

MANAGED COMPETITION

NGM Insurance Company utilizes the Automobile Insurers Bureau of Massachusetts (AIB) advisory rule manual effective April 1, 2009 as its base manual. NGM files company specific rates and rules as deviations from the AIB base manual. Among the deviations are:

- Auto Elite Coverages
- Book Transfer Discount
- Category Factor Rating
- Continuous Coverage Discount
- Low Frequency Discount

NEW BUSINESS PROCESSING

New Business Application

NGM requires that all applications be completed in their entirety, including the signature of the insured and your agency.

We accept only the Massachusetts Acord application. Applications must be received by NGM within 7 days of the new business effective date. They must be accompanied by the following:

1. 20% down payment check of the quoted premium for direct billed accounts.
2. Copy of the RMV-1 or Notice of Transfer of Insurer Form 2A.
3. Copies of pre-insurance inspection information.
 - A. Waiver Exemption Checklist Form 60-N145.
 - B. Notice of Mandatory Pre-Insurance Inspection Requirement Form 60-N142.
 - C. Acknowledgement of Requirement for Pre-Insurance Inspection Form 60-N143.
 - D. Copy of Pre-Insurance Inspection.
4. Other pertinent information necessary for rating.
 - A. Discount documents.
 - B. Operator Exclusion Forms (AIB Form M-0106-S or NGM Form 61-7408).
 - C. Copy of policy or policy number for deferred drivers or out-of-state license information.
 - D. Appraisals.

NOTE: Some or all of the above requirements may be waived for company approved book transfers.

It is important that license numbers, VIN numbers, and vehicle owner information be accurately provided to NGM. This information is required to properly report transactions to the Registry of Motor Vehicle (UMS), and to match completed pre-insurance inspection information to the policy.

Failure to obtain and report this information may result in unnecessary registration revocations or the suspension of coverage.

Motorcycles – NGM requests that you submit a separate application for motorcycles rather than to endorse a motorcycle on to an auto policy. We require this due to the short term exposure and internal policy handling process. Motorcycles issued for a short term automatically expire effective December 31st of the current term. When the insured re-registers, a new application must be submitted.

PRE-INSURANCE INSPECTION

NGM has contracted with Checkpoint Services as our preferred vendor to conduct authorized pre-insurance inspections. As a convenience to our agents we also accept inspections performed by Carco Group. The purpose of the inspection regulation is to document the existence of a vehicle as well as the vehicle's physical condition and options. This will reduce the possibility of fraudulent claims.

The Massachusetts Division of Insurance Regulation (211 CMR 94.00) requires that vehicles subject to the pre-insurance inspection requirements have the inspection completed within 10 calendar days (excluding legal holidays). Physical damage coverage will be suspended on the day following the 10th calendar day if the inspection has not been completed.

Site location listings are provided to your agency by both inspection vendors. The insured may choose any location which is convenient to them.

Under certain conditions the pre-insurance inspection may be either waived or exempted. In those situations, we require completed Waiver Exemption Checklist Form 60-N145.

NGM will assume an inspection is authorized on any new business application received which does not have the supporting documentation provided the vehicle falls into the pre-insurance inspection eligibility requirement.

As a reference, we will print a message on the coverage selections page to identify if a pre-insurance inspection was authorized for all qualifying vehicles listed on the policy. This information will appear under the forms section for the Coverage Selections page (e.g., P1 Auth 1, 2, 3, 4; P1 Not Authorized).

Failure of the insured to have completed the pre-insurance inspection requirement will result in suspension of physical damage coverage.

On the 21st day following the transaction effective date, NGM will generate a suspension notice to be effective as of the 11th day of coverage. If the inspection has not been received by day 35, we will process an endorsement deleting physical damage.

NGM will not automatically add physical damage coverage when the inspection is received after the 10th day of coverage. You must submit a request to re-add physical damage.

NOTE: Any physical damage loss occurring between day 11 and 21 will not be covered as a result of the insured's failure to complete the inspection requirements.

COVERAGE AVAILABILITY

NGM will issue policies not to exceed the following limits:

Uninsured Motorists – Part 3	\$250,000/500,000 never to exceed the Optional Bodily Injury Limit Part 5
Property Damage – Part 4	\$250,000
Optional Bodily Injury – Part 5	\$250,000/500,000
Medical Payments – Part 6	\$25,000 Private Passenger \$ 5,000 Motorcycles
Collision – Part 7	Refer to manual for available deductibles.
Limited Collision – Part 8	Refer to manual for available deductibles.
Comprehensive – Part 9	Refer to manual for available deductibles.
Substitute Transportation – Part 10	Must have comprehensive and/or collision on the vehicle.
Towing and Labor – Part 11	Must have comprehensive on the vehicle.
Underinsured Motorist – Part 12	\$250,000/500,000 never to exceed the Optional Bodily Injury Limit Part 5 or Uninsured Motorists – Part 3

It is the Agent’s responsibility to offer the insured limits equal to the minimum mandatory offering. These limits are as follows:

Parts 3, 5, and 12	\$35,000/80,000
Part 6	\$5,000
Parts 7, 8, and 9	\$500 basic deductible

We suggest that all agents maintain written verification that these limits have been offered.

NOTE: NGM may charge an extra-risk rate or refuse collision and comprehensive coverage under certain conditions. Refer to NGM manual Rule 24 for the qualifying circumstances.

Requests for stated amount coverage, sound receiving and transmitting equipment, or customizing equipment coverage must be accompanied by proof of installation. The following are acceptable proof of installation:

1. Appraisals – antiques, customizing, sound receiving.
2. Dealer Invoice – sound receiving, customizing.
3. Receipts Reflecting – sound receiving, customizing.

NOTE: Stated amount coverage is not available for antique autos.

DISCOUNTS AND CREDITS

Following is a brief summary of available discounts. For a full list of specific discounts, endorsements, and eligibility requirements please refer to NGM manual pages.

Anti-Theft Discount

Any private passenger vehicle equipped with an anti-theft device will be entitled to a credit of up to 36% on Comprehensive coverage, depending upon the device installed. NGM requires you submit the necessary documentation to receive the credit. Submission of necessary documentation consists of:

1. NGM Form 61-3779;
2. Copy of installation invoice or dealer sticker; or
3. Pre-insurance inspection form.

Vehicles designated as “high theft” (as shown on NGM Form 61-N402) will not be charged extra-risk premium if an anti-theft device qualifying for a 20% discount is installed in the vehicle.

Annual Mileage Discount

A credit of 5% or 10% will be afforded to applicable coverages based on the actual mileage driven. The actual mileage driven is determined using a comparison from the previous year’s odometer reading to the current reading. This information will be obtained from the Registry of Motor Vehicles or the Annual Mileage Discount Form.

Continuous Coverage Discount

NGM will apply a 5% credit to applicable coverages for qualified operators. The discount applies to each rated operator that has been insured without a lapse in coverage under an auto policy for the previous 12 months. For new business to be eligible, a copy of the coverage selections page confirming coverage up to the effective date of the new policy for the listed operator must be furnished.

Low Frequency Discount

A 10% credit is applied to Bodily Injury, Property Damage, and Personal Injury Protection for each rated operator that has 4 or less merit rating points and where a claim payment under the above coverages has not been made in connection with more than one accident during the preceding three years.

Multi-Car Discount

A 5% credit is given to applicable coverages for a policyholder who insures with NGM two or more private passenger vehicles as defined in AIB Rule 27, except that vehicles classified as antiques are not eligible. We will apply the credit automatically to all eligible policies when notified by you.

Passive Restraint Discount

NGM will apply a 25% passive restraint credit automatically to qualified vehicles for applicable coverages. These credits are determined by the vehicle identification number. If we fail to apply the credit to a qualifying vehicle, please submit the dealer invoice or proof of installation.

Public Transit Discount

NGM will apply a 10% credit for Property Damage and Full Collision coverage upon receipt of documentation of purchase of 11 out of 12 monthly passes from a qualifying mass transit system. The credit will apply to the expiring term. Refer to NGM manual Rule 19.B for complete eligibility requirements and qualifying transits.

Out-of-State Credits

NGM will request motor vehicle records on all operators previously or currently licensed out-of-state. This information will be reported to the Merit Rating Board upon receipt. The driver's merit rating points will be calculated by the MRB including both their out-of-state and their Massachusetts auto experience. NGM may charge an extra-risk rate or refuse physical damage coverage if the out-of-state motor vehicle record indicates a conviction of qualifying incidents.

Refer to AIB Rule 28 and NGM manual Rule 56 for additional information.

DRIVER INFORMATION

All licensed household members must be listed on the Massachusetts Auto Policy. The insured must state the vehicle that each operator principally or occasionally operates. Operators that are excluded from a particular vehicle must complete NGM Form 61-7408 or download AIB's version M-0106-S and submit this document with the transaction.

NGM will defer operators when documentation is provided showing that the insured is currently listed on another inforce policy. Deferred operator information will be reviewed at each renewal by the company to determine if the deferred operator still has an active policy. This will be done by submitting an inquiry to the Merit Rating Board. We also request that you submit change requests when you become aware this information has changed.

Operators may not be deferred under the following circumstances:

- Policies insuring a single vehicle with only one driver listed – The driver cannot be deferred.
- Class 18, 21, and 26 cannot be deferred to a policy as the only listed operator.

Refer to AIB Rule 28 for additional information.

NOTE: Antique Autos are exempt from the Merit Rating Plan and are therefore ineligible for good driver discounts.

ENDORSEMENTS

As with New Business transactions, it is required that you complete endorsement requests in their entirety. Upon receipt of the completed request from NGM, please review all information for accuracy before completing subsequent requests. This will avoid backdated endorsements and manual intervention on NGM's part.

If you request an endorsement on an expiring term, we will automatically endorse the renewal term. You do not need to submit two requests.

All documentation submitted with New Business submissions also applies to endorsement transactions.

CANCELLATIONS

NGM requires the following documentation to produce a cancellation transaction.

1. Plate return receipt.
2. Lost or stolen plate affidavit.
3. Notice of Transfer of Insurer Form 2A.
4. Copy of new policy showing coverage inforce.
5. Broker of Record letter.

Upon receipt of this information NGM will report the necessary information to the Registry of Motor Vehicles.

In the event NGM cancels the insured's policy, we will send notification to the insured and the Registry of Motor Vehicles. Should the insured not secure coverage with another carrier or obtain reinstatement from NGM, the Registry will issue a revocation notice to the insured and cancel the insured's plates. If the insured receives a Registry notification and they feel it is not appropriate, please contact our Massachusetts Auto Processing Department immediately.

RENEWALS

Renewals are processed bi-weekly 60 days prior to the policy effective date. The first renewal run includes effective dates for the first 15 days of the renewing month; the second run includes the remaining effective dates.

Policy changes to the upcoming renewal must be submitted at least 120 days prior to the renewal effective date to ensure the renewal policy will reflect the changes submitted. Should you receive the renewal and your requested changes are not reflected, we will generate an endorsement in subsequent production runs.

During renewal season, (January 1st) renewals produce in estimated premium status until such time as the Commissioner announces the rate and publications are released. During this time all non-effective date transactions are placed on hold within our system. Once policies have been re-rated with the new rates NGM will release non-effective date transactions. Do not hold endorsement requests in your office.

Every 3 years NGM is required to issue a Statement of Fact form. In addition to the Statement of Fact form, NGM may also issue Annual Mileage Statements. The Statement of Fact form is sent to the insured and provides them with policy information relative to discounts, driver information, garaging, and classification that NGM has on file. It is the insured's responsibility to review the Statement and submit a change if they disagree with the information provided.

PAY PLANS

NGM offers a direct bill program. This requires that you collect a 25% down payment of the quoted premium on New Business transactions. NGM will bill the remaining balance in 9 equal installments. We will apply a \$ 4.00 fee to each installment.

Renewal policies will bill in 12 equal installments.

Short-term policies are billed as follows:

6-11 months in effect: 40% down & 2 installments

1-5 months in effect: 100% down payment

NGM reserves the option to bill 100% of the policy premium if it is determined the insured has previously been cancelled for nonpayment within a 24 month period or has outstanding premium owed to NGM or a prior carrier.

Changes in billing options at renewal (e.g., from Direct to Agency or vice versa) must be submitted to Massachusetts Auto Processing within 120 days of the policy effective date.

Premium Financed new business policies will convert to direct bill at the first renewal of the policy.

POLICY RELEASING

NGM attaches all forms and notices forming part of the policy to the Coverage Selections Page as required by regulation.

If you require a small supply of these documents, they may be ordered by completing a NGM Supply Requisition Form 72-7107.

The following forms must be attached to all New Business and Renewals:

<u>NGM Form Number</u>	<u>Title</u>
60-2248	Massachusetts Auto Policy
60-7195	Signature Clause
61-N402	High-Theft Vehicle List
61-N648	Automobile Premium Endorsement M-0102-S (only when it is determined that rates set for any given year are being challenged)
61-7256	Conditional Premium Endorsement M-0101-S (applicable to all policies rated with estimated rates)
Buyers Guide	Any form relating to specific coverage requested by the insured.

MASS AUTO FORMS LISTING

<u>Form Name</u>	<u>AIB Number</u>	<u>NGM Number</u>
Acknowledgement of Requirement for Pre-Insurance Inspection		60-N143
Antique Auto	M-0047-S	61-3767
Anti-theft Device		61-3779
Auto Elite Endorsement – Silver		61-8770
Auto Elite Endorsement – Gold		61-8771
Auto Elite Endorsement – Platinum		61-8772
Automobile Premium Endorsement	M-0102-S	61-N648
Conditional Premium Endorsement	M-0101-S	61-7256
Coverage For Anyone Renting an Auto to You	M-0070-S	61-3772
Coverage for Customized Vans and Pickups	MPY-0037-S	61-A792
\$100 Glass Deductible	MPY-0039-S	61-A447
Guest Occupants Exclusion	M-0002-S	61-3765
High-Theft Vehicle List		61-N402
Installment Notice		56-5611
Massachusetts Auto Policy		60-2248
Massachusetts Mandatory Endorsement	M-0099-S	61-N959
Notice of Mandatory Pre-Insurance Inspection Requirement		60-N142
Operator Exclusion Form	M-0106-S	61-7408
Requisition Form		72-7107
Signature Clause Policy		60-7195
Stated Amount Coverage	MPY-0027-S	61-N991
Waiver Exemption Checklist		60-N145
Waiver of Deductible	MPY-0016-S	61-3877