

Points of Interest

Changes to the Safe Driver Insurance Plan Aren't a Ticket to Savings

By *ROBERT S. MURPHY*

You may not have noticed it when you received your new auto insurance policy this year, but significant changes have occurred to the Safe Driver Insurance Plan.

Effective Jan. 1, 2006, Massachusetts switched from a step system to a points system. Under the new plan, accidents and convictions of traffic violations will be used by insurance companies to calculate a surcharge or discount factor to be applied to the policy premium when a new policy is initially written and at each policy renewal. In this new world of insurance points, it is important to consult with insurance and legal professionals when considering whether to contest that next ticket.

Under the new plan, there is a range of surcharges applicable to a points rating of 0 to 45 points. A major moving violation such as an operating under the influence charge will garner you five points. A major accident claim, which is defined as a claim with a payment of more than \$2,000 exclusive of any deductible under collision, property damage, or bodily injury, will net you four points. A minor accident, which is defined as claims with a payment of more than \$500 and up to \$2,000 exclusive of any deductible, is assessed at three points. A minor moving violation such as speeding, failure to yield, or a stop sign violation carries with it a two-point penalty.

If the first incident on a driver's record is a minor moving violation, no points will be assessed for that violation. Points are calculated based on one's driving record and are then used to determine surcharges. Experi-

enced drivers, defined as those with six or more years of driving experience, are charged 15% per point for accidents or moving violations. Inexperienced drivers will be charged 7.5% per point for accidents and moving violations. The percentage difference reflects the fact that inexperienced drivers are already paying a higher premium to start.

In addition to the punishment aspect of awarding points, experienced operators are eligible for discounts based on the absence of surchargeable events. The "Excellent Driver Discount Plus" provides for a 17% discount off of bodily injury liability, personal injury protection, damage to property of others, and collision premiums if the driver has no accidents or violations for the past six years. If a driver has no accidents or violations in the five years preceding the effective date of the policy, that driver will earn an 'excellent driver discount,' which provides a 7% reduction from published rates for the above-listed coverages. Additionally, the 'excellent driver discount' is available to a driver with one surchargeable incident in the past five years provided it was a non-criminal traffic violation and is more than three years old. The 'excellent driver discount' is also available to inexperienced drivers who otherwise meet the criteria.

The bad news with regard to the new Safe Driver Plan is that it replaces a step system that most people were somewhat familiar with and understood. The good news is that local insurance agents report that a large number of their clients have, in fact, experi-

enced a reduction in the amount of premium owed. This precarious balance, however, can be easily upset. A speeding violation carries a penalty of two points; a minor accident gives you three points. Coupling a minor accident with a speeding violation will give rise to a total of a five-point assessment. An experienced operator with five points pays premiums at a surcharge factor of 1.75 times the base rate for insurance, or 75% more. Depending on the level and extent of coverages, this increase could represent hundreds of dollars per year for up to six years.

Traffic tickets are no longer simply a matter of paying a fine to the court. As a result, prior to accepting responsibility for any moving violations or accidents, it is wise to consult with an attorney experienced in motor vehicle law to determine any defenses available to you and with your local agent to determine how the points are going to affect you in the future. A swing of almost 100% increase in premiums can result from the loss of the 'excellent driver plus' discount (17%), plus a five-point surcharge (75% increase) based on one minor accident coupled with one moving violation.

Another important change in the premium paradigm is the concept of 'aging' versus the old 'clean slate rule.' Under the step system, you would be placed at a lower step after three years of incident-free driving, the so-called clean slate. Under the new points system, if you have no more than three surchargeable incidents over the last five years,

the point value of each of these incidents is reduced by 1 point after three years of incident-free driving. Points are totally eliminated only after six years of incident-free driving (no moving violations and no surchargeable accident claims).

However, being found responsible in just one incident within that three-year period, the 'old' incidents will be returned to their original value. Therefore, if for example you had three surchargeable incidents in 2003, by 2007 you could enjoy a three-point reduction in points, however, one speeding ticket would add two points for the new incident and three 'old' points being restored to your points tally. This five-point turnaround based on one speeding ticket will be hard for any motorist to swallow. In addition, claims for bodily injury are now surchargeable even if there is no property damage or collision claims filed. This change increases the motorist's exposure to surcharges.

The confusing maze of consequences that results from motor vehicle citations means that now, more than ever, a prudent driver must rely on the advice of insurance and legal professionals when deciding what route to take when that ticket gets handed through the window.❖

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