



MINNESOTA AUTO POLICY SURCHARGE DISCLOSURE STATEMENT

Liberty Mutual Insurance Company (LMIC)
Liberty Mutual Personal Insurance Company (LMPIC)

Effective Date: May 22, 2023

The following information is provided by Liberty Mutual to help you understand the pricing procedures of your automobile insurance relating to incidents.

NOTE: *This disclosure statement is not intended to be a complete summary of all factors that may affect the pricing of your policy. If you have questions about your policy or your coverage needs, please contact your company representative at the telephone number listed on your Policy Declarations.*

The plan under which your policy is rated uses past experience such as accidents and convictions, among other things, to determine your premium cost. The rating system described below has been established so that drivers who have no incidents receive the lowest premium. Higher premiums are charged for other drivers based upon the number and type of incidents they have accumulated during the experience period.

Operator Incident Factor

The Operator Incident Factor is a factor that can affect your insurance premium. Each operator is assigned an Operator Incident Factor based on the combination of total Ratable Occurrences and At-Fault Accidents incurred during the experience period, and years licensed when added. At-Fault Accidents are accidents that are deemed to be the fault of the operator and occur during the Experience Period.

How It Works

Your Operator Incident Factor is based on a combination of certain accidents and violations, where different types of at-fault accidents and convictions of traffic violations are assigned different levels.

When the insurance company reviews an application for, or renewal of insurance, the company must review driving experience of the operators. The experience period described below is reviewed by the insurance company for these types of incidents.

Experience Period

- **New Business:** the 36 months immediately prior to the policy effective date.
- **Renewal Business, Transfers, and Rewrites:** the 36 months ending 4 months prior to the policy anniversary/effective date.

DRIVING HISTORY - OPERATOR INCIDENT & OPERATOR SURCHARGE

A. OPERATOR INCIDENTS

Each operator is assigned an Operator Incident factor based on the combination of total Ratable Occurrences and At-Fault Accidents incurred during the experience period, and years licensed when added.

1. Ratable Occurrences

- a. At-Fault accidents above the Threshold; and
- b. Level 1 through 5 Violations for rated drivers.

2. Chargeable Accidents

Accidents occurring during the experience period may be chargeable as described below:

- a. **At-Fault Accidents Above Threshold** are chargeable as of the date the payment for such a loss is recorded on the loss record of the insured.

An At-Fault Accident is above the Threshold if the accident involved:

(1) damage to property in excess of \$750 (this includes property owned by the insured); and/or

(2) bodily injury/death to persons.

- b. **At-Fault Accidents Below Threshold** are chargeable as of the date the payment for such a loss is recorded on the loss record of the insured.

An At-Fault Accident is below the Threshold if:

(1) the accident involved damage to property that does not exceed \$750 (including property owned by the insured); and

(2) there are no incurred bodily injury/death payments.

B. OPERATOR SURCHARGES

Each operator is assigned an Operator Surcharge factor based on the combination of the following:

1. **Unverified Driving Record:** A surcharge will apply to any operator with a U.S. state driver's license or a D.C. driver's license whose driving record cannot be verified by the licensing state's licensing authority.

The surcharge does not apply to operators currently licensed less than 6 months. The surcharge will be removed if a valid motor vehicle record (MVR) is received during the policy term.

2. **Violations:** A surcharge may apply to any operator with a chargeable violation(s) that occurred during the experience period.

Violations are coded into the following categories:

- **Level 1 - Administrative Violations.** Level 1 violations include, but are not limited to: registration/title withdrawn, failure to carry license or registration and display on demand, non-moving violations, failure to yield.
- **Level 2 - Minor Violations.** Level 2 violations include, but are not limited to: improper turn, expired license, speeding 1-5 miles per hour over the posted limit, following too closely, failure to use headlights.
- **Level 3 - Non-Major Speeding Violations.** Level 3 violations include, but are not limited to: speeding up to 30 miles per hour over the posted limit, use of a mobile phone, failure to stop, unsafe or reckless operation, unsafe lane change, wrong way driving on a one-way street.
- **Level 4 - Major Violations.** Level 4 violations include: failure to stop and report when involved in an accident, felony involving the use of a motor vehicle, driving reckless which results in an injury to a person, driving while license is suspended or revoked.
- **Level 5 - DUI/DWI Major Violations.** Level 5 violations include: driving while in an intoxicated condition or under the influence of drugs, including a driver's license record entry of "implied consent".

There is no surcharge for not-at-fault accidents with no associated violations.

EXAMPLES OF SURCHARGE PLAN

At-Fault Accident(s) Estimated Premium Increase

The following illustrates how premiums are affected by at-fault accidents. Please note that these examples are hypothetical and are meant only to illustrate how some of the possible incidents may affect your premium.

The premiums shown do not represent rates for any particular territory or policy. The examples assume the driver is licensed for 15 years. Example A shows a one-vehicle policy. Example B shows how the surcharge would apply to a two-vehicle policy.

A. ONE VEHICLE INSURED

COVERAGE	PREMIUM WITH NO ACCIDENTS	PREMIUM INCLUDING SURCHARGE FOR ONE CHARGEABLE ACCIDENT	PREMIUM INCLUDING SURCHARGE FOR TWO CHARGEABLE ACCIDENTS
BODILY INJURY	\$40.00	\$47.60	\$64.80
PROPERTY DAMAGE	\$40.00	\$46.80	\$58.40
UNINSURED MOTORISTS	\$5.00	\$5.00	\$5.40
PERSONAL INJURY PROTECTION	\$40.00	\$40.40	\$52.00
COMPREHENSIVE	\$25.00	\$25.25	\$26.00
COLLISION	\$50.00	\$61.50	\$77.50
Total Premium	\$200	\$237.35	\$284.10

B. TWO VEHICLES INSURED

Accidents chargeable to the principal operator of vehicle number one, while operating vehicle number one.

(1) Vehicle number one:

COVERAGE	PREMIUM WITH NO ACCIDENTS	PREMIUM INCLUDING SURCHARGE FOR ONE CHARGEABLE ACCIDENT	PREMIUM INCLUDING SURCHARGE FOR TWO CHARGEABLE ACCIDENTS
BODILY INJURY	\$40.00	\$47.60	\$64.80
PROPERTY DAMAGE	\$40.00	\$46.80	\$58.40
UNINSURED MOTORISTS	\$5.00	\$5.00	\$5.40
PERSONAL INJURY PROTECTION	\$40.00	\$40.40	\$52.00
COMPREHENSIVE	\$25.00	\$25.25	\$26.00
COLLISION	\$50.00	\$61.50	\$77.50
Total Premium	\$200	\$237.35	\$284.10



(2) Vehicle number two:

COVERAGE	PREMIUM WITH NO ACCIDENTS	PREMIUM INCLUDING SURCHARGE FOR ONE CHARGEABLE ACCIDENT	PREMIUM INCLUDING SURCHARGE FOR TWO CHARGEABLE ACCIDENTS
BODILY INJURY	\$60.00	\$71.40	\$97.20
PROPERTY DAMAGE	\$60.00	\$70.20	\$87.60
UNINSURED MOTORISTS	\$5.00	\$5.00	\$5.40
PERSONAL INJURY PROTECTION	\$60.00	\$60.00	\$78.00
COMPREHENSIVE	\$40.00	\$40.00	\$40.16
COLLISION	\$75.00	\$92.25	\$116.25
Total Premium	\$300	\$338.85	\$424.61

Example: Level 4 Major Violations

The following example illustrates how premiums are affected by Major Violations. The premium is shown for "no" major violations and for "one", "two", and "three" Major Violations.

Please note that this example is hypothetical and is meant only to illustrate how some of the possible violations may affect your premium.

The premiums shown do not represent rates for any particular territory or policy.

Coverage	Premium with no Major Violations	Premium including surcharge for one Major Violation	Premium including surcharge for two Major Violations	Premium including surcharge for three Major Violations
Bodily Injury	\$100	\$105	\$108	\$110
Property Damage	\$100	\$107	\$114	\$122
Personal Injury Protection	\$100	\$103	\$105	\$106
Uninsured Motorists Bodily Injury	\$100	\$100	\$100	\$100
Underinsured Motorists Bodily Injury	\$100	\$100	\$100	\$100
Collision	\$100	\$109	\$118	\$128
Comprehensive	\$100	\$103	\$107	\$111
TOTAL PREMIUM	\$700	\$727	\$752	\$777



Example: Level 5 - DUI/DWI Major Violations

The following example illustrates how premiums are affected by DUI/DWI Major Violations. The premium is shown for "no" DUI/DWI Major Violations and for "one", "two", and "three" DUI/DWI Major Violations.

Please note that this example is hypothetical and is meant only to illustrate how some of the possible violations may affect your premium.

The premiums shown do not represent rates for any particular territory or policy.

Coverage	Premium with no DUI/DWI Major Violations	Premium including surcharge for one DUI/DWI Major Violation	Premium including surcharge for two DUI/DWI Major Violations	Premium including surcharge for three DUI/DWI Major Violations
Bodily Injury	\$100	\$107	\$112	\$115
Property Damage	\$100	\$107	\$114	\$122
Personal Injury Protection	\$100	\$103	\$105	\$106
Uninsured Motorists Bodily Injury	\$100	\$100	\$100	\$100
Underinsured Motorists Bodily Injury	\$100	\$100	\$168	\$227
Collision	\$100	\$111	\$122	\$135
Comprehensive	\$100	\$108	\$116	\$122
TOTAL PREMIUM	\$700	\$736	\$837	\$927

APPLICABLE DISCOUNTS

A. Accident Forgiveness

A policy qualifies for Accident Forgiveness if all of the following are true:

1. Each of the policy's experienced operators has 5 Clean Years. Clean Years are consecutive, most recent years in which no incidents occurred;
 - a. A "Clean Year" for an operator is a policy year in which the operator has no more than one combined Level 1 or Level 2 violations, no Level 3 through 5 violations, no accidents with a Property Damage or Collision claim of more than \$750; no Bodily Injury or Death Claim greater than \$0; and no Comprehensive Claims totaling \$1,000 or more.
 - b. The Clean Years of a newly experienced operator (in the first 5 years of experience) will not negatively affect the policy's eligibility for Accident Forgiveness, as long as at least 1 of the inexperienced years is with Liberty Mutual. However, a claim by a newly experienced operator with fewer than 5 Clean Years will not be forgiven.
2. At least one operator on the policy has been licensed for at least 5 years; and
3. No claim has been forgiven by Liberty Mutual during the last 5 years.



For a policy with Accident Forgiveness, the first chargeable accident will be forgiven if the operator at the time of the claim has been licensed for at least 5 full years. No more than one accident per policy will be forgiven in each 5-year period. (Note: Violations, including those occurring in conjunction with a forgiven claim, may still affect the Operator Incident and Operator Surcharge factor.)

B. Claims-Free Discount

The Claims-Free Discount will apply to policies that meet the following criteria:

1. One operator is licensed for at least 3 years;
2. The operator has a verifiable US drivers license;
3. There are no At-Fault Accidents Above Threshold during the experience period; and
4. There are less than three of the following claims with Liberty Mutual:
 - a. Comprehensive Claims greater than \$1,000; and/or
 - b. Not-At-Fault Accidents greater than \$1,000 during the experience period

C. Violation-Free Discount

The Violation Free Discount will apply to new business or renewal policies that are violation-free for more than 3 years prior to the policy effective date with at least one operator with current years licensed greater than or equal to 3 years.

The Violation Free Discount is not impacted by forgiven violations, or the first Level 1 or 2 violation. Added driving activity can affect eligibility of this discount.

If any listed operator has an unverified driver's license or foreign driver's license, this discount does not apply.