

# Safe Driver Insurance Plan

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The Safe Driver Insurance Plan (SDIP) is a program created by state law that encourages safe driving with lower premiums for drivers who do not cause accidents or commit traffic violations and by ensuring that high-risk drivers pay a greater share of insurance costs. The SDIP premium adjustment is the last step in your premium calculation, after all rating factors and discounts have been applied.

## **Beginning in 2006**

Beginning with policies effective on or after January 1, 2006, the Massachusetts SDIP switched from a “step” to a “point” system. This change made the system of discounts and surcharges easier to understand and comparable to what is in place in other states. More importantly, drivers in Massachusetts now have even greater control over their premium through safe driving.

## **Your Driving Record Affects Your Rates**

If you have at-fault accidents or commit traffic violations, your driving record will accumulate surcharge "points" depending on the nature of the incident. You accumulate surcharge points if you are responsible for an accident or commit a traffic violation.

- Accidents - You receive surcharge points if you are more than 50% at-fault for a motor vehicle accident that results in damage to property or bodily injury of more than \$500. If you disagree with the determination that you are at fault for an accident, you may appeal the surcharge to the Board of Appeals. For details, please read the appeals section at the bottom of this page.
- Traffic Violations - You also receive surcharge points if you are convicted of, or pay a fine for a traffic violation; or are assigned to a drug or alcohol education program. If you disagree with a traffic violation, you must appeal it through the court system. Traffic violations cannot be appealed to the Division of Insurance Board of Appeals or the Merit Rating Board.

Drivers with no at-fault accidents or moving violations will have zero (0) surcharge points. Drivers with at least 5 years of clean driving will receive a considerable discount.

No surcharge points will be assigned to any surchargeable incident in the sixth (oldest) year of the policy experience period.

**The schedule of surcharge points is as follows:**

<b>Surchargeable Incident</b>	<b>Surcharge Points</b>
Major Traffic Violation (i.e., D.U.I.)	5
Major At-Fault Accident (claim over \$2,000)	4
Minor At-Fault Accident (claim over \$500 to \$2,000)	3
Minor Traffic Violation (i.e., speeding)	2

Beginning in 2006, at-fault Bodily Injury Liability claims over \$500 are now subject to surcharge if there is no Property Damage Liability (PDL) or Collision claim as a result of the incident.

**Surcharge Points Cost You Money And Increase Your Premium**

Is there much of a difference between point levels? The differentials are established as part of the rate setting process. The more points you have, the higher your premium. Points can accumulate quickly and each new incident increases the number of points on your record. Each point increases the premium paid for 4 coverages in your policy: Compulsory Bodily Injury (part 1), Personal Injury Protection (part 2), Damage to Someone Else's Property (part 4), and Collision (part 7). In 2006, the premium for drivers with less than 6 years of driving experience (Inexperienced Operators) was 7.5% above the base rate on parts 1, 2, 4, and 7 for each surcharge point on their driving record. The premium for drivers with 6 or more years of driving experience (Experienced Operators) was 15% above the base rate on parts 1, 2, 4, and 7 for each surcharge point. Contact your agent to learn the updated figures for 2007.

The SDIP system has built-in discounts to reward drivers with consistently clean driving records. Drivers who have at least 5 years of driving experience and no surchargeable incidents - or exactly one, non-criminal minor traffic violation that is at least 3 years old - will receive the Excellent Driver Discount. This discount will lower their premium on parts 1, 2, 4 and 7, in addition to any decrease from the removal of surcharges from the previous policy period. Drivers with 6 years of driving experience and no surchargeable incidents in the last 6 years will receive an even greater discount on parts 1, 2, 4 and 7 - the Excellent Driver Discount Plus.

The exact amount of these discounts changes each year. In 2006, drivers receiving the Excellent Driver Discount saw a 7% decrease on the premiums for parts 1, 2, 4 and 7. Recipients of the Excellent Driver Discount Plus qualified for a 17% discount on those parts. Contact your agent to learn the updated figures for 2007.

## If I Have Surcharge Points, How Can I Lower My Premium?

Even if your driving record contains surcharge points, the system has built-in incentives for improving your driving. If you have no more than 3 surchargeable incidents over the last 5 years, the point value of each of those incidents will go down by 1 when you have 3 years of incident free driving. For many drivers, three years of clean driving could lead to significant reductions in surcharges. Let's see how:

### Bill - 2006 Premium

Minor at-fault accident	2006	= 3
Speeding	2005	= 2
Speeding (no surcharge for 1st traffic violation)	2005	= 0
<b>Total Surcharge Points</b>		<b>= 5</b>

### Jane - 2006 Premium

Minor at-fault accident	2003(3-1)	= 2
Speeding	2002(2-1)	= 1
Speeding (no surcharge for 1st traffic violation)	2002	= 0
<b>Total Surcharge Points</b>		<b>= 3</b>

Both Bill and Jane have the same incidents on their respective driving records - one minor accident and two speeding tickets. However, Jane's last 3 years of driving have been incident free. Since she has no more than 3 total incidents in the last 5 years, she will see her surcharge point total go down from 5 to 3. For a typical experienced Massachusetts driver, the difference between 5 and 3 surcharge points could amount to hundreds of dollars, depending on car model and location. If Bill can keep a clean driving record for the next 3 years, he will see the same decrease in his surcharge points. Let's look at another example:

### Tom - 2006 Premium

Minor at-fault accident	2003(4-1)	= 3
Speeding	2002(2-1)	= 1
Speeding (no surcharge for 1st traffic violation)	2002	= 0
<b>Total Surcharge Points</b>		<b>= 4</b>

### Mary - 2006 Premium

Speeding	2006	= 2
Minor at-fault accident	2005	= 3
Failure to Yield	2005	= 2
Major at-fault accident	2003	= 4
Speeding	2002	= 2

Speeding (no surcharge for 1st traffic violation)	2002	= 0
<b>Total Surcharge Points</b>		<b>= 13</b>

Both Tom and Mary had the same incidents through 2003 – 2 speeding tickets and one major at-fault accident. The difference is that Tom improved his driving and has had no incidents over the last 3 years. The result is that his surcharge points decreased from 6 to 4 starting in 2007. On the other hand Mary has not made any changes in her driving habits. She has accumulated three additional incidents – 2 minor, non-criminal, traffic violations and a minor at-fault accident. This means that she not only has 7 new surcharge points on her driving record since 2003, but she loses out on the point reduction for her three older incidents. Mary’s insurance bill will be very high again this year. For typical experienced Massachusetts drivers, the difference between 4 and 13 surcharge points could amount to hundreds or even thousands of dollars, depending on car model and location. As long as her driving places other people at risk, she will continue to pay much higher premiums than drivers like Tom and Jane.

### **Operators New To Massachusetts**

The SDIP system allows drivers new to Massachusetts to get credit for their safe driving in other jurisdictions. If a driver new to Massachusetts was licensed in another state or country within the last 6 years, the driver will initially have zero (0) SDIP surcharge points. However, the new driver will not be eligible for any safe driving discounts.

If a new driver’s Motor Vehicle Report (MVR) is electronically available, the insurer will be responsible for obtaining it from the state or country where the driver was previously licensed. If an MVR is not electronically available, the driver can obtain an official driving record or a record from a previous insurer and submit it to the current insurer. If that driving record is not in English, the driver must obtain a translation certified true and correct by a translator, attach it to the driving record, and submit it to the current insurer.

This information is submitted to the Merit Rating Board and is used along with the Massachusetts driving record to determine the Operator SDIP Points and eligibility for any of the discounts or incentives.

### **Merit Rating Board**

The Merit Rating Board (MRB) is the state agency responsible for the administration of the Safe Driver Insurance Plan. The MRB receives and maintains information from insurance companies, police departments, and Massachusetts courts about at-fault accidents and motor vehicle traffic law violations that are subject to the SDIP. If you are a listed driver on a Massachusetts private passenger automobile insurance policy, then the MRB will determine your SDIP rating and report

it to your insurance company. Your SDIP rating is based on your driving history record and can increase or decrease the cost of your automobile insurance premium.

You can learn more about the MRB and the SDIP by visiting our website at [www.state.ma.us/mrb](http://www.state.ma.us/mrb) or you can contact the Merit Rating Board's Customer Service Section at 617-351-4400.

### **Application Of At-Fault Accident Surcharges To Your Record**

Insurers are required to determine if a driver is more than 50% at fault for an accident by applying the Standards of Fault (211 C.M.R. 74.00). These standards are common accident types under which you are presumed to be more than 50% at fault. For example drivers are presumed to be more than 50% at fault when operating a vehicle which collides with the rear section of another vehicle. This presumption will also determine the outcome of an appeal hearing unless you overcome the presumption by providing enough evidence that you were not more than 50% at fault.

If your company determines that you are at fault for an accident, they will send you a Surcharge Notice. This notice includes instructions for appealing the surcharge to the Board of Appeals at the Division of Insurance. Surcharge points remain on your driving record unless you successfully appeal the surcharge.

If you receive a Surcharge Notice naming the wrong operator, call your insurance company. Your insurer will rescind the incorrect notice and reissue the notice to the correct operator.

### **Appealing An At-Fault Accident Surcharge**

If you disagree with your insurer's surcharge determination and believe that you are 50% or less at fault for the accident, you may appeal the surcharge to the Board of Appeals at the Division of Insurance. The filing fee for an appeal is \$50. Appeals must be filed within 30 days of when you receive your Surcharge Notice. If you do not file your appeal within 30 days, you may lose your right to appeal the surcharge and the surcharge points will remain on your driving record.

Once you have submitted your appeal, you will receive a Surcharge Appeal Receipt. Approximately three weeks before your hearing, you will receive a notice indicating the date, time and location of your hearing. If surcharge points are applied to your premium while you are waiting for your appeal date, you must pay the additional premium or your policy will be cancelled. If you win your appeal, you will receive a refund or credit from your insurer for any excess premium you have paid due to the surcharge.

The appeal does not guarantee success. If you do not agree with the decision of the Board of Appeal, you may appeal the decision to Superior Court.