



## MINNESOTA AUTO POLICY SURCHARGE DISCLOSURE STATEMENT

LM General Insurance Company (LMGIC)  
LM Insurance Corporation (LM-IC)

**Effective Date: February 15, 2024**

The following information is provided by Liberty Mutual Group to help you understand the pricing procedures of your automobile insurance in regard 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 agent or company representative at the telephone number listed on your Policy Declarations.***

The plan under which your policy is rated uses past experience (accidents and convictions) as part of the determination of 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.

### **Incident Factor**

There is a factor which can further affect your insurance premium, this is called the Incident Factor. This is a factor where an additional amount is charged to a policy when the principal driver of an auto, or any driver currently living in the same household as the principal driver, is at-fault in an accident or is convicted of moving traffic violations. 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 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 check the policyholder's driving experience.

### **Experience Period**

The experience period, which is three years immediately preceding the policy effective date, is reviewed by the insurance company for at-fault accidents and non-civil motor vehicle violations. If there is an offense, which results in both an accident and a conviction, a level will be assigned for either the accident or the conviction, but not for both. In these cases, the highest level will be applied.

Accidents occurring prior to the date an individual becomes insured with the company shall be chargeable as of the date of occurrence and shall continue to be chargeable at each subsequent anniversary or renewal following such date of occurrence.

Accidents occurring after an individual becomes insured by the company shall be chargeable as of the first anniversary or renewal following the date payment for such injury or damage is recorded on the loss record of the insured and shall remain chargeable for a period of three years.

## **DRIVING HISTORY - INCIDENT SURCHARGE**

### **A. Convictions**

#### **Incident Factor Levels**

The Incident Surcharge is affected by the following types of motor vehicle violations for which the applicant, any operator of the vehicle currently residing in the same household, or any other customary operator of the vehicle has been convicted during the experience period:

- **Level 1 - Administrative Violations. Such violations are not used in the state of Minnesota.**

- **Level 2 - Minor Violations.** Level 2 violations include, but are not limited to: all other moving violations pertaining to the operation of a motor vehicle. Offenses such as parking violation citations, vehicle inspections, or citations for improper equipment are not considered moving violations.
- **Level 3 - Non-Major Speeding Violations.** Level 3 violations include, but are not limited to: conviction of speeding 1-25 miles per hour over the posted limit.
- **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, and also includes a driver's license record entry of "implied consent".

Level 1 to 3 violations that occur on the same day as a chargeable accident will be waived. These waived violations will not be utilized within the Rating Program. There is no surcharge for not-at-fault accidents with no associated violations.

#### **B. Chargeable Accidents**

The Incident Surcharge is affected by the following types of automobile accidents that occur during the experience period involving the insureds while operating any private passenger type automobile:

1. **Liability-only Accident:** An accident involving bodily injury or death resulting in an aggregate paid claim(s) amount in excess of \$750 and/or property damage liability paid claim(s) in excess of \$750 - with no collision claim in excess of \$750.
2. **Collisions-only Accident:** An accident involving damage to the insured's vehicle resulting in an aggregate paid claim(s) amount in excess of \$750 without involving a liability claim in excess of \$750. The aggregate paid collision claim(s) amount must be in excess of any self-insured retention or deductible applicable to the claim.
3. **Liability-with-Collision Accident:** An accident involving bodily injury or death resulting in an aggregate paid claim(s) amount in excess of \$750 and/or property damage liability paid claim(s) in excess of \$750 and involving a collision claim with an aggregate paid collision claim(s) amount in excess of \$750.

#### **NOTES**

- A private passenger type automobile is (a) a four-wheel private passenger automobile or (b) an automobile with a pick-up body, a van, or a panel truck not used for business or commercial purposes other than farming or the transporting of equipment or supplies by an artisan.
- If an Incident Surcharge has been applied as a result of an accident, and it is subsequently determined that the accident falls under one of the exceptions enumerated below, the company shall refund to the insured the increased portion of the paid premium generated by the accident.

#### **C. Exceptions**

1. The Incident Surcharge shall not increase for a conviction or accident, as defined, for a customary operator if a surcharge is applied on another policy for the customary operator in connection with the conviction or accident.
2. The Incident Surcharge shall not increase for an accident under paragraph B above if the insured demonstrates that the accident occurred under the following circumstances:
  - a. the automobile was lawfully parked (an automobile rolling from a parked position shall not be considered as lawfully parked, but shall be considered as the operation of the last operator); or
  - b. the insured or owner was reimbursed by, or on behalf of, a person responsible for the accident or has judgment against such person for at least 80% of the total amount of the paid claim; or
  - c. the automobile of the insured was struck in the rear by another vehicle and the insured was not convicted of a moving traffic violation in connection with that accident; or
  - d. the automobile of the insured was involved in an accident with another vehicle and the operator of the other automobile involved in the accident was convicted of a moving traffic violation and the insured was not convicted of a moving traffic violation in connection with the accident; or

- e. the automobile operated by an insured is damaged by a "hit and run" driver and the insured reported the accident to proper authority within 24 hours; or
- f. the accident involved only damage by contact with animals or fowl; or
- g. the accident involves physical damage, limited to and caused by flying gravel, missiles, or falling objects; or
- h. accidents resulting in payment of claims expenses only, or accidents resulting in payments under Medical Expense or Uninsured Motorists Coverage only; or
- i. the accident occurred as a result of the operation of an automobile in response to an emergency if the operator at the time of the accident was:
  - (1) responding to a call to duty as a paid or volunteer member of any police or fire department, first aid squad, or any law enforcement agency; or
  - (2) performing any other governmental function in a public emergency (Note: This exception does not include an accident occurring after the emergency situation ceases or after the private passenger automobile ceases to be used in response to such an emergency); or
- j. accidents for which any person receives payment under Basic First Party Benefits only, or Additional Basic First Party Benefits only, or Combination First Party Benefits only.

**D. Surcharges**

The Incident Surcharge will be calculated as a percentage of each affected coverage premium. The amount of the surcharge is dependent upon the type of incident as well as the number of vehicles on the policy. The actual percent of premium increase varies by coverage.

**EXAMPLES OF SURCHARGE PLAN**

**At-Fault Accident(s) Estimated Premium Increase**

The following examples show how a surcharge or surcharges would be applied. The first example is for a single car policy and the second is for a two-car policy. 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 30 years old.

**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	\$43.60	\$49.20
PROPERTY DAMAGE	\$40.00	\$41.60	\$49.90
UNINSURED MOTORISTS	\$5.00	\$5.00	\$5.00
PERSONAL INJURY PROTECTION	\$40.00	\$41.30	\$46.40
COMPREHENSIVE	\$25.00	\$25.00	\$25.00
COLLISION	\$50.00	\$57.90	\$68.40
Total Premium	\$200	\$214.40	\$243.90

**B. TWO VEHICLES INSURED**

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

(1) Vehicle number one:

<b>COVERAGE</b>	<b>PREMIUM WITH NO ACCIDENTS</b>	<b>PREMIUM INCLUDING SURCHARGE FOR ONE CHARGEABLE ACCIDENT</b>	<b>PREMIUM INCLUDING SURCHARGE FOR TWO CHARGEABLE ACCIDENTS</b>
BODILY INJURY	\$40.00	\$43.60	\$49.20
PROPERTY DAMAGE	\$40.00	\$41.60	\$49.90
UNINSURED MOTORISTS	\$5.00	\$5.00	\$5.00
PERSONAL INJURY PROTECTION	\$40.00	\$41.30	\$46.40
COMPREHENSIVE	\$25.00	\$25.00	\$25.00
COLLISION	\$50.00	\$57.90	\$68.40
Total Premium	\$200	\$214.40	\$243.90

(2) Vehicle number two:

<b>COVERAGE</b>	<b>PREMIUM WITH NO ACCIDENTS</b>	<b>PREMIUM INCLUDING SURCHARGE FOR ONE CHARGEABLE ACCIDENT</b>	<b>PREMIUM INCLUDING SURCHARGE FOR TWO CHARGEABLE ACCIDENTS</b>
BODILY INJURY	\$60.00	\$65.40	\$73.80
PROPERTY DAMAGE	\$60.00	\$62.50	\$74.90
UNINSURED MOTORISTS	\$5.00	\$5.00	\$5.00
PERSONAL INJURY PROTECTION	\$60.00	\$61.90	\$69.60
COMPREHENSIVE	\$40.00	\$40.00	\$40.00
COLLISION	\$75.00	\$86.80	\$102.60
Total Premium	\$300	\$321.60	\$365.90