

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

One South Station • Boston, MA 02110-2208
(617) 521-7794 • <http://www.mass.gov/doi>

DEVAL L. PATRICK
GOVERNOR

TIMOTHY P. MURRAY
LIEUTENANT GOVERNOR

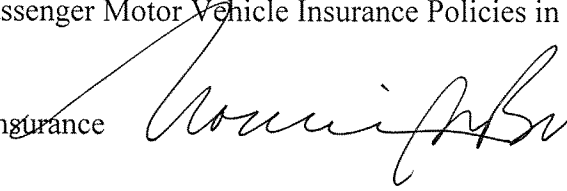
GREGORY BIALECKI
SECRETARY OF HOUSING AND
ECONOMIC DEVELOPMENT

BARBARA ANTHONY
UNDERSECRETARY OF CONSUMER AFFAIRS
AND BUSINESS REGULATION

NONNIE S. BURNES
COMMISSIONER OF INSURANCE

BULLETIN 2009-12

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

FROM: Nonnie S. Burnes, Commissioner of Insurance 

DATE: September 4, 2009

RE: Regulatory Review Standards Applicable to Private Passenger Motor Vehicle Insurance Rate Filings in the Residual Market for Rates Effective on or after April 1, 2010

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 on or after April 1, 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 results in an increase of more than 2% to the current base rates for bodily injury liability, personal injury protection, or property damage liability for insureds who meet the following conditions:

1. The insured has been continuously insured without a lapse in coverage during the 12 months preceding the effective date of the policy; and
2. At the time the coverage selections page is issued, the insured has accrued no more than 4 merit rating points under the CAR private passenger automobile insurance rate manual, and a claim payment has not been made under any or all of the above coverages to or on behalf of the insured in connection with more than one accident during the three years preceding the effective date of the policy.

Insureds who satisfy the first condition shall receive a 10% discount from the bodily injury liability, personal injury protection, or property damage liability. Insureds who satisfy the second condition also shall receive a 10% discount on these coverages. For insureds who qualify for both discounts, the discounts shall be applied multiplicatively to the bodily injury liability, personal injury protection, or property damage liability base rate in effect on April 1, 2010 so that the base rate underlying the final premium is not more than 2% higher than the current base rate.

I also will find a CAR private passenger motor vehicle insurance rate filing to be unfair, unreasonable, and in violation of public policy if it requests an increase of more than 15% to the current average base rates for collision and comprehensive. Additional constraints are listed in Exhibit 1. The CAR base rates applicable to policies with effective dates of April 1, 2009 through March 31, 2010 are shown in Exhibit 2.

Exhibit 1

Requirements for CAR Private Passenger Motor Vehicle Rate Filing
 For Policies with Effective Dates on or after April 1, 2010

<p>Rating Territory Relativities</p>	<p>The base rate change shall be uniform across all rating territories and operator classifications for the following coverages:</p> <ul style="list-style-type: none"> • 20/40 Bodily Injury Liability including coverage for injuries to guest occupants and accidents occurring out of state. • \$5,000 Property Damage Liability • Personal Injury Protection (Full Coverage) <p>Changes to the collision and comprehensive coverage base rates may vary across rating territories and operator classes in accordance with the statistical experience of policies issued through the MAIP or previously ceded to CAR. The base rate change to any operator and rating territory combination shall not be more than 25% for each coverage.</p>
<p>Rate Changes Affecting Base Rates for 20/40 Uninsured Motorists Coverage</p>	<ul style="list-style-type: none"> • The increase in the average annual premium for 20/40 limits of uninsured motorist coverage shall not exceed \$10.
<p>Other Constraints</p>	<ul style="list-style-type: none"> • The rating territory definitions in the 2009 CAR private passenger motor vehicle insurance rate manual shall remain in effect for policies rated in accordance with this manual with effective dates of April 1, 2010 through March 31, 2011. • The operator classifications in the 2009 CAR private passenger motor vehicle insurance rate manual shall remain in effect for policies rated in accordance with this manual with effective dates of April 1, 2010 through March 31, 2011. • 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 2009 CAR private passenger motor vehicle insurance rate manual shall remain in effect for policies rated in accordance with this manual with effective dates of April 1, 2010 through March 31, 2011. • The annual mileage discount in the 2009 MAIP private passenger motor vehicle insurance rate manual shall remain in effect for policies rated in accordance with this manual with effective dates of April 1, 2010 through March 31, 2011.

Exhibit 2
Massachusetts Private Passenger Automobile Insurance Rates
Residual Market Rates - Effective April 1, 2009
Class-Territory Base Rates
Part 1 (A-1)

<u>Territory</u>	<u>Class</u> <u>10</u>	<u>Class</u> <u>17</u>	<u>Class</u> <u>18</u>	<u>Class</u> <u>20</u>	<u>Class</u> <u>21</u>	<u>Class</u> <u>25</u>	<u>Class</u> <u>26</u>	<u>Class</u> <u>30</u>
1	134	242	152	452	239	408	215	131
2	146	264	169	492	270	443	243	142
3	154	277	183	534	289	481	261	150
4	166	307	189	592	336	532	301	160
5	169	306	213	622	359	560	322	168
6	184	340	210	667	410	601	370	179
7	188	328	232	708	418	638	375	182
8	200	364	240	745	449	670	404	195
9	229	391	273	771	469	693	421	222
10	231	458	305	821	540	738	486	234
11	224	497	301	807	543	726	488	254
12	249	474	329	809	583	727	525	242
13	282	516	354	810	587	728	528	275
14	316	540	397	796	606	716	546	307
15	375	602	416	794	655	715	590	360
16	315	614	543	777	634	700	571	323
17	240	463	292	789	468	710	420	241
18	244	605	331	810	583	728	525	277
19	297	592	394	773	592	697	532	330
20	275	604	371	802	608	723	548	304
21	337	608	504	779	640	702	576	468
22	331	608	491	781	629	703	567	452
23	253	561	392	789	581	711	523	256
24	255	501	323	793	521	713	470	259
25	253	567	340	795	600	715	540	276
26	311	615	435	776	639	699	575	300
27	117	221	130	406	202	365	182	120
40	292	548	361	802	572	723	516	307
41	303	545	398	807	605	726	545	311
42	373	602	430	799	653	718	589	378
43	334	593	420	796	653	717	589	361
44	303	625	549	789	641	711	578	307
45	347	582	415	798	650	717	584	360

Note: The above rates are applicable to insureds with zero merit rating points.
 Class 15 rates are 75% of Class 10 final rates for all coverages.

Exhibit 2

Massachusetts Private Passenger Automobile Insurance Rates
Residual Market Rates - Effective April 1, 2009
Class-Territory Base Rates
Part 2 (A-2)

<u>Territory</u>	<u>Class 10</u>	<u>Class 17</u>	<u>Class 18</u>	<u>Class 20</u>	<u>Class 21</u>	<u>Class 25</u>	<u>Class 26</u>	<u>Class 30</u>
1	43	73	47	135	75	121	67	43
2	45	79	53	145	83	131	74	44
3	50	83	56	157	88	142	79	47
4	52	91	58	174	100	156	90	51
5	54	90	65	184	107	165	97	54
6	57	100	65	196	122	176	110	56
7	58	97	70	208	124	187	111	56
8	62	107	73	219	134	196	120	61
9	72	113	83	226	139	204	125	68
10	72	134	91	237	160	212	144	72
11	70	145	90	232	160	209	145	76
12	75	139	98	232	173	209	155	73
13	86	155	105	232	174	209	156	83
14	96	163	118	229	178	206	162	92
15	110	180	122	229	193	205	174	103
16	96	184	160	222	186	201	167	98
17	74	135	88	231	139	208	124	74
18	75	176	99	233	173	209	155	85
19	90	177	118	222	174	200	156	100
20	83	182	110	230	180	208	162	95
21	101	182	151	223	187	201	169	141
22	100	182	149	224	185	201	166	136
23	75	169	117	227	172	204	154	77
24	79	146	97	228	154	205	139	79
25	77	169	101	229	177	205	158	86
26	94	184	128	222	187	201	169	91
27	36	66	41	121	63	109	56	40
40	89	164	107	230	168	208	153	92
41	90	164	118	232	177	209	160	92
42	111	180	128	230	191	206	174	111
43	100	177	124	230	193	206	174	107
44	91	186	162	227	189	205	169	92
45	103	174	122	230	191	206	173	107

Note: The above rates are applicable to insureds with zero merit rating points.
 Class 15 rates are 75% of Class 10 final rates for all coverages.

Exhibit 2

Massachusetts Private Passenger Automobile Insurance Rates
Residual Market Rates - Effective April 1, 2009
Class-Territory Base Rates
Part 4 Basic (\$5000 PDL)

<u>Territory</u>	<u>Class 10</u>	<u>Class 17</u>	<u>Class 18</u>	<u>Class 20</u>	<u>Class 21</u>	<u>Class 25</u>	<u>Class 26</u>	<u>Class 30</u>
1	172	307	218	605	375	545	338	180
2	186	323	224	652	402	587	362	190
3	190	331	239	678	406	609	364	202
4	202	345	242	726	435	653	391	221
5	202	349	241	749	461	674	415	227
6	215	355	255	754	476	679	430	230
7	220	360	270	776	508	699	458	240
8	222	382	277	801	509	722	459	251
9	230	389	275	815	512	735	461	238
10	232	395	277	822	516	739	463	239
11	229	419	283	814	513	734	461	241
12	254	427	303	834	549	750	495	259
13	265	426	301	833	549	750	495	265
14	277	461	319	836	568	752	510	285
15	297	507	339	849	614	765	552	303
16	261	498	336	832	551	748	496	268
17	240	461	287	833	485	749	437	240
18	263	518	319	851	552	767	497	259
19	274	510	328	826	532	745	480	265
20	254	508	309	846	539	761	485	267
21	299	560	360	833	603	749	542	300
22	378	597	446	831	648	748	583	371
23	229	521	336	845	559	760	504	251
24	278	521	334	848	536	763	482	273
25	264	565	331	850	593	766	534	279
26	316	579	409	831	633	747	569	312
27	166	293	196	572	333	516	299	166
40	245	459	304	833	524	749	472	283
41	250	447	315	833	557	749	501	264
42	251	482	342	855	605	770	545	297
43	288	495	340	854	614	767	552	293
44	229	486	330	832	551	748	495	237
45	293	496	334	854	609	769	548	298

Note: The above rates are applicable to insureds with zero merit rating points.
 Class 15 rates are 75% of Class 10 final rates for all coverages.

Exhibit 2

Massachusetts Private Passenger Automobile Insurance Rates
Residual Market Rates - Effective April 1, 2009
Class-Territory Base Rates
Part 5 Basic (B)

<u>Territory</u>	<u>Class 10</u>	<u>Class 17</u>	<u>Class 18</u>	<u>Class 20</u>	<u>Class 21</u>	<u>Class 25</u>	<u>Class 26</u>	<u>Class 30</u>
1	14	34	22	54	31	49	28	14
2	15	37	25	60	33	54	30	14
3	16	38	25	64	38	58	34	16
4	17	44	27	71	42	64	38	16
5	17	42	29	74	45	67	41	18
6	17	48	29	78	52	70	47	20
7	19	45	31	85	53	77	48	18
8	20	50	33	89	57	80	51	20
9	23	55	37	92	60	83	54	23
10	23	59	43	95	69	86	62	23
11	25	67	40	94	70	85	63	27
12	25	65	45	94	73	85	66	28
13	28	72	48	94	75	85	68	29
14	33	76	53	95	77	86	69	32
15	41	83	56	93	83	84	75	39
16	43	80	67	91	82	82	74	46
17	24	61	38	94	59	85	53	24
18	30	81	45	96	76	86	68	34
19	34	81	51	94	78	85	70	39
20	34	83	51	93	77	84	69	39
21	46	81	68	93	85	84	77	58
22	46	82	67	93	84	84	76	56
23	25	81	50	92	73	83	66	28
24	26	65	43	94	65	85	59	27
25	30	82	47	93	78	84	70	32
26	35	80	55	92	82	83	74	37
27	13	30	17	48	26	43	23	13
40	28	74	47	94	75	85	68	31
41	29	75	54	95	75	86	68	33
42	38	83	56	93	83	84	75	40
43	36	82	57	93	84	84	76	38
44	39	82	68	92	83	83	75	45
45	36	82	58	94	85	85	77	39

Note: The above rates are applicable to insureds with zero merit rating points.
 Class 15 rates are 75% of Class 10 final rates for all coverages.

Exhibit 2

Massachusetts Private Passenger Automobile Insurance Rates
Residual Market Rates - Effective April 1, 2009
Class-Territory Base Rates
Part 7 \$500 Deductible (Collision)

<u>Territory</u>	<u>Class 10</u>	<u>Class 17</u>	<u>Class 18</u>	<u>Class 20</u>	<u>Class 21</u>	<u>Class 25</u>	<u>Class 26</u>	<u>Class 30</u>
1	259	570	343	1042	576	937	518	257
2	270	578	345	1088	564	979	508	268
3	274	605	369	1108	595	997	537	273
4	286	629	374	1144	635	1030	571	285
5	289	634	384	1161	666	1044	600	288
6	308	677	407	1196	705	1077	635	306
7	326	693	439	1192	737	1073	664	319
8	333	685	459	1190	735	1071	661	330
9	333	684	436	1184	737	1066	663	330
10	325	701	438	1188	758	1069	682	328
11	351	783	479	1156	768	1041	691	350
12	389	805	502	1162	842	1044	756	388
13	392	730	534	1170	848	1053	763	387
14	435	809	581	1143	887	1029	798	431
15	519	848	626	1140	927	1026	834	507
16	459	823	567	1111	789	1000	711	441
17	366	772	482	1174	732	1057	659	365
18	447	855	569	1145	858	1031	772	437
19	463	869	648	1111	894	1000	804	461
20	496	868	629	1129	890	1015	802	481
21	516	883	723	1121	1012	1009	911	620
22	572	875	743	1110	978	999	880	770
23	395	876	696	1142	925	1029	833	444
24	432	842	612	1140	864	1026	777	430
25	455	888	671	1158	928	1042	836	479
26	537	884	734	1111	965	1000	868	589
27	246	543	316	1009	534	908	481	245
40	397	765	542	1153	829	1037	747	405
41	370	787	569	1162	870	1046	783	385
42	428	843	648	1154	928	1038	836	417
43	460	837	626	1137	932	1023	838	449
44	418	842	551	1140	789	1026	711	402
45	479	826	630	1142	927	1027	835	466

Note: The above rates are applicable to insureds with zero merit rating points.
 Class 15 rates are 75% of Class 10 final rates for all coverages.

Exhibit 2

Massachusetts Private Passenger Automobile Insurance Rates
Residual Market Rates - Effective April 1, 2009
Class-Territory Base Rates
Part 9 \$500 Deductible (Comprehensive)

<u>Territory</u>	<u>Class 10</u>	<u>Class 17</u>	<u>Class 18</u>	<u>Class 20</u>	<u>Class 21</u>	<u>Class 25</u>	<u>Class 26</u>	<u>Class 30</u>
1	109	109	109	109	109	109	109	109
2	111	111	111	111	111	111	111	111
3	116	116	116	116	116	116	116	116
4	113	113	113	113	113	113	113	113
5	118	118	118	118	118	118	118	118
6	122	122	122	122	122	122	122	122
7	127	127	127	127	127	127	127	127
8	131	131	131	131	131	131	131	131
9	129	129	129	129	129	129	129	129
10	138	138	138	138	138	138	138	138
11	147	147	147	147	147	147	147	147
12	152	152	152	152	152	152	152	152
13	171	171	171	171	171	171	171	171
14	178	178	178	178	178	178	178	178
15	220	220	220	220	220	220	220	220
16	356	356	356	356	356	356	356	356
17	127	127	127	127	127	127	127	127
18	259	259	259	259	259	259	259	259
19	284	284	284	284	284	284	284	284
20	257	257	257	257	257	257	257	257
21	350	350	350	350	350	350	350	350
22	395	395	395	395	395	395	395	395
23	238	238	238	238	238	238	238	238
24	178	178	178	178	178	178	178	178
25	270	270	270	270	270	270	270	270
26	321	321	321	321	321	321	321	321
27	103	103	103	103	103	103	103	103
40	163	163	163	163	163	163	163	163
41	165	165	165	165	165	165	165	165
42	200	200	200	200	200	200	200	200
43	210	210	210	210	210	210	210	210
44	343	343	343	343	343	343	343	343
45	221	221	221	221	221	221	221	221

Note: Class 15 rates are 75% of Class 10 final rates for all coverages.