

**Progressive Direct
Executive Summary
Last Updated 02/19/10**

May 1, 2008—Initial Filing

Filing # 112178 , 112270, 112178

The Progressive filing is based upon the AIB Manual with the following exceptions:

- **Revised AIB Rule 1** to further define eligibility for a MAP as follows:
For purposes of this rule, the term “private passenger auto” means a land motor vehicle of the private passenger, pickup body or cargo van type, designed for operation principally upon public roads, with at least four (4) wheels, and with a gross vehicle weight rating of 12,000 pounds or less according to the manufacturer’s specifications. However, the term does not include step-vans, parcel delivery vans or cargo cutaway vans or other vans with cabs separate from the cargo area.

The named insured must be a natural person. Corporations or partnerships cannot be listed as a named insured, but **may be listed** as and “additional Interest Insured”. An “Eligible to be Rated Driver” refers to all persons above the legal age to drive who are related to and reside with the named insured, and any other person who regularly or frequently drives a covered vehicle, other than excluded drivers, deferred drivers and drivers with a learner’s permit. All eligible to be rated drivers are required to be disclosed at the time of application.

This rule also spells out a number of unacceptable risks.

- **Revised AIB Rule 4 Standard Procedure**

Replaced A. Renewals with:

1. If the renewal payment is postmarked (mailed payments) or transacted (phone or internet payments) on or before the renewal effective date, the renewal policy term will be put in force with no lapse in coverage.
2. Failure to pay the renewal payment may result in cancellation of the policy. The specific reason for cancellation is non-payment of any required premium.

The cancellation Notice must also contain the following statement: “This cancellation will not take effect if the full amount due shown above is paid on or prior to the effective date of cancellation.”

- **Revised Rule 6. Out-of-State Garaging** with the following language:

Vehicles garaged out-of-state are rated with out-of-state factors. Such policies must have liability limits that satisfy local financial responsibility requirements, and shall be charged the rates for vehicles garaged in Territory 9.

A vehicle is considered to be garaged out of state if more than six months per year it is kept in another state.

- **Rule 7. Policy Period** was replaced with the following:

The insured shall have the option to purchase and the insurer shall not refuse to issue an annual motor vehicle policy providing compulsory coverages containing any expiration date as the insured may elect. New business policies are written for six month or twelve month policy terms.

- **Rule 9. Motor Vehicle registration Certificates** is removed.

- **Rule 10. Certified Risks—Financial Responsibility Laws** is replaced with:

At the insured’s request, the Company will issue a Type-3 (any vehicle owned or operated) financial responsibility filing for any listed driver on the policy.

The rate for the policy will be calculated in the same manner as shown in Appendix A Rate Order Calculation, except:

- Any policy with a filing must offer liability limits that satisfy minimum financial responsibility requirements for the state requesting the filing.
- Any driver requesting a filing must have a verifiable driving record and cannot be excluded from the policy.
- A \$25 fee will apply

The Company will cancel the filing upon lapse or expiration of the policy. The filing will be reinstated if the policy reinstates or renews.

Filings can be made for any state except Delaware, Kentucky, Maryland, Massachusetts, Michigan, New Jersey, New Mexico, New York, North Carolina, Oklahoma, Pennsylvania, and West Virginia. The Company does not issue financial responsibility filings for any jurisdiction outside of the United States.

- **Rule 14. Deposit Premium** Rule was revised in the following manner:
A company, its producer 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 for automobile insurance or merit rating surcharge during the preceding 24 months, the entire policy premium charges are payable in advance.
- Rule 18. Termination of Insurance was tweaked including the elimination of short-rate cancellations.
- **Rule 19. Discounts**—Progressive discounts include: Core (Multi-Car and Property), Anti-Theft, Class 15, Annual Miles, Passive Restraint, Driver Training, Distant Student, and Paperless Policy.
- **Rule 24. Extra-Risk Rating**—Progressive has revised this rule. Coverage is not available for all extra-risk categories.
- **New Rule 26. Responsible Driver Factor**—Variable based on prior coverage for 36 mos., multi-car discount, at-fault accidents in previous 49 mos., and number of aggregate BI points for all drivers
- **Rule 27. Private Passenger Definition** was tweaked by changing 10,000 lbs to 12,000 lbs and replacing use of ISO symbols to S2005 rating symbols.
- **Rule 28. Private Passenger Classifications**—Progressive has modified the operator assignment process.
- **Rule 29. Category Factor** provides that each policy is assigned a category using objective criteria spelled out in the rule.
- **Rule 35. Driver-Vehicle Factor**— New rule provides that # of vehicles v. # of eligible to be rated drivers is a rating factor.
- **Rule 36. Years Driving Experience Factor**—New rules spells out method for rating using years of driving experience.
- **Rule 37. Accident Surcharge Waiver**—New rule provides “accident forgiveness” but must be Insured with Progressive for 48 months prior to first renewal following accident.

- > **Rules 39. Motor Homes/Camper Bodies and 40. Antique Motor Cars and Antique Motorcycles** have been removed for future use. (Progressive does not presently write these vehicle types.)
- > **Rule 44. Motorcycles, Motorscooters, Mopeds and Similar Motor Vehicles** has been removed for future use. (Progressive does not presently write these vehicle types.)
- > **Progressive removed Rule 48. Original Equipment Manufacturer Parts Coverage, Rule 49. Named Non-Owner Policy, and Rule 50. Use of Other Automobiles.**
- > Progressive filed its own Merit Rating Plan utilizing a 36 month experience period. See **Rule 56** in the Progressive Manual for complete details.
- > **Rule 59. Acquisition Expense**—Progressive has filed and received approval of a rule that would permit them to charge an acquisition expense load each policy term, per policy, to cover the costs required to attract and write a customer. The costs include advertising and call center/internet expenses associated with new business quoting and binding. It is displayed as a Bodily Injury premium for the first car listed on the policy.
- > **Rule 60. Transition Period**—Progressive uses a transition factor at the vehicle and coverage level to comply with the 10% cap for the transition year.

June 25, 2008—Revised Forms/Definitions

- > MA 9609—MA Auto Policy—changed definition of you or your: refers to a person shown as a named insured on the dec. page
- > Added \$40/\$1200 Sub. Trans.
- > Revised Cancellation wording in policy
- > Revised policy language re. short-rate cancellation
- > Revised “Coverage for Anyone Renting An Auto To You” endorsement (Z624)
- > Revised Waiver of Deductible Endorsement (Z625)
- > Revised Stated Amount Endorsement (Z627)
- > Revised \$100 Glass Deductible to Separate Glass Deductible (Z628)
- > Replaced Towing and Labor Coverage with Roadside Assistance Coverage

October 23, 2008—Modified Rules

Filing # 115898—Overall % Rate Impact 0%

- > **Rule 4. Standard Procedures**
 - Deleted Part C—New Business
 - Modified Part D. (now Part C) - new language provides that Verification of Insurance Form shall be issued to the insured to notify the former agent. If requested by the insured, Progressive will send the Verification of Insurance Form to the former producer.
- > **Modified Rule 28**—Deleted 28. B. a. iii. Regarding assignment of deferred operators
- > Revised Transition Factors to fix initial filing—rate neutral
 - avg. +3.2% for pointed drivers/avg. -2.4% for clean drivers

February 4, 2009—Various Filings

- > Motorcycle forms filed and withdrawn
- > Travel Trailer Forms filed and withdrawn

March 18, 2009—Pet Injury Endorsement

Filing # 08DEC10824—Overall % Rate Impact 0%

- > \$1,000 for death of pet less any amount paid for vet bills as a result of an accident
- > \$1,000 for death of pet if car is stolen

April 1, 2009—New & Renewal Business

Filing # 09JAN26850— Overall Impact on Rates - +4.9%

- Progressive made several changes to their rules and forms on-file with the Division. The changes include modification of the Minimum Limits Indicator, introduction of a 3 point surcharge for a minor at-fault accident as defined in the SDIP regulation to be assigned if the Minimum Limits Indicator is set to yes.
- Eliminates passive restraint discount offset with a change in PIP rates
- Anti-theft discount is consolidated into a single category
Transfer of Insurer—Progressive will issue Verification of Insurance form to the insured, and insured is responsible for sending it to the former agent. If requested by the insured, Progressive will send the Verification for to the prior agent.
- The following rules were eliminated:
 - Rule 21. Fire, Theft and Combined Additional Coverages
 - Rule 23. High Theft Vehicles
 - Rule 24. Extra-Risk Rating
 - Rule 33. Towing and Labor Cost—Replaced with Towing and Labor—Roadside Assistance
 - Rule 54. Anti-Theft Device Standards and Discounts

April 1, 2009—Various Filings

- Motorcycle forms filed and withdrawn
- MA Motorhome forms filed and rejected

Note: The original Motorcycle and Motorhome programs were filed on behalf of Progressive Casualty and Progressive Direct. The filings for Progressive Casualty were withdrawn. The Motorcycle and Motorhome programs were subsequently approved and are summarized below. The Progressive Casualty Motorcycle and Motorhome programs were subsequently refiled and approved for April 1, 2009. See Progressive Casualty Summary for details.

April 1, 2009—Motorcycle Insurance Filing

Filing # 09JAN30420—Rules filing for Motorcycle Program

- **Rule 1. Motorcycle Definition** contains descriptions of eligible and ineligible risks.
- **New Policy Part 13. Accessory**—provides \$3,000 worth of accessory coverage if physical damage is purchased—may buy up to \$30,000
- **New Policy Part 14. Transport Trailer Physical Damage**—provides coverage for damage to bikes while being trailered.
- **Rule 4. Transfer of Insurer** section is the same as auto manual—Verification of Insurance is issued to insured for delivery to former agent—Progressive will issue to former agent at request of insured
- **Rule 6. Out-of-State Garaging**—is Territory 98 (Territory 98 is not defined in the filing, but the MC filing utilizes only 3 rating territories)
- **Rule 7. Policy Period**—one year—may be shorter upon request of insured
- **Rule 15. Minimum Written Premium**—\$95 per vehicle
- **Rule 17. Roadside Assistance/Trip Interruption**—replaces Towing and Labor on the Policy
- **Rule 19. Discounts**—Multi-Vehicle, LoJack, Prompt Payment, MC Endorsement, Multi-Policy, Responsible Driver, Safety Course, Transfer, Pain in Full, 65+
- **Rule 25. Symbol Designation**—symbols are by bike type (i.e. sport, touring, etc.)
- **Rule 36. Years Driving Experience Factor**
- **Rule 37. Accident Charge Waiver**—must be insured with Progressive at least 48 months with no other at-fault accidents for any drivers during previous 36 months
- **Rule 38. Low Payout Accident Waiver**—no surcharge for a claim payment of less than \$500 (???)

- > **Rule 46. Accessory Coverage**—\$3,000 up to \$30,000
- > **Rule 49. Total Loss Coverage**—for vehicles not more than one model year old
- > **Rule 55. Special Review Risks**—spells out which vehicles/coverages require special review
- > **Rule 56. Driving Record Rating (Merit Rating)** - includes 36 month experience period, surcharge date is occurrence date, includes own standards of fault.
- > **Rule 57. Special Hazard Coverage**—for high performance bikes
- > **Rule 58. Unverifiable Driving Record**—a charge may be imposed if a driving record can't be verified
- > **Rule 60. Foreign Driver's License**—an extra charge may be imposed for a foreign driver's license
- > **Rule 61. Hardship Accommodation**—company may opt to extend benefit if a hardship exists

Filing # 09FEB13246—Overall % Rate Impact 0%
Bill Plans

April 1, 2009—Recreational Vehicle Insurance Filing
Filing # 09JAN30423—Overall % Rate Impact 0%

- > **Rule 1. Eligibility**—provides definition of motorhome as well as exclusions which include:
 - Vehicle or motor home trailer parked and stabilizing jacks are in use and located for use as a residence including camping purposes
 - Unacceptable risks include travel trailers plus converted vans and school buses
- > **Rule 2. Coverage and Limits** added the following coverages:
 - Part 10. Emergency Expense
 - Part 11. Roadside Assistance
 - Part 13. Disappearing Deductibles
 - Part 14. Pet Injury Coverage
 - Part 15. Fire Department Service
 - Part 16. Mexico Coverage
 - Part 17. Personal Effects Coverage
 - Part 18. Full Timer's Personal Liability
 - Part 19. Vacation Liability
 - Part 20. Scheduled Medical Benefits/Vacation Residence Coverage
- > **Rule 7. Policy Period**—One year
- > **Rule 19. Discounts**—Beyond standard discounts, they include: Prompt Payment, Claim Free Renewal, Multi-Policy, Responsible Driver, Transfer, Paid in Full, and Original Owner
- > **Rule 35. Vehicle Use**—classified by number of days the motorhome is occupied
- > **Rule 36. Years Driving Experience Factor**
- > **Rule 37. Accident Charge Waiver (Forgiveness)** - requires 48 mos. As Progressive insured
- > **Rule 38. Low Payout Accident Waiver**
- > **Rule 49. Total Loss Replacement/Purchase Price**
- > **Rule 56. Driving Record Rating**—36 month experience period, surcharge date is occurrence date, have own standards of fault
- > **Rule 61. Hardship Accommodation**

Filing # 09FEB06041—Overall % Rate Impact 0%
Forms—Motorcycle

Filing # 09FEB18351—Overall % Rate Impact 0%
Forms—Recreational Vehicle

January 1, 2009—Form New Business

Filing # 09APR27715—Overall % Impact on Rate 0%

Forms—Cancellation and Non Renewal Notice

July 18, 2009—New Business

Filing # 09JUN26519—Overall % Impact 0%

Forms: Cancellation Notice Form 6026, Cancellation Notice Form 6268 and Non Renewal Form 6277

July 30, 2009—New Business

Filing # 09JUL20185 –Overall Rate Impact 0%

Forms—Replaced forms from July 17 filing:

Cancellation Notice Form 6026, Cancellation Notice Form 6268 and Non-Renewal Form 6272

October 30, 2009 New Business & November 29, 2009 Renewal Business

Filing # 09SEP04652—Overall Rate Impact +4.0%

Additional Tiers are added for rating.

Rule 29. Category Factor

Category factors increased from 110 up to 182 possible categories.

Rule 56 Merit Rating Plan

AF1 points assignments will vary based on the coverages selected per DOI Bulletin 2008-11. Removed language: If 20/40 optional BI (Part 5) without collision is selected.

Rule 60 Transition Factor

Added paragraph two: A transition factor will apply to policies that meet the criteria of DOI Bulletin 2008-11

removed from paragraph two “where Optional BI (Part 5) is selected at 20/40 and no Collision (Part 7) is selected, the transition factor will apply to Optional BI (Part 5) UM (Part 3) and PIP (Part 2). I will also apply to PD (Part 4) if a \$5,000 limit is selected.”

February 19, 2010 New & Renewal Business (Multiple Filings)

Filing # 09DEC21160—Overall Rate Impact +6.63%

Appendix B. Rating Factor Pages. The following Rate Factor tables have been changed with this filing:

Table 2—Territory—Base Rate Relativity Factors

Table 3—Base Rate Adjustment

Table 5—Years Driving Experience Factors

Table 6—Points Factors

Table 9—Number of Drivers vs. Number of Vehicles Factors

Table 12—Model Year Factors

Table 14—Deductible Factors

Table 15—Limit Factors

Table 16—Core Discounts

Table 19—Responsible Driver Factor

Table 20—Full Coverage Factor

Table 21—Transitin Factors

Table 27—Other Coverages Base Rates

Rule 13. Installment Payment of Premium

Rule 14. Deposit Premium Rule

Rule 27. Private Passenger Definition

Rule 31. Transportation of Fellow Employees

Rule 32. Pick Ups, Vans and Similar Type Vehicles

These rules have been removed and Reserved for Future Use.

Rule 19. Discounts—Removed Core Discounts

Rule 56. Merit Rating Plan—

Unverifiable Driving Record and Foreign Driver's License—removed last sentence in paragraph 2 and replaced with "The points will be removed if the Company receives a valid United States or Canadian License."

Filing # 09DEC04551—Overall Rate Impact 0%

Form—Application for MA MV Insurance Form

February 19, 2010 New Business & March 24, 2010 Renewal Business

Filing 09DEC21318—Overall Rate Impact 0%

Installment Payment Plan