

4 MCAR 1

10-28-82

1 Department of Commerce

2 Insurance Division

3

4 Adopted Rules Governing Private Passenger Automobile Surcharge

5 Disclosure

6

7 Rules as Adopted

8 4 MCAR S 1.9081 Authority. Rules 4 MCAR SS 1.9081-1.9088 apply
9 to all companies writing policies of private passenger
10 automobile insurance. They are adopted pursuant to the
11 authority of Minnesota Statutes, section 65B.133, subdivision 7.

12 4 MCAR S 1.9082 Purpose. Rules 4 MCAR SS 1.9081-1.9088 are
13 designed to assure that surcharge disclosure statements contain
14 minimum basic information which allows insureds to make sound
15 decisions when comparison shopping for automobile insurance.

16 4 MCAR S 1.9083 Definitions.

17 A. Applicability. For the purposes of 4 MCAR SS
18 1.9081-1.9088, the terms defined in this rule have the meanings
19 given them.

20 B. Auto Plan. "Auto plan" means the Minnesota Automobile
21 Insurance Plan.

22 C. Chargeable accident. "Chargeable accident" is as defined
23 in Minnesota Statutes, section 65B.133, subdivision 1, clause
24 (b).

25 D. Chargeable traffic violation. "Chargeable traffic
26 violation" is as defined in Minnesota Statutes, section 65B.133,
27 subdivision 1, clause (c).

28 E. Major chargeable traffic violation. "Major chargeable
29 traffic violation" means only those chargeable traffic
30 violations listed below:

31 1. driving while in an intoxicated condition or under the
32 influence of drugs, and also includes a driver's license record
33 entry of "Implied Consent;"

34 2. failure to stop and report when involved in an
35 accident;

- 1 3. a felony involving the use of a motor vehicle;
- 2 4. driving a motor vehicle in a reckless manner which
- 3 results in an injury to a person; and
- 4 5. driving a motor vehicle during the period of time the
- 5 driver's license is suspended or revoked.

6 F. Statement. "Statement" means the surcharge disclosure
 7 statement as defined in Minnesota Statutes, section 65B.133,
 8 subdivision 1, clause (f).

9 G. Surcharge. "Surcharge" is as defined in Minnesota
 10 Statutes, section 65B.133, subdivision 1, clause (e).

11 H. Surcharge plans plan. "Surcharge plans plan" is as
 12 defined in Minnesota Statutes, section 65B.133, subdivision 1,
 13 clause (g).

*SEE comment
 from Jacobson.*

14 4 MCAR S 1.9084 Readability. All statements must meet the
 15 following standards of readability and legibility:

- 16 1. statements must be written in simple, commonly used
- 17 language so as to be easily readable and understandable by a
- 18 person of average intelligence, experience and education.
- 19 2. statements must be arranged in a logical and clear
- 20 order.
- 21 3. statements must be printed in type face at least as
- 22 large as ten point modern type, one point leaded.

23 4 MCAR S 1.9085 Highlighted provisions. All surcharge plans
 24 containing one or more of the following provisions, must have
 25 the provisions highlighted in bold print or contrasting color
 26 print on the surcharge disclosure statement:

- 27 1. surcharges which are based on estimated damage instead
- 28 of the actual amount paid payment made by the insurer after

- 29 physical damage deductibles are applied;

- 30 2. surcharges which are applied to a vehicle other than
- 31 the one involved in an accident;
- 32 3. surcharges which apply to chargeable traffic
- 33 violations other than major chargeable traffic violations;
- 34 4. surcharge plans that involve both the loss of a
- 35 discount and the application of a surcharge for the same

Foff 2

1 chargeable accident or chargeable traffic violation; and

2 5. surcharges which are ~~higher for some~~ not the same for *F&F 3*
3 all classes ~~than others~~ (for example, youthful operator classes
4 surcharged more than adult operator classes.)

5 4 MCAR S 1.9086 Review. Statements must be submitted to the
6 Commissioner of Insurance as an informational filing at least 30
7 days prior to use. Although not subject to affirmative approval
8 by the commissioner the statements must comply with Minnesota
9 Statutes, section 65B.133 and 4 MCAR SS 1.9081-1.9088.

10 4 MCAR S 1.9087 Auto plan procedures. The auto plan shall
11 submit a statement to the commissioner of insurance which is
12 subject to prior approval. The participating members of the
13 auto plan are responsible for providing a copy of the statement
14 to auto plan insureds, and to their agents for use when an auto
15 plan application is written.

16 4 MCAR S 1.9088 Examples of surcharge plan. Each company must
17 display on the statement two examples of how their surcharge
18 plan works. One example must show a one-vehicle insured with a
19 \$200 premium. The second example must show a two-vehicle
20 insured, with a \$200 premium on one vehicle and a \$300 premium
21 on the second vehicle. The required format of these examples is
22 contained in Exhibit 4 MCAR S 1.9088-1.

23 If the amount of the surcharge varies because of different
24 ~~factors~~ such as between territories, use the highest rated *F&F 4*
25 ~~factor~~ territory and furnish that information on the example.

26 If the premium includes expenses which are not surcharged,
27 follow this procedure: If there is an \$80 bodily injury,
28 property damage premium, expenses of \$7, and a 20 percent
29 surcharge, the premium for one chargeable accident would be
30 \$94.60. ($\$80 - \$7 = \73; $\$73 \times .20 = \14.60 ; $\$14.60 + \$80 =$
31 $\$94.60$.) This procedure must be explained on the example.

32 Exhibit 4 MCAR 1.9088-1

33 Surcharge plan formats

34 The formats contained in this exhibit must be used, but
35 additional information may be included ~~to explain unusual~~ *F&F 5*

1 situations.

2 A. One vehicle insured.

3	4	5	6	7	8	9
10	11	12	13	14	15	16
Coverage	Premium with no accidents	Premium including surcharge for one chargeable accident	Premium including surcharge for two chargeable accidents			
17 Bodily injury, 18 property 19 damage	\$ 80	\$	\$			
20 Uninsured 21 motorist	5					
22 Personal 23 injury 24 protection	40					
25 Comprehensive	25					
26 Collision	50					
27 TOTAL PREMIUM	\$200	\$	\$			

30 B. Two vehicles insured. Accidents chargeable to the
 31 principle principal operator of vehicle number one, while
 32 operating vehicle number one.

33 1. Vehicle number one.

34	35	36	37	38	39	40
41	42	43	44	45	46	47
Coverage	Premium with no accidents	Premium including surcharge for one chargeable accident	Premium including surcharge for two chargeable accidents			
48 Bodily injury, 49 property 50 damage	\$ 80	\$	\$			
51 Uninsured 52 motorist	5					
53 Personal 54 injury 55 protection	40					
56 Comprehensive	25					
57 Collision	50					
58 TOTAL PREMIUM	\$200	\$	\$			

61 2. Vehicle number two.

62 Premium
 63 Premium

	Premium with no accidents	including surcharge for one chargeable accident	including surcharge for two chargeable accidents
1 Coverage			
2			
3			
4			
5			
6 Bodily injury, 7 property 8 damage	\$120	\$	\$
9			
10 Uninsured 11 motorist	5		
12			
13			
14 Personal 15 injury 16 protection	60		
17			
18 Comprehensive	40		
19			
20			
21 Collision	75		
22			
23			
24 TOTAL PREMIUM	\$300	\$	\$
25			