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## **Minnesota Surcharge Disclosure Statement Nationwide Mutual Insurance Company**

Thank you for the opportunity to provide this important insurance protection. As your insurance provider, we like to keep you informed of factors affecting your auto insurance premium.

In compliance with Minnesota law, Nationwide has prepared a helpful document to show you the variables (effective July 7, 2019) we consider when rating your auto policy.

Your Nationwide agent will be glad to discuss any of this information with you and how it affects your rates.

### **ACCIDENT AND VIOLATION RATING PLAN**

We believe in rewarding you as your driving record improves. Our rating system is designed to lower your premium as your driving record improves. Our research shows that often drivers who have had accidents or violations have a higher future accident potential than other drivers. As a result, insurers generally charge higher premiums to drivers who have driving violations or "at fault" accidents. If your driving record is free from accidents or violations, you will pay a lower premium.

#### **Driving Record Points**

**Each driver's points will be associated with the auto he/she is assigned to. For Multi-Car Policies with only one driver, the driver's points are assigned to the vehicle he/she most frequently operates. Each auto will be rated on the basis of the primary factors for all operators and the accident or violation records of all operators associated with that auto. The primary factors for each operator include gender, birth date, marital status, custody of children, and principal or occasional operator.** Accident and violation surcharges are applied to Bodily Injury, Property Damage, Personal Injury Protection, Comprehensive and Collision premiums.

#### **Experience Period**

**The time period in which a chargeable accident or violation is counted is determined for a new or renewal policy as follows:**

- **New Business Rating — 35 months ending on the effective date of the policy.**
- **Renewal Rating — 35 months ending on the renewal date of the policy.**

#### **VIOLATIONS AND AT-FAULT ACCIDENTS**

**Certain violations or at-fault accidents resulting in injury, death or damage to property will result in a surcharge to your premium.** The surcharge level is based on the number of violation points, the number of chargeable accidents in the experience period and the amount of "time since the latest occurrence" for each.

#### **Violation Points**

Violation points are assigned as follows:

Three points shall be assigned for each conviction of a major violation during the experience period. Major violations are defined as follows:

- Driving while in an intoxicated condition or under the influence of drugs, and also includes a driver's license entry of "implied consent", OR
- Failure to stop and report when involved in an accident, OR
- A felony involving the use of a motor vehicle, OR
- Driving a motor vehicle in a reckless manner which results in an injury to a person, OR



- Driving a motor vehicle during the period of time the driver's license is suspended or revoked.

**One point shall be assigned for any other moving traffic violation during the experience period.**

Violation surcharges decrease as the time since the latest violation increases. The "time since the latest violation" is defined to be the number of months between the date of the most recent chargeable violation assigned to a vehicle and the effective date of the policy for new business or the semi-annual due date of the policy for renewals.

**Minor Violation Forgiveness**

The first point resulting from a violation not considered to be "major" will be waived if at the time:

- The driver does not have any minor violations currently being forgiven;
- The Minor Violation Forgiveness feature is active at the time of the minor violation; and
- The Minor Violation Forgiveness feature remains active.

**Accidents**

The appropriate accident surcharge is based on the number of chargeable accidents during the experience period and the amount of "time since the latest occurrence" for each.

- New Business — One point is assigned for each chargeable accident. An accident is chargeable if the insured driver was involved in an accident that resulted in damage to any property, including his/her own, or in bodily injury or death (excluding Uninsured and Underinsured Motorists Coverage).
- Renewal — One point is assigned for each chargeable accident. An accident is chargeable if the insured driver was involved in an accident that resulted in damage to any property, including his/her own, in which Nationwide has paid in excess of \$1,000, or in bodily injury or death (excluding Uninsured and Underinsured Motorists coverage).
- Accidents will not be counted if it can be demonstrated that the Insured was:
  - Lawfully parked. However, if the parked auto rolls from the parked position, the accident is charged to the person who parked the auto, OR
  - The applicant owner or other resident operator involved in an accident is (1) determined to be 50% or less negligent, or (2) reimbursed for 50% or more of his/her damages by, or on behalf of, persons involved in accident, OR
  - Hit by a "hit-and-run" driver if the accident is reported to the proper authorities within 24 hours, OR
  - Not convicted of a moving traffic violation in connection with the accident, but the operator of the other automobile involved in such accident was convicted of a moving conviction, OR
  - Involved in an accident resulting in damage by contact with animals or birds, OR
  - Involved in an accident resulting in physical damage, limited to and caused by flying gravel, missiles, or falling objects, OR
  - Involved in an accident while in the pursuit of official duties as a law enforcement officer, fire fighter, or operator of an emergency vehicle or ambulance. This exception does not include an accident occurring after the auto ceases to be used in response to such emergency, OR
  - Involved in an accident in which the responsible party was protected by sovereign immunity, OR



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- In an accident involving unlisted operators who are Named Insureds or drivers under a separate policy with our company. The point will follow the driver over to the other policy, OR
- In an accident involving unlisted operators who are neither residents of the Insured's household nor regular operators of his or her auto, OR
- In an accident in which the auto is struck in the rear by another vehicle, and the Insured has not been convicted of a moving traffic violation in connection with the accident, OR
- Involved in an accident resulting in an amount being paid under Personal Injury Protection with no payment made under Liability or Collision coverage.

Payments under the collision coverage will not be chargeable if there are valid grounds for subrogation.

Occurrences resulting in both an accident and a violation shall be counted as follows:

- If an occurrence results in both a chargeable accident and a minor violation, then only the chargeable accident is surcharged. If a minor violation and an accident result from the same incident and the accident does not meet the chargeable accident definition, then the incident will be treated as a minor violation.
- If an occurrence results in both a chargeable accident and a major violation, then only the major violation is surcharged.

Accident surcharges decrease as the time since the latest chargeable accident increases. The "time since the latest chargeable accident" is defined to be the number of months between the chargeability date of the most recent chargeable accident assigned to a vehicle and the effective date of the policy for new business or the semi-annual due date of the policy renewals.

### **Accident Forgiveness**

The first point resulting from an accident assigned to a vehicle will be waived if at the time:

- The policy does not have any accidents currently being forgiven;
- The Accident Forgiveness feature is active at the time of the accident, and
- The Accident Forgiveness feature remains active.

### **Accident Free Discount**

This discount applies to drivers with continuous insurance and a verifiable driving record who have been free of chargeable accidents and major violations in the most recent five years. **A driver with a surchargeable accident or major violation within the experience period would lose the accident free discount in addition to receiving the surcharge for the accident or violation.**

### **ACCIDENT/VIOLATION SURCHARGE EXAMPLES**

Please note that these examples are hypothetical and are meant only to illustrate how some of the possible surcharges may affect your premium.

#### **EXHIBITS**

The following exhibits illustrate how premiums are affected by accidents. The premium is shown for "no" accidents and for "one" and "two" chargeable accidents.

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

In example A and B, the driver of vehicle #1 is

- a single male operator, age 30.



In example B, the driver of Vehicle #2

- is a single female principal operator, age 22, without Good Student discount

**Accident Surcharge Examples:**

A. One vehicle insured.

Coverage	Premium with no accidents/violations	Premium including surcharge for one chargeable accident	Premium including surcharge for two chargeable accidents
Bodily injury, property damage	\$80.00	\$110.08	\$138.50
Uninsured motorist	\$5.00	\$5.00	\$5.00
Personal Injury Protection	\$40.00	\$52.90	\$64.50
Comprehensive	\$25.00	\$29.80	\$34.10
Collision	\$50.00	\$67.40	\$82.90
<b>TOTAL PREMIUM</b>	<b>\$200.00</b>	<b>\$265.18</b>	<b>\$325.00</b>

**Any applicable coverage expense fees associated with any specific coverage are not surcharged.** The coverage expense fee is a coverage level fee for administrating your policy. In order to not surcharge the coverage expense fee and appropriately apply the accident surcharge rating, we remove any applicable coverage expense fee, apply the appropriate accident surcharge, and then reapply any applicable coverage expense fee.

B. Two vehicles insured. Accidents chargeable to the principal operator of vehicle number one, while operating vehicle number one. Multi-car discount applies.

Vehicle #1			
Coverage	Premium with no accidents/violations	Premiums including surcharge for one chargeable accident	Premium including surcharge for two chargeable accidents
Bodily injury, property damage	\$80.00	\$98.90	\$119.20
Uninsured motorist	\$5.00	\$5.00	\$5.00
Personal Injury Protection	\$40.00	\$48.80	\$58.30
Comprehensive	\$25.00	\$29.10	\$33.40
Collision	\$50.00	\$61.30	\$73.10
<b>TOTAL PREMIUM</b>	<b>\$200.00</b>	<b>\$243.10</b>	<b>\$289.00</b>
Vehicle #2			



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Coverage	Premium with no accidents/violations	Premium including surcharge for one chargeable accident	Premium including surcharge for two chargeable accidents
Bodily injury, property damage	\$120.00	\$125.60	\$125.60
Uninsured motorist	\$5.00	\$5.00	\$5.00
Personal Injury Protection	\$60.00	\$62.90	\$62.90
Comprehensive	\$40.00	\$42.20	\$42.20
Collision	\$75.00	\$78.90	\$78.90
TOTAL PREMIUM	\$300.00	\$314.60	\$314.60
TOTAL POLICY PREMIUM	\$500.00	\$557.70	\$603.60

(Source: Minnesota Regulations Section 2770.1800-1900)

#### **SMARTMILES PAY-PER-MILE**

Applies to automobiles that have been enrolled in the SmartMiles program. If enrolled in this program, a portion of your premium is calculated based on the number of miles you drive.