

2008 Massachusetts Auto Insurance *Frequently Asked Questions*

The Massachusetts auto insurance system is changing for consumers who buy or renew their insurance policies on or after April 1, 2008. Governor Patrick and the Division of Insurance have reviewed and accepted new submitted rates from the Insurance Companies. This new system is called “Managed Competition,” which means that insurers will have more flexibility on rating insurance coverage and price. After April 1, 2008, companies will charge consumers different rates and calculate premiums based on factors that were not used in the past. As a result, some people will be charged more, others less, and each insurance company may offer you a different price. Because of the wider array of prices and coverages, consumers insuring their automobile on or after April 1, 2008, should shop carefully for auto insurance.

Since the filing of the new rates last November, we have been asked multiple questions on what to expect and how customers can ensure they are getting the best rate and coverage. Below are a few answers to the most frequently asked questions:

1) Would I be able to cancel my policy ahead of my policy expiration date in order to take advantage of the new rates?

A: You can cancel your existing policy after April 1, 2008 and sign up for a new policy under the new Managed Competition system. However, there are a few key points to remember before backing out of your current policy.

- You should make sure the new policy provides the coverages you are looking for and that you know exactly how much the new policy will cost.
- You should be aware that if you cancel your policy after the first 30 days of the start date, you could be charged a penalty of 10%.
- Many auto policies are linked to homeowners policies. Therefore, if one policy is canceled and moved to another company, then the account credit that you are receiving for carrying both policies with one company may be lost. (*Homeowner carrier may also make auto coverage a requirement of insuring your home.*)

We are recommending that customers wait until their renewal date to take advantage of the new system. Due to the many rating factors, we can not guarantee that policy premiums will go down or up. Every person’s situation is unique. Insurance companies are also refileing their rates as they adjust to the competition. When the time is right for you, we will gladly shop around for you to make sure you are getting the best coverage for the best rate.

2) Will insurance companies now take my credit into account when determining my auto policy rate?

A: No, the commissioner stated that insurance companies are not allowed to use your credit score to determine your auto insurance rate. Homeowners policies do use credit rating where car policies do not.

3) Are the rates on www.mass.gov/auto rates website correct?

A: The rates that are given on this site are very general. Every individual will have their own unique quote depending on driving history, applicable discounts and added endorsements. The rates are not incorrect but they are not a reliable estimate to determine your policy rates. The best way to determine your rate is to speak with an agent that can accurately quote a policy for you.

4) Who will benefit from these changes? Who will be hurt by them?

A: Although many drivers will see their premium go down during the first year of Managed Competition, insurers estimate that about 20% of drivers will experience a premium increase.

Under managed competition, your driving record will have a less significant effect on your premium than it previously did. Young drivers (meaning people in their 20's and early 30's), senior citizens, urban drivers, renters, and unmarried drivers are most likely to see their premium rise or to receive only minor premium decreases.

For insurance policies that are renewed between April 1, 2008 and March 31, 2009, insurance companies cannot raise insurance rates by more than 10%. Of course, if you move, have an accident, receive a ticket for a moving violation, or buy a car, your premium may increase by more than 10%.

5) Are there new coverages and discounts available with the new reform?

A: Yes, there are many new endorsements and discounts that vary from company to company. Sylvia Insurance works with over 6 auto insurance carriers so we are able to get pricing and endorsement options to best fit your needs. Some of the endorsements and discounts available are:

**Some of the
NEW Endorsements Available**

AAA Member Package Endorsement

- *Additional benefits and enhancement coverages provided to AAA members receiving a AAA group membership discount.*

Accident Forgiveness

- *Waives first surchargeable accident and resulting loss of SDIP Excellent Driver Plus discount.*

Actual Replacement Cost

- *Pays difference between actual cash value of totaled auto and cost of new replacement auto.*

Deductible Rewards

- *Credits \$100 towards collision deductible for each consecutive claim, up to \$500 credit per vehicle. Accrued credit can be used to offset deductible for any vehicle on policy.*

OEM Auto Parts

- *Covers cost to replace visible exterior auto parts (other than glass and mechanical parts) damaged in a comprehensive or collision loss.*

Loan/Lease Gap Coverage

- *Covers the difference between the loan or lease amount and the payment on a collision or comprehensive covered total loss.*

**Some of the
Policy Discounts Available**

- Account Credit (Up to 10%)
- Advanced Drivers Training (Up to 10%)
- Annual Mileage (Up to 10%)
- Antique Autos (Up to 25%)
- Anti-Theft (Up to 36%)
- Class 15 ~ 65+ drivers w/over 6 yrs driving experience (Up to 25%)
- Dartmouth School District Employees (Up to 5%)
- Driving Experience (Varies)
- Driver Training (Varies)
- Excellent Driver Discounts ~ SDIP (Up to 17%)
- Good Student (Up to 15%)
- Hybrid Vehicle (Up to 10%)
- Motorcycle Rider Training Program (Up to 10%)
- Multi-Car (Up to 5%)
- Multi-Policy (Up to 19%)
- New Business Discount (Up to 5%)
- Passive Restraints (Up to 25%)
- Public Transportation (Up to 10%)
- Renewal Credit (Up to 8%)
- Senior Citizen (Up to 25%)
- Student Away at School (Up to 15%)