

Effective Date of PinPoint Auto® 3 Surcharge Plan: May 20, 2023

Thank you for the opportunity to provide this important auto insurance protection. As your auto insurer, we would like to inform you how driving incidents like at-fault accidents and traffic violations affect your auto insurance premium. Please contact your Integrity Agent if you would like to discuss this information.

### **Your Driving Record and Insurance Rates**

Your Integrity PinPoint Auto policy premium will be adjusted based on the number of at-fault accidents and traffic violations incurred by you and other operators of your automobiles. Statistics show that the more at-fault accidents and/or traffic violations (“driving incidents”) a person has, the more likely he or she is to have claims in the future. So we charge additional premium to cover the likelihood of future claims which is called a surcharge.

Customers who have no at-fault accidents or traffic violations will be rewarded with a lower premium based on their driving record. However, we do consider other factors in determining your premium that predict the likelihood of future claims activity on the policy, such as your payment history and the number of comprehensive claims and accidents in which you were not at-fault.

Driving incidents are assigned to the operator who incurred them. When multiple incidents result from a single driving event, only the driving incident generating the largest premium increase will be applied.

Surcharges arising from each at-fault accident will remain effective for 60 months after the accident occurs and surcharges arising from each traffic violation will remain effective for 36 months after the violation occurs. Any surcharge will be added at new business or after the first renewal after the incident occurred and will be removed at the first renewal following the end of the applicable time period.

Our surcharges are based on a customer’s driving record. However, if a person not listed on your policy as a driver is involved in an accident with your automobile, it could also impact your premium.

### **Impact on Your Premiums**

- Depending on the severity of a traffic violation, some violations will have a larger impact on your overall premium compared to other such incidents. For example, a driver who is convicted of driving with a suspended license or leaving the scene of an accident will receive a higher premium increase compared to a driver who is convicted of speeding 20 miles per hour or less over the posted limit or improper passing. Further, your premium could continue to increase if you incur additional driving incidents.
- If an insured driver is involved in an at-fault accident, it will result in an overall higher premium. An at-fault accident includes any vehicle accident resulting in damage to any property, including his or her own property, or in bodily injury or death and results in a payout by an insurance company.

The following situations are examples of when an accident would be considered a not-at-fault accident. Not-at-fault accidents would not be subject to the same surcharge compared to at-fault accidents, however, these accidents may impact your overall premium in other ways.

- The automobile was lawfully parked.
  - The automobile was struck by a “hit-and-run” driver.
  - The accident was caused by a collision with a bird or animal.
  - The vehicle was damaged by a falling object or flying gravel or other projectiles.
  - Accidents which result in an amount being paid under Personal Injury Protection coverage and no claim is made under the Liability or Collision coverage.
  - Accidents where you have been completely reimbursed by the person responsible for the accident.
- The impact that traffic violations and at-fault accidents will have on your overall premium will also be determined by the amount of time that has passed since an at-fault accident or traffic violation occurred. Incidents that occurred more recently will have a larger impact on your premium compared to the same incident that occurred more than a year ago.

The following categories of violations would also be subject to a surcharge to your premium.

- **Major A Violations**, includes driving with a suspended or revoked license, leaving the scene of an accident, a felony involving the use of a motor vehicle, and reckless operation of a motor vehicle resulting in injury to others;
- **Major B Violations, such as fleeing or eluding a police officer, drag racing, and speeding 21 miles per hour or more over the posted speed limit;**
- **Driving While Under the Influence Violations**, such as driving while intoxicated and driving under the influence of drugs;
- **Speeding Violations under 21 miles per hour over the posted speed limit; and**
- **Minor Violations such as failure to yield, following too closely, and improper passing.**

For all categories of violations other than Major A Violations, please note the violations are examples and do not include all of the violations that could increase your premium.

We estimated that the overall policy premium will increase by the following percentages on average. The actual amount of increase will vary by policy due to differences in coverage selections, number and characteristics of drivers, and occurrences of incidents.

<b>Average Surcharge</b>			
<b>Incident Type</b>	<b>Number of Incidents</b>		
	<b>1</b>	<b>2</b>	<b>3+</b>
Chargeable Accidents	25%	46%	92%
Major A Violations	32%	128%	128%
Major B Violations	31%	126%	126%
Driving While Under the Influence Violations	33%	111%	163%
Speeding Violations	28%	45%	79%
Minor Violations	27%	45%	87%

## Accident Forgiveness

Accident forgiveness will apply for policyholders that have selected the coverage through the Auto Advanced option, or after you've been consistently insured in the Integrity PinPoint Auto product for at least 5 years, had no at-fault accidents during that entire time period and meet the driving record requirements. Accident forgiveness will result in no surcharge being applied if you have an at-fault accident. Minor violation forgiveness is an optional coverage that can be selected when policyholders meet the driving record requirements. If the policyholder has selected minor violation forgiveness, we will not apply a surcharge if you have a minor violation.

### Examples:

The following tables display hypothetical examples of how the surcharge plan works in conjunction with the PinPoint Auto 3 Rating Program for situations with and without accidents. These examples are based on premium information required by and set forth in Minnesota regulations. They are for illustration purposes only and the actual surcharge could vary by policy.

**A. One vehicle insured.** Vehicle 1: Adult driver (32-37), no violations/1 insured driver/accident(s) involved PD and COLL loss 1 accident within 12 months/2 accidents 1<sup>st</sup> within 12 months 2<sup>nd</sup> within 36 months, Grange policyholder for 3-5 years, no homeownership.

Coverage	Premium with no accident	Premium including surcharge for one chargeable accident	Premium including surcharge for two chargeable accidents
Bodily Injury/Property Damage	\$80	\$150	\$247
Uninsured/Underinsured Motorist	\$5	\$10	\$14
Personal Injury Protection	\$40	\$78	\$118
Comprehensive	\$25	\$38	\$49
Collision	\$50	\$103	\$173
<b>Total Premium</b>	<b>\$200</b>	<b>\$379</b>	<b>\$601</b>

**B. Two vehicles insured. Accidents chargeable to the principal operator of vehicle number one while operating vehicle number one. On this multi-car policy with two insured drivers, a reduced surcharge is applied to each of the two vehicles.**

Vehicle 1: 32-year old married male, no violations/accident(s) involved PD and COLL loss/ 1 accident within 12 months/2 accidents 1<sup>st</sup> within 12 months 2<sup>nd</sup> within 36 months, Grange Policyholder for 3-5 years, no homeownership.

Coverage	Premium with no accident	Premium including surcharge for one chargeable accident	Premium including surcharge for two chargeable accidents
Bodily Injury/Property Damage	\$80	\$122	\$176
Uninsured/Underinsured Motorist	\$5	\$8	\$10
Personal Injury Protection	\$40	\$61	\$82
Comprehensive	\$25	\$34	\$42
Collision	\$50	\$81	\$120
<b>Total Premium</b>	<b>\$200</b>	<b>\$306</b>	<b>\$430</b>

Vehicle 2: 52-year old married female who uses vehicle to drive to work.

<b>Coverage</b>	<b>Premium with no accident</b>	<b>Premium including surcharge for one chargeable accident</b>	<b>Premium including surcharge for two chargeable accidents</b>
Bodily Injury/Property Damage	\$120	\$182	\$264
Uninsured/Underinsured Motorist	\$5	\$8	\$10
Personal Injury Protection	\$60	\$91	\$123
Comprehensive	\$40	\$54	\$68
Collision	\$75	\$121	\$180
<b>Total Premium</b>	<b>\$300</b>	<b>\$456</b>	<b>\$645</b>