

2006 Auto Change Webinar Questions & Answers

- Q.** If an insured has a motorcycle policy where his points are being charged and is also listed on the family auto policy with two vehicles, will his points be charged on both the motorcycle and one of the vehicles?
- A.** If he produces one of the two highest premiums as an occasional operator on the family policy, then, yes, he would be rated with his class and points on the family policy. If two other family members produce higher premiums, he would be listed but not rated on the family policy.
- Q.** If there is a child away from home at school and has his own policy, can he be listed as an occasional operator and the parent as principal on his own policy while he is away? Would we be able to change him back to principal when back at home?
- A.** Yes, you could do that, assuming that the parent is actually DRIVING the vehicle while the child is away at school. If the car is just sitting there waiting for him to come back from school, the truth is that he is STILL the principal operator of the vehicle.
- Q.** We have an insured whose policy renewed 1-4-06, he had a major accident on 3-6-00 and major accident on 11-11-02. What will his points be this year?
- A.** Since the first major accident is in the sixth (earliest) year, the points for that accident will be ignored. Since the second major accident is more than three years prior to the policy renewal date, it will be aged by one point. This insured will have three points.
- Q.** If I have a class 15 driver, code 99 (principal operator of the 2003 Saab) and a class 26 with 2 points in the household with only the one vehicle, at what class and points would the vehicle be rated?
- A.** On March 21, 2006, the State Rating Bureau issued a clarification of the assignment of operators under AIB Rule 28 when there is only one vehicle on the policy and more than one driver. As a result of this clarification, in the case of a single vehicle policy with more than one insured operator, an operator over the age of 65 will be the driver rated on the vehicle (driver Class 15) only when both of the following conditions are met:
1. the vehicle is owned or jointly owned by an operator over the age of 65
 2. all operators of the vehicle have at least six years of driving experience
- OR
1. an operator over the age of 65 is the listed operator with the highest combined operator classification and SDIP points

When neither of these situations is satisfied, the vehicle will be rated based on Rule 28 C. 2. (a).

The automatic assignment provision of Rule 28 is appropriate whenever there is more than one vehicle on the policy.

- Q.** Insured had a license for 10 years and was a step 12 when he lost his license for a suspension time period of 3 years. He gets his license reinstated at the end of the 3 year suspension. Does this Insured still carry over the license history from prior to the suspension (years of experience as well as the incidents) onto the reinstated term or does the insured start new at an inexperience level and point 00 (like a brand new driver would at age 17)? Prior to the new system, insured could still carry it over to reinstated license so long as he reinstated the license within a 4 yr period from date of suspension, making him a class 10, sdip 12 again. Is it still the same way?

- A. You're really asking about two different things here. If a person's license is "suspended", he keeps his date first licensed. If it is "revoked", he gets a new date first licensed. That makes a difference for SDIP purposes, but not for driver classification purposes. When a person's license is suspended, the SDIP experience continues. So, if there were no tickets or accidents during the suspension, the suspension period would be considered incident free under the SDIP since he still held a valid license (it was just suspended). If a license is revoked, all prior incident-free years are gone because of the new date first licensed; however, any incidents (accidents or violations) remaining in the five year experience period will be counted. Driver classification is a whole other story. In the case of an experienced operator, the definition reads: "**10 Experienced Operator.** The operators of the automobile have been licensed at least six years and the principal operator is under the age of 65." This definition does NOT say the six most recent years, six consecutive years, or that a gap in licensing (even of more than four years) cancels out any prior experience. So, if you can demonstrate six years of licensing (the LTH screen may help with this), the person is entitled to class 10.
- Q. I am looking to get some clarification on Rule 28. Rule 28C (2)c states that "if an operator age 65 or older is the principal operator of a specific automobile, the Class 15 classification and the operator's SDIP Points will be assigned to that automobile." What happens when we have a principal operator age 65 or older and licensed greater than 6 years and a class 26 occasional operator age 19 and licensed less than 3 years for the same vehicle? My interpretation based on the above rule would seem to mean that the class 15 principal operator would be assigned to the vehicle. However, if you refer to rule 28B Operator Classes, its states for Class 15 "The operators of the automobile have been licensed at least six years and the principle operator is 65 years of age or older." Since both operators are not licensed over six years, the vehicle can't be assigned a vehicle 15 and should be assigned the inexperienced operator. These two parts of rule 28 contradict each other. Can you let me know what your interpretation would produce for assignment?
- A. I struggled with that, too. As a result of the number of questions on this issue, the State Rating Bureau issued a clarification of the assignment of operators under AIB Rule 28 when there is only one vehicle on the policy and more than one driver. As a result of this clarification, in the case of a single vehicle policy with more than one insured operator, an operator over the age of 65 will be the driver rated on the vehicle (driver Class 15) only when both of the following conditions are met:
1. the vehicle is owned or jointly owned by an operator over the age of 65
 2. all operators of the vehicle have at least six years of driving experience
- OR
1. an operator over the age of 65 is the listed operator with the highest combined operator classification and SDIP points

When neither of these situations is satisfied, the vehicle will be rated based on Rule 28 C. 2. (a).

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- Q. When we have two policies, 3 cars with 2 policies, why is young driver rated on both policies?
- A. I'm sorry, but I can't answer this question definitively without a little more information. If you want to email me the details about the policies, vehicles and operators, I would be happy to respond. A possible reason why this might happen is that the young driver owns to vehicles and lists a parent as an occasional operator on his policy. If the parent is deferred to his or her own policy (and, in turn, the young driver deferred to his/her own policy), then the parent's class and points would not be considered on the young driver's policy. That way, both vehicles would be rated with the young driver's class and points. Even if the parent was not deferred, if the young driver is principal operator of both vehicles, the young driver would still be assigned to both vehicles under the automatic assignment provision of Rule 28. A.

Q. How will we determine what step an out of state driver will be?

A. That process has not changed. Initially an out of state or out of country driver will be written at the manual rate (for 2006 entry level or manual rate is zero points). Rule 56 in the AIB manual still provides that if the driving record is available electronically, the company must get it. If electronic records are not available, it is up to the applicant to get his/her record. But, the driver still must prove years of licensure in order to qualify for an experienced class. Here is what Rule 28 says about those new to Massachusetts on or after January 1, 2005: "Effective January 1, 2005, an operator new to Massachusetts must provide evidence of licensure from the state or country where the operator was previously licensed in order to assign the correct operator classification under this rule. If electronically available, the company will be responsible for obtaining the motor vehicle operator report from the other state or country. If necessary, a certified English translation may be required. No operator shall be assigned to Class 10 unless the operator has six or more years of driving experience. The classification assigned to the operator is based on the number of years licensed in the other state or country and the completion of driver training, as established by the evidence of licensure. If no evidence of prior licensure is available, the operator may be assigned to Class 20 (inexperienced principal operator, licensed less than three years, no driver training) or Class 21 (inexperienced occasional operator, licensed less than three years, no driver training). The Massachusetts driving experience will be used thereafter to assign the operator classification."

Q. How will the public learn all of this?

A. Independent agents are, in some cases, a consumer's only link to the insurance industry. Consequently, a good part of the education of consumers will come from independent agents. The "Ways to Save" (Buyer's Guide) published by the Division of Insurance is available at <http://www.massagent.com/info/waystosave.pdf>, and MAIA has developed its own one-page explanation of the SDIP Plan which may be distributed to your clients (available at <http://www.massagent.com/info/sdip.pdf>).

Q. Is the aging process one time only forever or per policy term?

A. A surcharge for a particular accident or violation may only be aged once — forever. To qualify for aging, the most recent incident must be more than three years prior to the policy inception or renewal date, and there must be three or fewer incidents. When the policy renews the next year, the MRB computer will run the same check. If there is a new incident, incidents which were previously aged will be restored to their original point value. If there are no new incidents, the previously aged incidents will stay at their aged values until they are outside of the five year experience period. Incidents in the sixth or earliest year (whether they are aged or not) are reduced to a value of zero.

Q. Do unallocated expenses count towards the BI total?

A. No, at-fault accidents under property damage, collision AND bodily injury are based on actual claim payments that exceed the surchargeable thresholds of more than \$500 for a minor accident and more than \$2,000 for a major accident, exclusive of any deductible.

Q. Can you appeal surcharges on BI?

A. Yes. The same surcharge notice will be used for all surchargeable incidents. The back of the surcharge notice includes instructions for appeals.

Q. How is the BI Claim Surcharge considered fair? Driver has no control over whether they are going to be sued or how the company pays the claim. If somebody defrauds the company, we are getting surcharged!

- A.** That is a good point. Obviously, if your insured feels that he should not have been surcharged, he should appeal the surcharge.
- Q.** For PD under \$500 but BI over \$2K, the driver is surcharged for a large accident? Are insurers given more power to fight fraudulent injury claims?
- A.** If a property damage or collision claim is below the minor accident threshold, but the bodily injury is above the major accident threshold, the driver will be surcharged for a major accident under bodily injury. Companies have the ability to fight fraud through their Special Investigative Units (SIU). The companies have proven that the SIUs work with their experience in some of our more problematic areas of the state. I believe they will continue to be very aggressive towards fraudulent claims. And, of equal importance, your clients still have the right to appeal a BI surcharge.
- Q.** So, not all the rates are going down — it depends on a lot of factors. How are we going to explain?
- A.** The most common reasons why rates are going up in 2006 are that operators were improperly assigned or deferred in the past years and as a result of recent (past three years) accidents or violations. Agents will have to explain increases in the same way they always have. When the Commissioner announces an average rate decrease, that means half of the drivers will be above that level and half will be below — and, yes, some will see increases based upon their driving record.
- Q.** If a step 9 Driver gets an inspection sticker violation in Nov. '05, will this driver be a code 99 in 2006?
- A.** No. The driver will be rated at zero points (entry level rates) for 2006. In 2006, there are only two discounts and three ways to get them.
1. No accidents or violations in the past six years—Code 99
 2. No accidents or violations in the past five years—Code 98
 3. Licensed at least five years with only one non-criminal moving violation which is more than three years prior to the policy inception or renewal date—Code 98
- Q.** Once aging has taken place once, and the driver then has another speeding ticket, the aged points go back up to what they were. When the last incident is three years old again, does the aging apply once again?
- A.** No, because at that point, the previously-aged and restored incidents will be in the sixth (earliest) year and zeroed out altogether.
- Q.** Do new and out of state drivers start at 0 (no points)?
- A.** Yes. New (recently licensed), out of state and out of country drivers all start at the entry-level rate or Zero points.
- Q.** I did not follow your example for 2007 where the premium increased. Are you saying there is still a phase-in of points that will cause 2007 rates to increase for someone that has 1 incident in 2006?
- A.** The example I used was someone who was a code 99 in 2006 who forgot to get his 2006 inspection sticker. Under the Buell amendment, the first non-criminal moving violation is a “freebie”, which means that there are no points, but the year is not incident-free. The impact on a code 99 is, unfortunately, NOT free! That driver loses his discount because the most recent five or six years are not incident-free. That places the driver at the entry level or manual rate (zero points — or the equivalent of last year’s step 10). When that non-criminal moving violation is more than three years prior to the policy inception or renewal date, the driver will be rated as a code 98.

- Q.** A husband and wife have two separate policies are deferred on each other's policies. Husband drives junk car (class 10 with 4 points). Wife has a Mercedes (class 10 with code 99). Will husband's points go on wife's policy even though he's deferred?
- A.** In 2006, class and points will always be assigned to the same vehicle. If the husband and wife individually own and insure the vehicles they principally operate, the husband may still be deferred with his class 10 with 4 points to his vehicle on his policy. However, if the vehicles are owned jointly or are both owned by the same person, the husband's class 10 and 4 points will go on the Mercedes.
- Q.** It seems that the person who was a step 9 in 2005 is really being benefited in the rating example given.
- A.** That is true. Those who were incident-free in 2005 and remain incident-free in 2006 will continue to benefit from their good driving experience. These drivers will not necessarily receive the highest rate decreases, though. There are a lot of factors that enter into it. For instance, I was a step 9 last year and will be a code 99 this year, but my premium will only drop about 7% — a decrease that is smaller than the statewide average decrease of 8.7%. Don't get me wrong — I'm not complaining!
- Q.** Will BI surcharges be major or minor accidents?
- A.** BI surcharges will be based upon the same thresholds as property damage and collision surcharges.
- Q.** I need a better clarification on the assigned operators. Do we still rate the higher class operator to the higher rated vehicle even if they don't drive that higher rated car?
- A.** It depends. In order to assign operators to a policy, you have to look at all of the drivers in the household. The first thing you do is defer any operators who have their own policy where they are rated. The operators who remain are the ones who will be considered for assignment to the vehicles on the policy. The first assignments are those "automatic assignments" — inexperienced principal and class 15 operators will be assigned to the vehicles they principally operate. Whoever is left (all class 10s, 30s and the occasional operators of all classes) will be assigned to the policy on the basis of highest rated operator to highest rated vehicle. Any remaining vehicles will be assigned the class and points of the driver producing the lowest rate.
- Q.** Do household operators who do not have a motorcycle license still need to be listed on a motorcycle policy?
- A.** No.
- Q.** If you have multi-generation families with individual policies, when adding a new driver on one policy, would that driver be deferred on other policies?
- A.** Yes. The driver would be rated on the policy to which he/she is being added and then listed and deferred on the other household policies.
- Q.** If there is a divorce and each parent has the child listed on the policy, will both parents be charged for the occasional operator?
- A.** No. The inexperienced occasional operator will be rated on the highest rated vehicle and disregarded on the second vehicle. So, if mom has the BMW and dad has the Caravan, the child would be rated on the BMW and will be deferred from dad's policy to mom's.

- Q.** Is there any benefit to splitting policies when looking to assign operators so youthful operator isn't on most expensive vehicle when they actually are not the usual operator of the most expensive?
- A.** Since we will be now looking at all the policies in the household, splitting the policy to get an Inexperienced occasional operator assigned to a particular vehicle will no longer work. If the operator is principal operator of a specific vehicle, the automatic assignment provision of Rule 28. C. means that he or she will be assigned to that vehicle and the deferral portion of the rule will provide for deferral to the policy on which he or she is the principal operator. Other than that, the ONLY way to keep an occasional operator from being assigned to the highest rated vehicle is to exclude them — and I am NOT a fan of the exclusion endorsement because insureds FORGET about what they did to lower their premium after a claim occurs!
- Q.** You have two cars owned individually (husband owns his and wife owns hers) insured on the same policy. The husband is class 10 with code 99, and the wife is class 10 with 4 points. The husband drives the better of the two cars. How will they be rated?
- A.** Since they are insured on the same policy, the wife will be rated with her class 10 and 4 points on the highest rated vehicle. The husband will be rated on the lowest rated vehicle. If these vehicles were individually owned and insured, the husband would be deferred to his policy and the wife to hers.
- Q.** Are the customers still paying surcharges for 6 years?
- A.** Drivers are surcharged for five years. Incidents appearing in the earliest (sixth) year are not surcharged and will be displayed with zero points on the SDIP statement. This is not a change.
- Q.** On the SDIP STATEMENT, how come there is no charge for Smith for the major accident and the equipment violation?
- A.** The major accident is in the sixth (earliest) year, so it is not surcharged because the official experience period for which someone is surcharged is five years. The equipment violation, under the Buell amendment, is the first non-criminal violation which is a freebie and not surcharged.
- Q.** Is the aging done automatically through the Registry on the insured's MVR?
- A.** Yes.
- Q.** How will international drivers be classified and assigned points? Will they be assigned 0 or 99?
- A.** They will be assigned 0 points until or unless their foreign driving record is received.
- Q.** Are you saying that \$50/100 is basically less expensive than \$20/40. So when people insist on \$20/40 if they are a good driver they are better off with \$50/100?
- A.** No. What I said was that the original rating examples I used for the SDIP seminars with limits of \$20/40/5 reflected much higher rates decreases over the prior year's rates than the rating examples I used for the webinar at \$50/100/100 limits.
- Q.** Can a named insured be a deferred operator on a policy? He has two policies.
- A.** A named insured may not be deferred from one of his policies to another of his policies if he is the only listed operator on both policies. There are other situations where a named insured might be deferred, but it would be necessary to look at all of the operators, vehicles and policies in the household to make that determination.

- Q.** If the Company discovers an out of state incident from years ago (more than 3) what will the new MA surcharge date be?
- A.** Since many other states don't utilize separate incident and surcharge dates, the incident would be added as of the incident date in the other state. So, it would be added to the MA driving record as a three year old incident.
- Q.** If assignment of drivers is based on deferring, then assigning principals, why are the examples showing youthfuls being assigned to the parents' BMW etc. if they are not the principal drivers?
- A.** Deferral is first — for those in the household who have their own policies where they are rated. Assignment is next. Under the assignment rule, the only assignments that are automatic are for inexperienced and class 15 **principal** operators. All class 10 and 30 principal operators and all other classes of occasional operators are assigned on a highest rated operator to highest rated vehicle basis. In the examples, the inexperienced operators were **occasional** operators.
- Q.** Why if the operator has another at fault accident or is convicted of another moving violation, previously aged incidents will return to their original value at the next policy renewal? Why does this go back to the assigned value?
- A.** That is a function of the new SDIP Plan. The Merit Rating Board computer will apply the criteria for aging (three or fewer incidents, the most recent of which is more than three years prior to inception or renewal) at each policy renewal. If the driver no longer meets that criteria, each incident will be read at its original value.
- Q.** Currently we have a mother and father with vehicles on separate policies, and their son is listed as an occasional operator on both policies, (deferred on one policy). Under the new rules, does he suffer a double whammy because we can no longer defer him on the second policy?
- A.** No. He will be rated on the highest rated vehicle on the two policies and then disregarded (deferred) on the other policy.
- Q.** Will there still be a neutral step/point (old step 15) when we can't find out/figure out what points they have to rate them?
- A.** Yes, the manual rate (zero points) is the new entry level or neutral rate.
- Q.** If a driver with 4 points has 2 vehicles, do they surcharge on both?
- A.** Yes, if he is the only listed operator, but he will be eligible for the multi-car discount which reflects the fact that the driver cannot drive two cars at one time.
- Q.** So new inexperienced drivers are being rated the same SDIP as a person who has been driving 20 years with a speeding ticket?
- A.** Yes, they would both have zero points, but obviously the new driver is rated at the inexperienced rate class.
- Q.** Would an out of state driver be eligible for a "99" once their out of state record is received and the record shows 6 clean years?
- A.** Yes.

- Q.** Vehicle assignments. Just for clarification, it appears as though the most expensive driver is automatically rated on the most expensive vehicle. Are they automatically assigned to that vehicle as an occasional operator of that vehicle or is the principal vs. occasional assignment based on the answers given in the application?
- A.** After deferrals, the only "automatic assignments" are for inexperienced and class 15 principal operators. Everyone else is assigned on the basis of highest rated operator to highest rated vehicle.
- Q.** If a class 10 operator with points drives a junky car registered to the wife and the wife drives the Mercedes registered to the husband, is there any problem? In the past we have had insureds who purposely did this because of bailment.
- A.** Under this scenario, the husband with the points would be assigned to the Mercedes and the wife with no points would be assigned to the junky car. Splitting the vehicles on separate policies will not resolve this situation since he is driving her car and vice versa.
- Q.** I thought that the vehicle you were rated principally on would reflect your "points". If the husband drives a 1994 GMC with 35 points, why did you previously say that his points would be affecting his wife's Mercedes policy? Bottom line, I understood this to mean that whichever vehicle you were rated on as a principal operator. - this vehicle would be assigned your points??
- A.** The only automatic assignments under Rule 28 are for inexperienced and class 15 principal operators. All others are assigned on the basis of highest rated operator to highest rated vehicle. So, in your example, the husband with class 10 and 35 points would be assigned to the Mercedes, and the wife with class 10 and code 99 would be assigned to the 1994 GMC.
- Q.** We have a class 10/code 99 on a single vehicle policy which is the only policy in household. The husband is class 15/11 points. Who is assigned to vehicle?
- A.** No matter how you slice it, the class 15 will be assigned. If he is the principal operator, the automatic operator assignment under rule 28. C. would assign him to the vehicle. If he is occasional, he will still be assigned there because he is the highest rated operator.
- Q.** To clarify, if there are two people in a household, say a parent and a child, each with their own car registered and insured in their own names, Mom's new car will be rated based on her class and points, and son's crappy old car will rated based on his class and points, and he's still okay to drive her car as an occasional. Correct?
- A.** Correct!
- Q.** Can you get more than one freebie in your life?
- A.** Yes, the first non-criminal moving violation in the experience period is always a freebie. As old incidents fall outside the experience period, it is possible to have another first non-criminal moving violation in the experience period.
- Q.** Back to my questionif the cars are individually owned, could policy be split so wife's points go to her car and husband gets 99 on his?
- A.** Yes. Although at least one company disputes this answer, the State Rating Bureau agrees that if the vehicles are individually owned and insured, each may be deferred to the vehicles they own and principally operate.
- Q.** Does vehicle have to be in parents' name for Class 25 driver to get Multi-Car Discount? Can it be in the inexperienced driver's name on a separate policy and get the discount?

- A. If an inexperienced operator owns two vehicles insured with the same company, the multi-car discount would apply. If the parents own one vehicle on one policy, and the child owns his own vehicle on a separate policy with the same company, the multi-car discount would not apply.
- Q. Why is it that the example you had with class 10 step 18 or 7 points, the premium resulted in a credit on 2 of the towns; and then the one with class 10 step 14 or 4 points, the premium resulted in an increase?
- A. The 2005 rate for step 18 drivers was a little bit closer to the "right" rate than the 2005 rate for step 14 drivers, but both were not high enough relative to the statewide average to qualify for the average 8.7% rate decrease in 2006. The relatively minor changes 2006 rates over 2005 for both examples indicates that rates for these drivers actually went up relative to the statewide average by 8-14%.

For example, the rate for the step 18 driver in Quincy went down -0.9% compared with the average statewide decrease of 8.7%. If the average statewide decrease had instead been 0%, the rate for the step 18 driver would have been +7.6% (8.7%-0.9%). The single accident or violation drivers, which make up the majority of drivers with accident or violations, needed a slightly larger boost in rate than the drivers with more than one accident or violation.

- Q. Scenario: Husband - 7 pts, class 10, principal operator of 2000 Toyota and titled in his name. Wife - 3 pts, class 10, principal operator of 2006 Mercedes and titled in her name. Since one vehicle is titled in husband's name and one is titled in wife's name, would you put wife's class and points on her vehicle and husband's class and points on his vehicle regardless of highest base premium? If the name on the title does affect where we rate, how would you handle it if the vehicles are joint owned?
- A. If the vehicles are owned, registered and insured separately, then a husband and wife may be deferred to their own vehicle on their own policy. If the vehicles are jointly owned or both owned by one of them, the highest rated operator will be assigned to the highest rated vehicle even if the vehicles are on separate policies.
- Q. I have a husband and wife with separate policies. Each policy has 2 vehicles on it (solely owned). Husband and wife are deferred from the each other's policies. In 2005 one of the husband's vehicles was rated for him (CLASS 10/STEP 13) and the other vehicle was rated as CLASS 10/STEP 9 (wife's step even though she was deferred). However, the 2006 policy has come in from the company and now both of his cars are being rated as "00" based on his driving history, and the wife is being disregarded from rating. So am I correct in saying that for 2006, once someone has been deferred, they are totally disregarded in rating any further? I thought that Rule 28C 2(a) would come into play so that the extra vehicles will receive the operators class and points producing the lowest Combined Premium which would be the wife's 99 credit code?
- A. You are correct. Once someone is deferred, they are disregarded. You could undefer the wife. That would mean, however, that the husband would be rated on the highest rated vehicle, even if it was on the wife's policy. Then, the rest of the vehicles would be rated with the wife's code 99.
- Q. Under Rule 28A we do not understand the section that talks about Classes 18, 21 and 26 not being deferred to a policy as the only listed operator on the policy. If they were the only listed operator wouldn't their classes be either 17, 20 or 25 in the first place?
- A. Precisely. You may only defer an occasional operator to a policy where they are rated on the highest rated vehicle, as in the case of a child of divorced parents who both list the child as occasional. Once the inexperienced occasional operator is rated on the highest vehicle on the two policies, the operator is disregarded (deferred) to the highest rated vehicle/policy.

- Q.** I have a policy with 2 class 10 drivers husband/wife. One step 9 the other step 14. Each is rated on their own vehicle. They bought a convertible to drive for the summer-as I UNDERSTAND IT THIS CAR IS RATED FOR THE STEP 14 AND CAN NO LONGER BE DEFERRED-It is a separate policy. Am I correct on this rating or is it step 9 if that driver will be the principal operator?
- A.** If the vehicles are all jointly owned, it doesn't matter if the vehicles are on separate policies. The operator with the highest rate would be assigned to the vehicle producing the highest rate. The other two vehicles would have the class and points of the lowest rated operator.
- Q.** Why does someone who is a class 10 being rated as an inexperienced motorcycle operator get charged for points based on the experienced operator rate (15% per point) for his motorcycle?
- A.** AIB had originally interpreted the following language in Rule 44 to mean that surcharges on motorcycles policies would be charged at the same surcharge percentage as on auto policies (15% for experienced auto operators): "The Safe Driver Insurance Plan points or discounts assigned to an operator on a private passenger automobile insurance policy, if available, shall also be applied to the motorcycle policy."

On March 21, 2006, the State Rating Bureau issued a clarification of Rules 28 and 44 which provides: "The 2006 AIB manual rules 28 and 44 govern the assignment of drivers to rating classifications and vehicles for private passenger autos and motorcycles. Driver rating classification assignments for each vehicle type are based on the number of years an operator has been licensed to operate a vehicle of that type. Operators are assigned to an experienced driver rate classification if they have been licensed for more than six years for a given vehicle type; otherwise, they are assigned to an inexperienced driver rate classification. As a result, it is possible for a single operator to qualify for an experienced rate for one vehicle type, and an inexperienced rate for the other vehicle type.

"2006 AIB manual rule 56 specifies the discounts and surcharges that apply to operators based on their driver classification assignment. The SDIP discount or surcharge that applies to any vehicle type corresponds to the operator's driver rate classification for that vehicle type. For example, suppose an operator has been licensed 10 years to drive an automobile and 2 years to drive a motorcycle. This driver has 1 had one minor accident (3 points) in the past 6 years. In this instance, the operator would be rated as an experienced driver on the automobile with a surcharge adjustment of 45% (3 x 15%). For the motorcycle, the operator would be rated as an inexperienced operator with a surcharge adjustment of 22.5% (3 x 7.5%).

"The Merit Rating Board provides either the number of surchargeable points a driver has accumulated over the past five years or a discount code. When the driving record is comprised of a point value, the number of points applied to rating the motorcycle and the auto will be the same. The rate value of those points will be based on the driver classification for each vehicle type as determined by the company (i.e. 7.5% or 15%). When the driving record indicates that the driver is eligible for the excellent driver or excellent driver plus discount, and the years licensed on one of the vehicle types is less than 5 years, the SDIP rating for the vehicle for which the operator has been licensed less than 5 years will be 0 points. When the driving record indicates that the driver is eligible for the excellent driver plus discount, and the years licensed on one of the vehicle types is less than 6 years (but at least 5), the SDIP rating for the vehicle for which the operator has been licensed less than 6 years will be the excellent driver discount.

"In any instance where an operator is rated as an inexperienced operator, the excellent driver plus discount will not apply to that rating. This doesn't preclude the operator from receiving these discounts when the operator's driving experience and accident and violation history satisfy the requirements on another vehicle type."