

FAQ For Agents Motor Vehicle Report (MVR) Chargeback Program

What is the Motor Vehicle Report (MVR) Chargeback Program?

- The program determines whether to charge for an MVR based on each agent's quoting and policy issuing results.
- Under this new program, agents who order more MVRs than issue drivers on policies will share the cost of MVRs ordered during the quoting process.

Why is Safeco implementing the MVR Chargeback Program?

- This Safeco program demonstrates our commitment to the independent agent channel by only charging for a portion of MVRs ordered for drivers that were not issued.
- Over the past few years, there's been an increase in MVR requests from our Quote and Issue™ system and an increase in state fees.
- This program will allow most agents to receive MVR reports at no cost while helping Safeco offer competitive rates. Safeco Insurance reserves the right to modify or terminate the MVR Chargeback Program at any time.

How does Safeco determine if I will be charged for the MVR?

- It is based on how often you issue a policy for a driver where an MVR was ordered.
- Each agency stat code will earn a balance of credits that can be used to order free MVRs.
- When an MVR is ordered on a driver, one credit per driver is deducted from the agent's MVR credit balance.
- When you issue a policy, Safeco will add two credits per driver to the MVR credit balance.
- If you issue 50% of quotes where MVR reports ordered, you will not be charged for the MVRs. *See Figure 1 on page 3.*

Note: See "How is the average MVR cost calculated?" FAQ below.

What if I run out of credits?

- If you use all your MVR credits, you can still quote normally, but you will be charged for reports that exceed your credits. This may occur if you order more MVR reports than drivers issued on policies.
- At the end of the billing cycle, agents with a negative balance will be charged based on two factors:
 1. The negative balance amount
 2. The agent's average MVR cost

How is the average MVR cost calculated? Why does the average MVR cost change each month?

- Each state charges a different fee for an MVR and each month an agency requests MVRs from a different mix of states, depending where each of the quoted drivers are licensed.
- Each month Safeco will calculate the average MVR cost that your agency incurred that month and multiply it by the negative credit balance remaining at the end of the billing cycle. *See Figure 1 on page 3.*

How will charges be applied?

- The billing cycle runs from the first of the month to the end of the same month.
- If you have a negative balance at the close of the month, then the charge amount would be offset against that month's commission payment and appear as a single line item on the commission statement. *See Figure 2 on page 3.*

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What about MVRs that are no hits, duplicates or system errors? What about MVRs ordered by Safeco Gold Service/Safeco Licensed Sales Center agents?

- Safeco will only deduct MVR credits when an MVR report is returned.
- If an agent orders multiple reports on the same driver's license number for the same quote, they will only be charged for one report.
- Reports ordered by Safeco Gold Service representatives or Licensed Sales agents will not be debited against your account. However, credits from any issued policies will be applied to your balance.

Can I carry over a credit balance from month to month?

- If you have a positive credit balance, you will carry over the balance into future months.
- If you have a negative balance, it will be reset to zero when the charge is determined on the last day of the month.
- Credits and debits, as part of the MVR Chargeback Program, cannot be refunded or transferred, and have no monetary value.

How can I avoid being charged for MVRs?

- By only ordering reports on quotes where you believe Safeco has a reasonable chance of issuing the policy.
- Safeco will not charge agents that close, or sell, more than 50% of quotes where MVR reports are ordered.

What is Safeco doing to minimize rate impacts from MVR reports so I don't need to order them as often?

- Safeco's Auto Quote Prefill Program automatically verifies the prior insurance carrier before you arrive at the Quote Summary screen.
- The only items that will change the premium when MVR reports are ordered are new or different merit or claims activity.

How can I see my credit balance or monthly statement of MVR activity?

- Each month a report will be available that details how we calculated your credit balance.
- At launch, a self-service capability will be available on Safeco Now[®] so you can review your MVR activity and check your MVR credit balance during the month.
- For questions, email mcommbx@libertymutual.com. You may also contact Safeco Personal Lines Commission Help at 636-326-8588 (toll free: 800-325-3200, Opt. 4, Opt. 1, ext. 7678588)

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Figure 1 illustrates an example of a month's activity for agent that quoted two accounts and issued one policy. In this example, there is no charge.

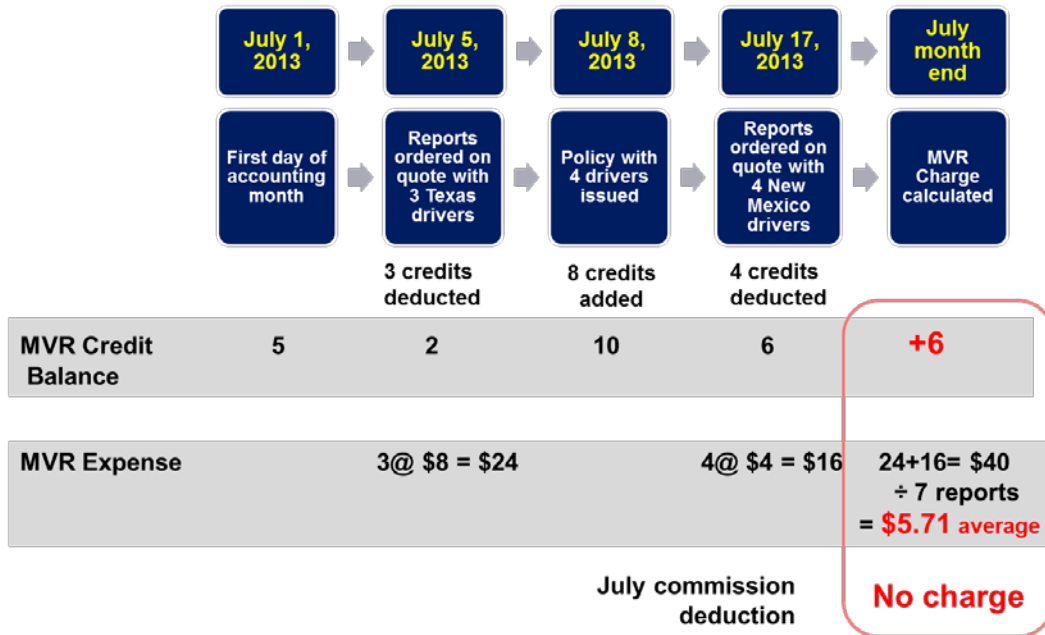
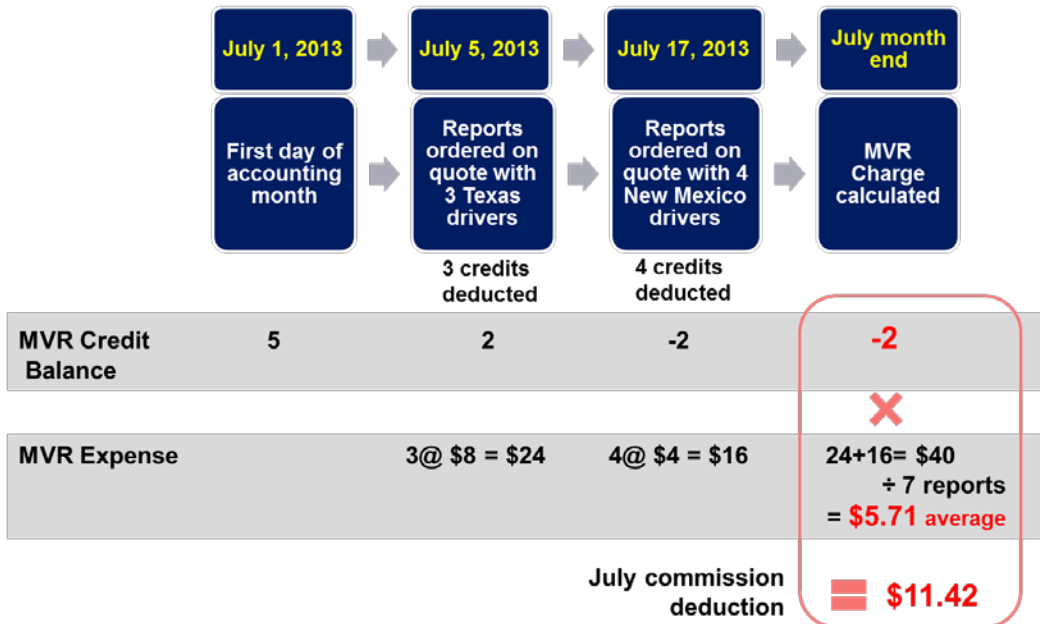


Figure 2 illustrates the same example as above, but in this case, the agent didn't issue any policies in the month.



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