that is more than 10% higher than CAR's private passenger motor vehicle insurance base rates in effect for the period April 1, 2008 through March 31, 2009. The CAR base rates applicable to policies with effective dates of April 1, 2008 through March 31, 2009 are shown in Exhibit 2.

If you have any questions regarding this Bulletin, please contact Cara Blank, Property Casualty Actuary at (617) 521-7344 or cara.blank@state.ma.us.

Exhibit 1
Requirements for CAR Private Passenger Motor Vehicle Rate Filing
For Policies with Effective Dates of April 1, 2009 through March 31, 2010

Coverages Subject to the 10% Base Rate Change Constraint for Each Rating Territory and Operator Class Combination	• 20/40 Bodily Injury Liability excluding coverage for injuries to guest occupants and accidents occurring out of state. • $5,000 Property Damage Liability • Personal Injury Protection (full coverage) • $500 Deductible Collision • $500 Deductible Comprehensive (excluding named peril, towing and miscellaneous) The base rate change for each coverage option described above shall be uniform across all rating territories and operator classifications.

Rate Changes Affecting Bodily Injury Liability Coverage for Injuries to Guest Occupants or Accidents Occurring Out of State	• Merit rating factors, as described in the 2009 CAR private passenger motor vehicle insurance rate manual, shall be multiplied by the base rate in the determination of the premium for bodily injury liability coverage for injuries to guest occupants or accidents occurring out of state.
	
	• The 20/40 limit base rate shall be set such that the percentage increase in the annual premium for operators with 4 or fewer merit rating points as defined in the 2009 CAR private passenger motor vehicle insurance rate manual is not more than 10% higher than the premium that would have been calculated based on the CAR rates and rules in effect for policies with effective dates of April 1, 2008 through March 31, 2009 for the following coverage options combined:
	  o 20/40 bodily injury liability, including coverage for injuries to guest occupants of the vehicle and out of state accidents
	  o $5,000 property damage liability; and
	  o $8,000 personal injury protection coverage (full coverage)

Exhibit 1
Requirements for CAR Private Passenger Motor Vehicle Rate Filing For Policies with Effective Dates of April 1, 2009 through March 31, 2010

Rate Changes Affecting Base Rates for 20/40 Uninsured Motorists Coverage	• The increase in the average annual premium for 20/40 limits of uninsured motorist coverage shall not exceed $10.

Other Constraints	• The rating territory definitions in the 2008 CAR private passenger motor vehicle insurance rate manual shall remain in effect in the 2009 CAR private passenger motor vehicle insurance rate manual for policies rated in accordance with the 2009 manual with effective dates of April 1, 2009 through March 31, 2010. • The operator classifications in the 2008 CAR private passenger motor vehicle insurance rate manual shall remain in effect in the 2009 CAR private passenger motor vehicle insurance rate manual for policies rated in accordance with the 2009 manual with effective dates of April 1, 2009 through March 31, 2010. • The number of merit rating points applicable to at-fault motor vehicle accidents and traffic law violations, and the percentage adjustment for each point or incident free year in the 2008 CAR private passenger motor vehicle insurance rate manual shall remain in effect in the 2009 CAR private passenger motor vehicle insurance rate manual for policies rated in accordance with the 2009 manual with effective dates of April 1, 2009 through March 31, 2010. • The annual mileage discount in the 2008 CAR private passenger motor vehicle insurance rate manual shall remain in effect in the 2009 CAR private passenger motor vehicle insurance rate manual for policies rated in accordance with the 2009 manual with effective dates of April 1, 2009 through March 31, 2010. • No new rating factors or discounts shall be introduced in the 2009 CAR private passenger motor vehicle insurance rate manual for policies rated in accordance with the 2009 manual with effective dates of April 1, 2009 through March 31, 2010.

Exhibit 2

Massachusetts Private Passenger Automobile Insurance Rates
Residual Market Rates - Effective April 1, 2008
Operator Class-Rating Territory Base Rates
Part 1 (A-1)

Territory	Class 10	Class 17	Class 18	Class 20	Class 21	Class 25	Class 26	Class 30
1	122	220	138	411	217	371	195	119
2	133	240	154	447	245	403	221	129
3	140	252	166	485	263	437	237	136
4	151	279	172	538	305	484	274	145
5	154	278	194	565	326	509	293	153
6	167	309	191	606	373	546	336	163
7	171	298	211	644	380	580	341	165
8	182	331	218	677	408	609	367	177
9	208	355	248	701	426	630	383	202
10	210	416	277	746	491	671	442	213
11	204	452	274	734	494	660	444	231
12	226	431	299	735	530	661	477	220
13	256	469	322	736	534	662	480	250
14	287	491	361	724	551	651	496	279
15	341	547	378	722	595	650	536	327
16	286	558	494	706	576	636	519	294
17	218	421	265	717	425	645	382	219
18	222	550	301	736	530	662	477	252
19	270	538	358	703	538	634	484	300
20	250	549	337	729	553	657	498	276
21	306	553	458	708	582	638	524	425
22	301	553	446	710	572	639	515	411
23	230	510	356	717	528	646	475	233
24	232	455	294	721	474	648	427	235
25	230	515	309	723	545	650	491	251
26	283	559	395	705	581	635	523	273
27	106	201	118	369	184	332	165	109
40	265	498	328	729	520	657	469	279
41	275	495	362	734	550	660	495	283
42	339	547	391	726	594	653	535	344
43	304	539	382	724	594	652	535	328
44	275	568	499	717	583	646	525	279
45	315	529	377	725	591	652	531	327

Exhibit 2

Massachusetts Private Passenger Automobile Insurance Rates
Residual Market Rates - Effective April 1, 2008
Operator Class-Rating Territory Base Rates
Part 2 (A-2)

Territory	Class 10	Class 17	Class 18	Class 20	Class 21	Class 25	Class 26	Class 30
1	51	87	57	161	89	144	80	51
2	54	95	63	174	98	156	88	53
3	59	98	67	188	105	169	94	57
4	62	109	69	208	120	187	108	61
5	64	108	77	219	128	197	116	64
6	68	120	77	234	146	210	131	67
7	69	116	84	249	149	223	133	67
8	74	128	87	261	160	234	143	72
9	85	136	98	270	166	243	150	81
10	86	160	109	282	190	253	172	85
11	84	174	108	277	191	250	173	91
12	90	166	117	277	206	250	185	87
13	102	185	125	277	207	250	186	99
14	114	195	140	273	213	246	193	110
15	132	215	146	273	230	245	207	124
16	114	219	190	266	222	240	200	117
17	88	162	105	276	166	249	149	88
18	89	210	118	278	206	250	185	101
19	108	211	140	265	208	239	187	119
20	99	217	131	275	215	248	193	113
21	121	217	180	267	224	241	202	168
22	119	217	177	268	221	241	199	163
23	90	202	139	271	205	243	184	92
24	94	175	116	272	184	244	166	94
25	92	202	121	273	211	245	189	103
26	112	219	153	266	224	240	202	109
27	44	79	48	144	75	130	67	47
40	107	196	128	275	201	248	182	110
41	108	196	141	277	212	250	191	111
42	133	215	152	274	229	246	207	133
43	119	211	149	274	230	246	207	128
44	109	222	193	271	226	244	202	111
45	123	208	146	274	228	246	206	128

Exhibit 2

Massachusetts Private Passenger Automobile Insurance Rates
Residual Market Rates - Effective April 1, 2008
Operator Class-Rating Territory Base Rates
Part 4 Basic ($5000 PDL)

Territory	Class 10	Class 17	Class 18	Class 20	Class 21	Class 25	Class 26	Class 30
1	156	279	198	550	341	495	307	164
2	169	294	204	593	365	534	329	173
3	173	301	217	616	369	554	331	184
4	184	314	220	660	395	594	355	201
5	184	317	219	681	419	613	377	206
6	195	323	232	685	433	617	391	209
7	200	327	245	705	462	635	416	218
8	202	347	252	728	463	656	417	228
9	209	354	250	741	465	668	419	216
10	211	359	252	747	469	672	421	217
11	208	381	257	740	466	667	419	219
12	231	388	275	758	499	682	450	235
13	241	387	274	757	499	682	450	241
14	252	419	290	760	516	684	464	259
15	270	461	308	772	558	695	502	275
16	237	453	305	756	501	680	451	244
17	218	419	261	757	441	681	397	218
18	239	471	290	774	502	697	452	235
19	249	464	298	751	484	677	436	241
20	231	462	281	769	490	692	441	243
21	272	509	327	757	548	681	493	273
22	344	543	405	755	589	680	530	337
23	208	474	305	768	508	691	458	228
24	253	474	304	771	487	694	438	248
25	240	514	301	773	539	696	485	254
26	287	526	372	755	575	679	517	284
27	151	266	178	520	303	469	272	151
40	223	417	276	757	476	681	429	257
41	227	406	286	757	506	681	455	240
42	228	438	311	777	550	700	495	270
43	262	450	309	776	558	697	502	266
44	208	442	300	756	501	680	450	215
45	266	451	304	776	554	699	498	271

Exhibit 2

Massachusetts Private Passenger Automobile Insurance Rates
Residual Market Rates - Effective April 1, 2008
Operator Class-Rating Territory Base Rates
Part 5 Basic (B)

Territory	Class 10	Class 17	Class 18	Class 20	Class 21	Class 25	Class 26	Class 30
1	20	40	25	68	36	62	33	20
2	21	43	28	74	41	67	36	21
3	22	45	30	80	44	73	40	22
4	24	51	31	89	51	80	45	24
5	24	51	34	95	54	85	48	26
6	26	56	34	101	62	90	55	28
7	28	54	37	107	63	96	56	28
8	29	59	39	112	67	101	61	30
9	34	64	44	116	70	105	63	33
10	34	70	50	118	79	107	72	34
11	35	78	47	116	80	105	73	40
12	37	76	53	117	87	105	78	41
13	42	85	57	117	88	105	79	42
14	47	90	63	114	90	103	80	46
15	58	98	67	114	98	103	88	57
16	64	95	80	110	95	99	85	66
17	36	72	45	118	69	106	62	36
18	44	96	53	114	87	103	78	51
19	50	95	61	111	88	100	79	57
20	50	98	61	114	89	103	80	57
21	67	96	81	112	96	101	86	83
22	66	96	81	111	95	100	85	80
23	36	95	61	111	86	100	77	39
24	37	76	50	111	76	100	68	40
25	43	96	55	114	89	102	80	46
26	52	95	66	111	95	100	85	52
27	19	36	21	62	31	55	28	19
40	42	88	57	114	86	103	77	44
41	44	90	63	116	90	103	80	46
42	55	98	67	114	97	102	87	58
43	52	97	67	113	97	102	87	57
44	57	96	81	111	95	100	85	66
45	53	98	67	116	97	103	87	57

Exhibit 2

Massachusetts Private Passenger Automobile Insurance Rates
Residual Market Rates - Effective April 1, 2008
Operator Class-Rating Territory Base Rates
Part 7 $500 Deductible (Collision)

Territory	Class 10	Class 17	Class 18	Class 20	Class 21	Class 25	Class 26	Class 30
1	235	518	312	947	524	852	471	234
2	245	525	314	989	513	890	462	244
3	249	550	335	1007	541	906	488	248
4	260	572	340	1040	577	936	519	259
5	263	576	349	1055	605	949	545	262
6	280	615	370	1087	641	979	577	278
7	296	630	399	1084	670	975	604	290
8	303	623	417	1082	668	974	601	300
9	303	622	396	1076	670	969	603	300
10	295	637	398	1080	689	972	620	298
11	319	712	435	1051	698	946	628	318
12	354	732	456	1056	765	949	687	353
13	356	664	485	1064	771	957	694	352
14	395	735	528	1039	806	935	725	392
15	472	771	569	1036	843	933	758	461
16	417	748	515	1010	717	909	646	401
17	333	702	438	1067	665	961	599	332
18	406	777	517	1041	780	937	702	397
19	421	790	589	1010	813	909	731	419
20	451	789	572	1026	809	923	729	437
21	469	803	657	1019	920	917	828	564
22	520	795	675	1009	889	908	800	700
23	359	796	633	1038	841	935	757	404
24	393	765	556	1036	785	933	706	391
25	414	807	610	1053	844	947	760	435
26	488	804	667	1010	877	909	789	535
27	224	494	287	917	485	825	437	223
40	361	695	493	1048	754	943	679	368
41	336	715	517	1056	791	951	712	350
42	389	766	589	1049	844	944	760	379
43	418	761	569	1034	847	930	762	408
44	380	765	501	1036	717	933	646	365
45	435	751	573	1038	843	934	759	424

Exhibit 2

Massachusetts Private Passenger Automobile Insurance Rates
Residual Market Rates - Effective April 1, 2008
Operator Class-Rating Territory Base Rates
Part 9 $500 Deductible (Comprehensive)

Territory	Class 10	Class 17	Class 18	Class 20	Class 21	Class 25	Class 26	Class 30
1	99	99	99	99	99	99	99	99
2	101	101	101	101	101	101	101	101
3	105	105	105	105	105	105	105	105
4	103	103	103	103	103	103	103	103
5	107	107	107	107	107	107	107	107
6	111	111	111	111	111	111	111	111
7	115	115	115	115	115	115	115	115
8	119	119	119	119	119	119	119	119
9	117	117	117	117	117	117	117	117
10	125	125	125	125	125	125	125	125
11	134	134	134	134	134	134	134	134
12	138	138	138	138	138	138	138	138
13	155	155	155	155	155	155	155	155
14	162	162	162	162	162	162	162	162
15	200	200	200	200	200	200	200	200
16	324	324	324	324	324	324	324	324
17	115	115	115	115	115	115	115	115
18	235	235	235	235	235	235	235	235
19	258	258	258	258	258	258	258	258
20	234	234	234	234	234	234	234	234
21	318	318	318	318	318	318	318	318
22	359	359	359	359	359	359	359	359
23	216	216	216	216	216	216	216	216
24	162	162	162	162	162	162	162	162
25	245	245	245	245	245	245	245	245
26	292	292	292	292	292	292	292	292
27	94	94	94	94	94	94	94	94
40	148	148	148	148	148	148	148	148
41	150	150	150	150	150	150	150	150
42	182	182	182	182	182	182	182	182
43	191	191	191	191	191	191	191	191
44	312	312	312	312	312	312	312	312
45	201	201	201	201	201	201	201	201