

**LIBERTY MUTUAL INSURANCE COMPANY  
LIBERTY MUTUAL FIRE INSURANCE COMPANY  
LIBERTY MUTUAL PERSONAL INSURANCE COMPANY  
LM GENERAL INSURANCE COMPANY  
DIRECT PAYMENT PLAN FOR MOTOR VEHICLE  
COLLISION AND COMPREHENSIVE COVERAGE CLAIMS  
AND REFERRAL REPAIR SHOP PROGRAMS**

Set forth below is the direct payment and referral repair shop plan of Liberty Mutual Insurance Company, Liberty Mutual Fire Insurance Company, Liberty Mutual Personal Insurance Company, and LM General Insurance Company for collision, limited collision and comprehensive insurance claims.

**Definitions**

As used in this Plan, the following words will have the meanings indicated:

Betterment means the difference between the cost of the new part and the value of the part on the vehicle at time of the loss.

Claimant means any person making a claim for motor vehicle damage or loss for first party damages, except for glass claims, or in the case of a property damage liability claim, the person to whom Liberty Mutual may offer this Plan for the repair of their damaged motor vehicle.

Collision coverage means that optional coverage defined in M.G.L. c. 90, § 34O(1) offered as part of a motor vehicle liability policy or bond, except for glass claims.

Comprehensive coverage means that optional coverage defined in M.G.L. c. 175, § 113O as fire and theft coverage or comprehensive coverage, so-called, offered as part of a motor vehicle liability policy or bond, except for glass claims.

Liberty Mutual means Liberty Mutual Insurance Company, Liberty Mutual Fire Insurance Company, Liberty Mutual Personal Insurance Company, and LM General Insurance Company.

Licensed Liberty Mutual Appraiser means a licensed staff or independent appraiser assigned by Liberty Mutual to direct and prepare appraisals on damaged motor vehicles. Limited collision coverage means that optional coverage defined in M.G.L. c. 90, § 34O(2) offered as part of a motor vehicle policy or bond, except for glass claims.

Motor vehicle insurance means motor vehicle liability policies or bonds as defined in M.G.L. c. 90, §§ 34A, 34O, and in M.G.L. c. 175.

Referral shop means a shop which has entered into an agreement satisfactory to Liberty Mutual, to complete repairs for claimants referred by Liberty Mutual without undue delay, for the amount of the direct payment to the claimant plus any applicable deductible, plus any supplemental payment authorized by Liberty Mutual or a shop with which Liberty Mutual makes arrangements directly for the repair of the claimant's car.

Repair shop means a motor vehicle repair shop as defined in M.G.L. c. 100A, § 1, but not including glass specialty shops and shops which primarily sell tires or audio equipment.

### **Direct Payment Plan Provisions**

1. **Payment to the Claimant:** Liberty Mutual shall offer to pay every claimant for the loss of or damage to the motor vehicle under collision coverage, limited collision coverage or comprehensive coverage, the full amount, less any applicable deductible, of the cost of repair of the damage as described in an appraisal made by a licensed automobile damage appraiser employed or designated by Liberty Mutual, subject to the terms and conditions of the applicable insurance policy. The insured cost of repairs described in an appraisal may differ from the actual cost of repairs due to the replacement of used or depreciated components by new components in the actual course of repairs, so-called “betterment”. In the case of property damage liability claims, Liberty Mutual may make such offer to the person to whom such liability payments are owed.

Unless such direct payment is refused by the claimant, Liberty Mutual shall make such payment at the time of, or within five business days after, the preparation of said appraisal, unless the claimant permits a longer period in order to allow Liberty Mutual sufficient time to make arrangements with a referral shop. In no event shall payment be made before providing a copy of the appraisal to the claimant, unless the claimant directs Liberty Mutual to make arrangements directly with a referral shop for the repair of the claimant's car, in which case Liberty Mutual may, with the claimant's consent, provide such copy after payment. Nothing in this Plan shall be construed to affect the right of Liberty Mutual to delay payment for a period of time reasonably necessary to investigate any claim before authorizing repair work or making payment on such claim.

If the claimant refuses such direct payment, Liberty Mutual shall comply with applicable laws and regulations relating to such payments without regard to the plan.

2. **Form of Payment:** The payments described above shall be in cash or a negotiable instrument payable to the claimant, and the lienholder, if applicable. The payments described above can be made payable to the repair shop selected by the claimant in accordance with the claimant's direction to pay the repair shop.

If a claimant elects to have Liberty Mutual make arrangements directly with a referral shop for the repair of the claimant's car, Liberty Mutual will provide the claimant with a list of conveniently located referral shops willing and able to enter into such arrangements.

3. **Repair Certification:** Each claimant shall receive, with the appraisal and direct payment check, a repair certification form. The form is attached as Attachment A.

The claimant shall return the repair certification form to Liberty Mutual upon completion of the repairs. If the claimant elects not to repair the vehicle or if the repair certification form is not returned to Liberty Mutual, the actual cash value of the insured vehicle will be reduced by the amount of the claim payment plus any applicable deductible, unless and until such time as Liberty Mutual or any successor insurer receives a repair certification form.

4. **Resolution of Consumer Disputes:** If the claimant disputes the accuracy of the appraisal or the amount of the payment based thereon, the dispute shall be resolved as follows.

(a) The claimant, or the claimant's representative or repair shop at the direction of the claimant, must notify Liberty Mutual by telephone or in writing if the cost of repairs is expected to exceed the amount of the payment plus any applicable deductible and the claimant is seeking to have Liberty Mutual pay any part of the difference. Such notice must be prior to, or in the course of, the repair work.

(b) Liberty Mutual will promptly evaluate the source of any differences between Liberty Mutual's appraisal and the cost of repairs and either authorize or deny a supplemental payment within three business days after the notification of such difference and inspection of the vehicle. During such three-day period, Liberty Mutual may inspect the vehicle, and if it so requests, the claimant or repair shop shall make the vehicle available for inspection by Liberty Mutual. Liberty Mutual shall not delay such inspection for more than three days without the consent of the claimant. If Liberty Mutual makes a timely request for inspection Liberty Mutual will either authorize or deny a supplemental payment within three business days after the inspection. The claimant may direct Liberty Mutual to make any supplemental payment to the repair shop, provided the repair shop is registered under M.G.L. c. 100A. Otherwise, any supplemental payment must be made directly to the claimant.

(c) If the claimant and Liberty Mutual are unable to reach agreement as to any dispute as to the amount of the payment by Liberty Mutual, either party may demand arbitration of the dispute. The demand for arbitration must be in writing and it must include an appraisal of the cost of the repair prepared by a licensed automobile damage appraiser and an itemized bill for the actual cost of the repair, if the repair has been completed. The arbitration will be conducted pursuant to General Provision Section 11 of the Massachusetts Standard Automobile Insurance Policy and the applicable provisions of M.G.L. c. 175, § 191A. Notwithstanding this provision, the claimant may, without prejudice, pursue any other remedy which may be available.

(d) If the repair is made at a registered repair shop that is a Liberty Mutual referral shop, neither the referral shop nor Liberty Mutual shall require the claimant to pay more than the amount of the direct payment plus the amount of any applicable deductible to have the repair work completed, and any dispute as to the amount of the appraised damage shall be resolved between the referral shop and Liberty Mutual.

**5. Referral Shop Program:**

(a) Liberty Mutual shall not require a claimant to have repairs made at any specific repair shop or list of shops.

(b) Number of Shops:

Every claimant will be given a single list containing the names and locations of all registered repair shops as defined in 211 CMR 123.03 that appear on the list of registered repair shops maintained by the Division of Standards pursuant to M.G.L. c. 100A, § 6. Liberty Mutual will highlight at least five repair shops geographically convenient for the claimant which will perform the repairs on referred claims without undue delay. Liberty Mutual will not provide a separate list containing only its referral shops.

A repair shop may not be on Liberty Mutual's referral shop list unless that repair shop appears on the list of all registered repair shops maintained by the Division of Standards and complies with the provision of M.G.L. c. 100A. The claimant may or may not choose to use Liberty Mutual's referral shop. Liberty Mutual shall reproduce the listing of all registered repair shops maintained by the Automobile Insurers Bureau of Massachusetts or any successor thereto.

Liberty Mutual's referral shops shall include only shops which have entered into an agreement satisfactory to Liberty Mutual to complete repairs for claimants referred by Liberty Mutual without undue delay, for the amount of the direct payment to the claimant plus any applicable deductible, plus any supplemental payment authorized by Liberty Mutual.

In determining which registered repair shops will be referral shops, Liberty Mutual shall consider all of the following criteria, and only the following criteria: the quality and cost of repairs at a particular shop, the quality of the service given the customer, the responsiveness of the shop to the customer's needs, the ability of the shop to perform repairs without undue delay, the geographic convenience of the shop for the claimant, cooperation of the shop with the pre- and post-repair inspections, and the shop's compliance with applicable laws and regulations. Liberty Mutual will maintain written guidelines incorporating these criteria as applied by Liberty Mutual in implementing its plan; such guidelines shall be deemed to be a part of the Liberty Mutual's plan. Liberty Mutual's guidelines shall be made available to the Commissioner upon his or her request, and shall also be made available on request to any repair shop in the event that Liberty Mutual denies that shop placement on or strikes that shop from its list.

A repair shop shall be included on the list prepared by Liberty Mutual if the shop agrees in writing to comply fully with the plan, unless the shop is denied placement on or stricken from the list pursuant to 211 CMR 123-06(5), and is determined by Liberty Mutual not to satisfy one or more of the

criteria listed above. The form of agreement between the shops on the referral list and Liberty Mutual may provide adequate assurances that the repair shop will continue to satisfy Liberty Mutual as to such criteria.

**Development and Changes of Referral List.** Liberty Mutual may strike a repair shop from its referral list, or deny placement thereon, provided Liberty Mutual files a statement with the Commissioner of insurance specifying the nature of the shop's failure to comply with the plan or with the agreement or proposed agreement between Liberty Mutual and the repair shop. A repair shop which claims that it has been improperly stricken from or denied placement on the list may demand arbitration. Such binding arbitration shall be conducted by a neutral arbitrator jointly agreed to by Liberty Mutual and the repair shop, or, in the absence of such agreement, within 21 days of submission of the request for arbitration to Liberty Mutual, by an arbitrator selected by the Commissioner of Insurance. The parties to the arbitration shall bear the costs of the arbitration equally, but the losing party shall be liable to the prevailing party for its costs, unless the arbitrator orders otherwise. If the arbitrator finds that the losing party acted in bad faith, he or she may also award the prevailing party attorney's fees, if any. The arbitrator shall determine whether the repair shop was improperly stricken from the list, but shall make no finding or order as to any damages other than the award of costs and/or attorney's fees, if any. The decision of the arbitrator shall be final.

(c) Referral Shop List and Updates

Liberty Mutual will maintain and update quarterly the listing of all registered repair shops located within the county in which the claimant resides, based on the list of repair shops maintained by the Automobile Insurers Bureau of Massachusetts or any successor thereto.

(d) Liberty Mutual's Guarantee:

If a claimant has repairs performed at a Liberty Mutual referral shop, then Liberty Mutual shall guarantee the quality of the materials and workmanship used in making the repairs. This guarantee by Liberty Mutual is in addition to all other guarantees which may be made by the manufacturer and the repair shop. The agreement between Liberty Mutual and the repair shop may provide for indemnification of Liberty Mutual by the repair shop for any costs associated with such guarantee under such terms and conditions as the parties to the agreement shall specify.

(e) Initial Appraisal Requirements:

(1) If a claimant chooses to participate in our referral shop program, Liberty Mutual shall assign a licensed Liberty Mutual Appraiser to make an appraisal of the damaged motor vehicle.

(2) Upon receipt of the damaged motor vehicle, the assigned Licensed Liberty Mutual appraiser shall direct the referral repair shop to take digital

photos and/or digital video showing the entire vehicle and electronically transmit the photos and/or video to the Licensed Liberty Mutual appraiser prior to commencement of the repairs. The Licensed Liberty Mutual Appraiser will review the digital photographs and/or video and direct the referral repair shop to take additional photographs and/or video of particular portions of the vehicle as necessary to complete the inspection of the damaged motor vehicle. The Licensed Liberty Mutual Appraiser shall rely primarily on his or her inspection of the damaged motor vehicle in making the appraisal of the damaged motor vehicle.

(3) Under the specific direction of a Licensed Liberty Mutual Appraiser, a licensed referral repair shop appraiser shall prepare an initial assessment of the repairs that need to be made to the damaged motor vehicle for purposes of negotiation. The initial assessment shall be subject to audit, examination, and negotiation by the Licensed Liberty Mutual Appraiser. The Licensed Liberty Mutual Appraiser shall personally complete a review of all of the information relating to the damaged motor vehicle, including initial assessment, and, based upon this review and his or her inspection of the vehicle, as described above, the Licensed Liberty Mutual Appraiser shall make the final determination as to the appraised cost to repair the damaged motor vehicle.

(4) The Licensed Liberty Mutual Appraiser, if needed, may conduct a subsequent inspection of the damaged motor vehicle prior to making a final determination as to the appraised cost to repair the damaged motor vehicle.

(5) Under no circumstance will a payment be issued on a referral repair shop assignment without review and approval by a Licensed Liberty Mutual appraiser, except where the Company may exclude a claim for which the amount of loss, less any applicable deductible, is less than \$1,500, pursuant to 212 CMR 2.04 (1)(a).

(6) No appraisal or supplemental appraisal prepared by a licensed appraiser designated by Liberty Mutual will require the estimate to be rewritten by a staff or independent appraiser on a Liberty Mutual form or on Liberty Mutual letterhead.

## **6. Disclosure to Consumers**

Every claimant under the Plan shall be given full and adequate disclosure on a form approved by the Commissioner. The disclosure form shall be given to the claimant prior to, or at the same time as, any payment being made. The disclosure form shall be given with the appraisal and at such other times as Liberty Mutual may determine, and shall state:

(a) that the claimant may elect to accept direct payment under the Plan and receive a list of referral shops or have Liberty Mutual make arrangements

directly with a referral shop for repair of the claimant's car, or he or she may choose to pursue the claim without regard to the Plan.

(b) if the claimant accepts direct payment, he or she may choose to have repairs made at any repair shop, whether or not the shop is a Liberty Mutual referral shop;

(c) if the claimant accepts direct payment, the claimant may choose a Liberty Mutual referral shop in which case Liberty Mutual will guarantee the materials and workmanship of the repair, and the cost of the insured repair, excluding betterment, to the claimant will not exceed the amount of Liberty Mutual's direct payment to the claimant plus any applicable deductible.

(d) the procedure for resolving claimants' disputes under the plan; and

(e) such other information as will aid the claimant in exercising his or her rights under the plan.

7. **Reinspection Requirements:** A licensed automobile damage appraiser shall reinspect vehicles following completion of repairs in accordance with the laws and regulations of the Commonwealth of Massachusetts.

(a) With respect to repairs as to which the appraisal indicates that the cost is expected to exceed \$4,000, at least 75% of such vehicles shall be reinspected;

(b) With respect to repairs as to which the appraisal indicates that the cost is not expected to exceed \$4,000, at least 25% of such vehicles shall be reinspected.

If during the course of repairs, a vehicle is determined to be a total loss or possible total loss the referral repair shop will notify Liberty Mutual and a physical inspection will be scheduled by a Licensed Liberty Mutual Appraiser. Under no circumstances will a referral repair shop determine or attempt to settle the value of a vehicle deemed a total loss.

Liberty Mutual in its discretion may reinspect additional vehicles in addition those that it reinspects pursuant to the forgoing provision. In no event shall the selection of vehicles for reinspection be based on the age or sex of the policyholder or of the customary operators of the vehicle, or on the principal place of garaging the vehicle, or on whether the repairs were performed at a repair shop that is not a referral repair shop.

8. **Conflicts of Interest:**

(a) No employee or agent of Liberty Mutual with responsibility for entering into a referral shop agreement shall receive or ask for any payment, gift or any other thing of value from any repair shop seeking to be a referral shop or from any referral shop. No repair shop, or employee or owner thereof, shall give, pay or offer to give or pay, anything of value to any employee or agent of a Liberty Mutual with responsibility for creating, managing or maintaining a list of repairshops. No repair shop, or employee, owner or agent thereof, shall give

or pay, or offer to give or pay, anything of value to any person in exchange for being included, or as an inducement for being included, as a Liberty Mutual referral shop. For the purposes of 211 CMR 123.08(7)(a), the words "employee", "owner" and "agent" shall also include any spouse or child of an employee, owner or agent.

(b) A discount on parts, glass, labor rate or other item or customer service in connection with the repair of motor vehicles offered by a repair shop to Liberty Mutual shall not constitute a "payment, gift or any other thing of value."

9. **Effective Date:**

This Plan shall be effective on July 25, 2022, subject to the approval of the Commissioner, and shall be available to all claimants submitting claims arising from accidents or other losses occurring on or after the date, unless and until the approval of this Plan is revoked or the Plan is otherwise terminated, or unless and until Liberty Mutual ceases to implement the Plan.

10. In the event that 211 CMR 123 is amended, this plan shall be deemed modified concurrent with effective date of such amendment, so as to conform to that regulation.

Approved by the Division of Insurance, TBD

**LIBERTY MUTUAL INSURANCE COMPANY**  
**LIBERTY MUTUAL FIRE INSURANCE COMPANY**  
**LIBERTY MUTUAL PERSONAL INSURANCE COMPAY**  
**LM GENERAL INSURANCE COMPANY**

**DIRECT PAYMENT PLAN FOR MOTOR VEHICLE COLLISION  
AND COMPREHENSIVE COVERAGE CLAIMS AND REFERRAL  
REPAIR SHOP PROGRAMS**

Set forth below is the direct payment and referral repair shop plan of Liberty Mutual Insurance Company, Liberty Mutual Fire Insurance Company and Liberty Insurance Corporation for collision, limited collision and comprehensive insurance claims.

**Definitions**

As used in this Plan, the following words will have the meanings indicated:

Betterment means the difference between the cost of the new part and the value of the part on the vehicle at time of the loss.

Claimant means any person making a claim for motor vehicle damage or loss for first party damages, except for glass claims, or in the case of a property damage liability claim, the person to whom Liberty Mutual may offer this Plan for the repair of their damaged motor vehicle.

Collision coverage means that optional coverage defined in M.G.L. c. 90, § 34O(1) offered as part of a motor vehicle liability policy or bond, except for glass claims.

Comprehensive coverage means that optional coverage defined in M.G.L. c. 175, § 113O as fire and theft coverage or comprehensive coverage, so-called, offered as part of a motor vehicle liability policy or bond, except for glass claims.

Licensed Liberty Mutual Appraiser means a licensed staff or independent appraiser assigned by Liberty Mutual to direct and prepare appraisals on damaged motor vehicles.

Limited collision coverage means that optional coverage defined in M.G.L. c. 90, § 34O(2) offered as part of a motor vehicle policy or bond, except for glass claims.

Motor vehicle insurance means motor vehicle liability policies or bonds as defined in M.G.L. c. 90, §§ 34A, 34O, and in M.G.L. c. 175.

Referral shop means a shop which has entered into an agreement satisfactory to Liberty Mutual, to complete repairs for claimants referred by Liberty Mutual without undue delay, for the amount of the direct payment to the claimant plus any applicable deductible, plus any supplemental payment authorized by Liberty Mutual or a shop with which Liberty Mutual makes arrangements directly for the repair of the claimant's car.

Repair shop means a motor vehicle repair shop as defined in M.G.L. c. 100A, § 1, but not including glass specialty shops and shops which primarily sell tires or audio equipment.

**Direct Payment Plan Provisions**

1. **Payment to the Claimant:** Liberty Mutual Insurance Company, Liberty Mutual Fire Insurance Company and Liberty Insurance Corporation (“Liberty Mutual”) shall offer to pay every claimant for the loss of or damage to the motor vehicle under collision coverage, limited collision coverage or comprehensive coverage, the full amount, less any applicable deductible, of the cost of repair of the damage as described in an appraisal made by a licensed automobile damage appraiser employed or designated by Liberty Mutual, subject to the terms and conditions of the applicable insurance policy. The insured cost of repairs described in an appraisal may differ from the actual cost of repairs due to the replacement of used or depreciated components by new components in the actual course of repairs, so-called “betterment”. In the case of property damage liability claims, Liberty Mutual may make such offer to the person to whom such liability payments are owed.

Unless such direct payment is refused by the claimant, Liberty Mutual shall make such payment at the time of, or within five business days after, the preparation of said appraisal, unless the claimant permits a longer period in order to allow Liberty Mutual sufficient time to make arrangements with a referral shop. In no event shall payment be made before providing a copy of the appraisal to the claimant, unless the claimant directs Liberty Mutual to make arrangements directly with a referral shop for the repair of the claimant's car, in which case Liberty Mutual may, with the claimant's consent, provide such copy after payment. ~~Such arrangements shall be known as Liberty Mutual Superior Service Program. Shops that enter into these arrangements shall be known as Liberty Mutual Superior Service Program Shops.~~ Nothing in this Plan shall be construed to affect the right of Liberty Mutual to delay payment for a period of time reasonably necessary to investigate any claim before authorizing repair work or making payment on such claim.

If the claimant refuses such direct payment, Liberty Mutual shall comply with applicable laws and regulations relating to such payments without regard to the plan.

2. **Form of Payment:** The payments described above shall be in cash or a negotiable instrument payable to the claimant, and the lienholder, if applicable. The payments described above can be made payable to the repair shop selected by the claimant in accordance with the claimant's direction to pay the repair shop.

If a claimant elects to have Liberty Mutual make arrangements directly with a referral shop ~~under its Superior Service Program~~ for the repair of the claimant's car, Liberty Mutual will provide the claimant with a list of conveniently located referral shops willing and able to enter into such arrangements.

3. **Repair Certification:** Each claimant shall receive, with the appraisal and direct payment check, a repair certification form. The form is attached as

Attachment A.

The claimant shall return the repair certification form to Liberty Mutual upon completion of the repairs. If the claimant elects not to repair the vehicle or if the repair certification form is not returned to Liberty Mutual, the actual cash value of the insured vehicle will be reduced by the amount of the claim payment plus any applicable deductible, unless and until such time as Liberty Mutual or any successor insurer receives a repair certification form.

4. **Resolution of Consumer Disputes:** If the claimant disputes the accuracy of the appraisal or the amount of the payment based thereon, the dispute shall be resolved as follows.

(a) The claimant, or the claimant's representative or repair shop at the direction of the claimant, must notify Liberty Mutual by telephone or in writing if the cost of repairs is expected to exceed the amount of the payment plus any applicable deductible and the claimant is seeking to have Liberty Mutual pay any part of the difference. Such notice must be prior to, or in the course of, the repair work.

(b) Liberty Mutual will promptly evaluate the source of any differences between Liberty Mutual's appraisal and the cost of repairs and either authorize or deny a supplemental payment within three business days after the notification of such difference and inspection of the vehicle. During such three-day period, Liberty Mutual may inspect the vehicle, and if it so requests, the claimant or repair shop shall make the vehicle available for inspection by Liberty Mutual. Liberty Mutual shall not delay such inspection for more than three days without the consent of the claimant. If Liberty Mutual makes a timely request for inspection Liberty Mutual will either authorize or deny a supplemental payment within three business days after the inspection. The claimant may direct Liberty Mutual to make any supplemental payment to the repair shop, provided the repair shop is registered under M.G.L. c. 100A. Otherwise, any supplemental payment must be made directly to the claimant.

(c) If the claimant and Liberty Mutual are unable to reach agreement as to any dispute as to the amount of the payment by Liberty Mutual, either party may demand arbitration of the dispute. The demand for arbitration must be in writing and it must include an appraisal of the cost of the repair prepared by a licensed automobile damage appraiser and an itemized bill for the actual cost of the repair, if the repair has been completed. The arbitration will be conducted pursuant to General Provision Section 11 of the Massachusetts Standard Automobile Insurance Policy and the applicable provisions of M.G.L. c. 175, § 191A. Notwithstanding this provision, the claimant may, without prejudice, pursue any other remedy which may be available.

(d) If the repair is made at a registered repair shop that is a Liberty Mutual referral shop, neither the referral shop nor Liberty Mutual shall require the claimant to pay more than the amount of the direct payment plus the amount of any applicable deductible to have the repair work completed, and any dispute as to the amount of the appraised damage shall be resolved between

the referral shop and Liberty Mutual.

5. **Referral Shop Program:**

(a) Liberty Mutual shall not require a claimant to have repairs made at any specific repair shop or list of shops.

(b) Number of Shops:

Every claimant will be given a list of at least five referral shops that are geographically convenient to the customer. Contained on the list will be information about how the claimant can obtain a complete list of repair shops in their area. If Liberty has less than 5 referral shops in the claimant's area, the claimant will be given a complete list of licensed shops in the claimant's area as defined in 211 CMR 123.03 that appear on the list of registered repair shops maintained by the Division of Standards pursuant to M.G.L. c. 100A, § 6, with Liberty's referral shops highlighted.

A repair shop may not be on Liberty Mutual's referral shop program unless that repair shop appears on the list of all registered repair shops maintained by the Division of Standards and complies with the provisions of M.G.L. c. 100A. The claimant may or may not choose to use a Liberty Mutual referral shop.

Liberty Mutual's referral shops shall include only shops which have entered into an agreement satisfactory to Liberty Mutual to complete repairs for claimants referred by Liberty Mutual without undue delay, for the amount of the direct payment to the claimant plus any applicable deductible, plus any supplemental payment authorized by Liberty Mutual.

In determining which registered repair shops will be referral shops, Liberty Mutual shall consider all of the following criteria, and only the following criteria: the quality and cost of repairs at a particular shop, the quality of the service given the customer, the responsiveness of the shop to the customer's needs, the ability of the shop to perform repairs without undue delay, the geographic convenience of the shop for the claimant, cooperation of the shop with the pre- and post-repair inspections, and the shop's compliance with applicable laws and regulations. Liberty Mutual will maintain written guidelines incorporating these criteria as applied by Liberty Mutual in implementing its plan; such guidelines shall be deemed to be a part of the Liberty Mutual's plan. Liberty Mutual's guidelines shall be made available to the Commissioner upon his or her request, and shall also be made available on request to any repair shop in the event that Liberty Mutual denies that shop placement on or strikes that shop from its list.

A repair shop shall be included on the list prepared by Liberty Mutual if the shop agrees in writing to comply fully with the plan, unless the shop is denied placement on or stricken from the list pursuant to 211 CMR 123-06(5), and is determined by Liberty Mutual not to satisfy one or more of the criteria listed above. The form of agreement between the shops on the referral list and Liberty Mutual may provide adequate assurances that the

repair shop will continue to satisfy Liberty Mutual as to such criteria.

Development and Changes of Referral List. Liberty Mutual may strike a repair shop from its referral list, or deny placement thereon, provided Liberty Mutual files a statement with the Commissioner of insurance specifying the nature of the shop's failure to comply with the plan or with the agreement or proposed agreement between Liberty Mutual and the repair shop. A repair shop which claims that it has been improperly stricken from or denied placement on the list may demand arbitration. Such binding arbitration shall be conducted by a neutral arbitrator jointly agreed to by Liberty Mutual and the repair shop, or, in the absence of such agreement, within 21 days of submission of the request for arbitration to Liberty Mutual, by an arbitrator selected by the Commissioner of Insurance. The parties to the arbitration shall bear the costs of the arbitration equally, but the losing party shall be liable to the prevailing party for its costs, unless the arbitrator orders otherwise. If the arbitrator finds that the losing party acted in bad faith, he or she may also award the prevailing party attorney's fees, if any. The arbitrator shall determine whether the repair shop was improperly stricken from the list, but shall make no finding or order as to any damages other than the award of costs and/or attorney's fees, if any. The decision of the arbitrator shall be final. ~~This paragraph does not apply to the Liberty Mutual Superior Service Program or Liberty Mutual Superior Service Program Shops.~~

(c) Referral Shop List and Updates

Liberty Mutual will maintain and update quarterly the listing of all registered repair shops located within the county in which the claimant resides, based on the list of repair shops maintained by the Automobile Insurers Bureau of Massachusetts or any successor thereto.

(d) Liberty Mutual's Guarantee:

If a claimant has repairs performed at a Liberty Mutual referral shop, then Liberty Mutual shall guarantee the quality of the materials and workmanship used in making the repairs. This guarantee by Liberty Mutual is in addition to all other guarantees which may be made by the manufacturer and the repair shop. The agreement between Liberty Mutual and the repair shop may provide for indemnification of Liberty Mutual by the repair shop for any costs associated with such guarantee under such terms and conditions as the parties to the agreement shall specify.

**(e) Initial Appraisal Requirements:**

**(1) If a claimant chooses to participate in our referral shop program, Liberty Mutual shall assign a licensed Liberty Mutual Appraiser to make an appraisal of the damaged motor vehicle.**

**(2) Upon receipt of the damaged motor vehicle, the assigned Licensed Liberty Mutual appraiser shall direct the referral repair shop to take digital**

photos and/or digital video showing the entire vehicle and electronically transmit the photos and/or video to the Licensed Liberty Mutual appraiser prior to commencement of the repairs. The Licensed Liberty Mutual Appraiser will review the digital photographs and/or video and direct the referral repair shop to take additional photographs and/or video of particular portions of the vehicle as necessary to complete the inspection of the damaged motor vehicle. The Licensed Liberty Mutual Appraiser shall rely primarily on his or her inspection of the damaged motor vehicle in making the appraisal of the damaged motor vehicle.

(3) Under the specific direction of a Licensed Liberty Mutual Appraiser, a licensed referral repair shop appraiser shall prepare an initial assessment of the repairs that need to be made to the damaged motor vehicle for purposes of negotiation. The initial assessment shall be subject to audit, examination, and negotiation by the Licensed Liberty Mutual Appraiser. The Licensed Liberty Mutual Appraiser shall personally complete a review of all of the information relating to the damaged motor vehicle, including initial assessment, and, based upon this review and his or her inspection of the vehicle, as described above, the Licensed Liberty Mutual Appraiser shall make the final determination as to the appraised cost to repair the damaged motor vehicle.

(4) The Licensed Liberty Mutual Appraiser, if needed, may conduct a subsequent inspection of the damaged motor vehicle prior to making a final determination as to the appraised cost to repair the damaged motor vehicle.

(5) Under no circumstance will a payment be issued on a referral repair shop assignment without review and approval by a Licensed Liberty Mutual appraiser, except where the Company may exclude a claim for which the amount of loss, less any applicable deductible, is less than \$1,500, pursuant to 212 CMR 2.04 (1)(a).

(6) No appraisal or supplemental appraisal prepared by a licensed appraiser designated by Liberty Mutual will require the estimate to be rewritten by a staff or independent appraiser on a Liberty Mutual form or on Liberty Mutual letterhead.

## 6. Disclosure to Consumers

Every claimant under the Plan shall be given full and adequate disclosure on a form approved by the Commissioner. The disclosure form shall be given to the claimant prior to, or at the same time as, any payment being made. The disclosure form shall be given with the appraisal and at such other times as Liberty Mutual may determine, and shall state:

(a) that the claimant may elect to accept direct payment under the Plan and receive a list of referral shops or have Liberty Mutual make arrangements

directly with a referral shop for repair of the claimant's car, or he or she may choose to pursue the claim without regard to the Plan.

(b) if the claimant accepts direct payment, he or she may choose to have repairs made at any repair shop, whether or not the shop is a Liberty Mutual referral shop;

(c) if the claimant accepts direct payment, the claimant may choose a Liberty Mutual referral shop in which case Liberty Mutual will guarantee the materials and workmanship of the repair, and the cost of the insured repair, excluding betterment, to the claimant will not exceed the amount of Liberty Mutual's direct payment to the claimant plus any applicable deductible.

(d) the procedure for resolving claimants' disputes under the plan; and

(e) such other information as will aid the claimant in exercising his or her rights under the plan.

7. **Reinspection Requirements:** A licensed automobile damage appraiser shall reinspect vehicles following completion of repairs in accordance with the laws and regulations of the Commonwealth of Massachusetts.

(a) With respect to repairs as to which the appraisal indicates that the cost is expected to exceed \$4,000, at least 75% of such vehicles shall be reinspected;

(b) With respect to repairs as to which the appraisal indicates that the cost is not expected to exceed \$4,000, at least 25% of such vehicles shall be reinspected.

If during the course of repairs, a vehicle is determined to be a total loss or possible total loss the referral repair shop will notify Liberty Mutual and a physical inspection will be scheduled by a Licensed Liberty Mutual Appraiser. Under no circumstances will a referral repair shop determine or attempt to settle the value of a vehicle deemed a total loss.

Liberty Mutual in its discretion may reinspect additional vehicles in addition those that it reinspects pursuant to the forgoing provision. In no event shall the selection of vehicles for reinspection be based on the age or sex of the policyholder or of the customary operators of the vehicle, or on the principal place of garaging the vehicle, or on whether the repairs were performed at a repair shop that is not a referral repair shop.

8. **Conflicts of Interest:**

(a) No employee or agent of Liberty Mutual with responsibility for entering into a referral shop agreement shall receive or ask for any payment, gift or any other thing of value from any repair shop seeking to be a referral shop or from any referral shop. No repair shop, or employee or owner thereof, shall give, pay or offer to give or pay, anything of value to any employee or agent of a Liberty Mutual with responsibility for creating, managing or maintaining a list of repairshops. No repair shop, or employee, owner or agent thereof, shall give

or pay, or offer to give or pay, anything of value to any person in exchange for being included, or as an inducement for being included, as a Liberty Mutual referral shop. For the purposes of 211 CMR 123.08(7)(a), the words "employee", "owner" and "agent" shall also include any spouse or child of an employee, owner or agent.

(b) A discount on parts, glass, labor rate or other item or customer service in connection with the repair of motor vehicles offered by a repair shop to Liberty Mutual shall not constitute a "payment, gift or any other thing of value."

9. **Effective Date:**

This Plan shall be effective on ~~November 22, 2002~~ June 1, 2022, subject to the approval of the Commissioner, and shall be available to all claimants submitting claims arising from accidents or other losses occurring on or after the date, unless and until the approval of this Plan is revoked or the Plan is otherwise terminated, or unless and until Liberty Mutual ceases to implement the Plan.

10. In the event that 211 CMR 123 is amended, this plan shall be deemed modified concurrent with effective date of such amendment, so as to conform to that regulation.

Approved by the Division of Insurance, ~~November 22, 2002~~ TBD

**LIBERTY MUTUAL INSURANCE COMPANY  
LIBERTY MUTUAL FIRE INSURANCE COMPANY  
LIBERTY MUTUAL PERSONAL INSURANCE COMPAY  
LM GENERAL INSURANCE COMPANY  
DIRECT PAYMENT PLAN FOR MOTOR VEHICLE  
COLLISION AND COMPREHENSIVE COVERAGE CLAIMS  
AND REFERRAL REPAIR SHOP PROGRAMS**

Set forth below is the direct payment and referral repair shop plan of Liberty Mutual Insurance Company, Liberty Mutual Fire Insurance Company, Liberty Mutual Personal Insurance Company, and LM General Insurance Company for collision, limited collision and comprehensive insurance claims.

**Definitions**

As used in this Plan, the following words will have the meanings indicated:

Betterment means the difference between the cost of the new part and the value of the part on the vehicle at time of the loss.

Claimant means any person making a claim for motor vehicle damage or loss for first party damages, except for glass claims, or in the case of a property damage liability claim, the person to whom Liberty Mutual may offer this Plan for the repair of their damaged motor vehicle.

Collision coverage means that optional coverage defined in M.G.L. c. 90, § 34O(1) offered as part of a motor vehicle liability policy or bond, except for glass claims.

Comprehensive coverage means that optional coverage defined in M.G.L. c. 175, § 113O as fire and theft coverage or comprehensive coverage, so-called, offered as part of a motor vehicle liability policy or bond, except for glass claims.

Liberty Mutual means Liberty Mutual Insurance Company, Liberty Mutual Fire Insurance Company, Liberty Mutual Personal Insurance Company, and LM General Insurance Company.

Licensed Liberty Mutual Appraiser means a licensed staff or independent appraiser assigned by Liberty Mutual to direct and prepare appraisals on damaged motor vehicles. Limited collision coverage means that optional coverage defined in M.G.L. c. 90, § 34O(2) offered as part of a motor vehicle policy or bond, except for glass claims.

Motor vehicle insurance means motor vehicle liability policies or bonds as defined in M.G.L. c. 90, §§ 34A, 34O, and in M.G.L. c. 175.

Referral shop means a shop which has entered into an agreement satisfactory to Liberty Mutual, to complete repairs for claimants referred by Liberty Mutual without undue delay, for the amount of the direct payment to the claimant plus any applicable deductible, plus any supplemental payment authorized by Liberty Mutual or a shop with which Liberty Mutual makes arrangements directly for the repair of the claimant's car.

Repair shop means a motor vehicle repair shop as defined in M.G.L. c. 100A, § 1, but not including glass specialty shops and shops which primarily sell tires or audio equipment.

### **Direct Payment Plan Provisions**

1. **Payment to the Claimant:** Liberty Mutual shall offer to pay every claimant for the loss of or damage to the motor vehicle under collision coverage, limited collision coverage or comprehensive coverage, the full amount, less any applicable deductible, of the cost of repair of the damage as described in an appraisal made by a licensed automobile damage appraiser employed or designated by Liberty Mutual, subject to the terms and conditions of the applicable insurance policy. The insured cost of repairs described in an appraisal may differ from the actual cost of repairs due to the replacement of used or depreciated components by new components in the actual course of repairs, so-called “betterment”. In the case of property damage liability claims, Liberty Mutual may make such offer to the person to whom such liability payments are owed.

Unless such direct payment is refused by the claimant, Liberty Mutual shall make such payment at the time of, or within five business days after, the preparation of said appraisal, unless the claimant permits a longer period in order to allow Liberty Mutual sufficient time to make arrangements with a referral shop. In no event shall payment be made before providing a copy of the appraisal to the claimant, unless the claimant directs Liberty Mutual to make arrangements directly with a referral shop for the repair of the claimant's car, in which case Liberty Mutual may, with the claimant's consent, provide such copy after payment. Nothing in this Plan shall be construed to affect the right of Liberty Mutual to delay payment for a period of time reasonably necessary to investigate any claim before authorizing repair work or making payment on such claim.

If the claimant refuses such direct payment, Liberty Mutual shall comply with applicable laws and regulations relating to such payments without regard to the plan.

2. **Form of Payment:** The payments described above shall be in cash or a negotiable instrument payable to the claimant, and the lienholder, if applicable. The payments described above can be made payable to the repair shop selected by the claimant in accordance with the claimant's direction to pay the repair shop.

If a claimant elects to have Liberty Mutual make arrangements directly with a referral shop for the repair of the claimant's car, Liberty Mutual will provide the claimant with a list of conveniently located referral shops willing and able to enter into such arrangements.

3. **Repair Certification:** Each claimant shall receive, with the appraisal and direct payment check, a repair certification form. The form is attached as Attachment A.

The claimant shall return the repair certification form to Liberty Mutual upon completion of the repairs. If the claimant elects not to repair the vehicle or if the repair certification form is not returned to Liberty Mutual, the actual cash value of the insured vehicle will be reduced by the amount of the claim payment plus any applicable deductible, unless and until such time as Liberty Mutual or any successor insurer receives a repair certification form.

4. **Resolution of Consumer Disputes:** If the claimant disputes the accuracy of the appraisal or the amount of the payment based thereon, the dispute shall be resolved as follows.

(a) The claimant, or the claimant's representative or repair shop at the direction of the claimant, must notify Liberty Mutual by telephone or in writing if the cost of repairs is expected to exceed the amount of the payment plus any applicable deductible and the claimant is seeking to have Liberty Mutual pay any part of the difference. Such notice must be prior to, or in the course of, the repair work.

(b) Liberty Mutual will promptly evaluate the source of any differences between Liberty Mutual's appraisal and the cost of repairs and either authorize or deny a supplemental payment within three business days after the notification of such difference and inspection of the vehicle. During such three-day period, Liberty Mutual may inspect the vehicle, and if it so requests, the claimant or repair shop shall make the vehicle available for inspection by Liberty Mutual. Liberty Mutual shall not delay such inspection for more than three days without the consent of the claimant. If Liberty Mutual makes a timely request for inspection Liberty Mutual will either authorize or deny a supplemental payment within three business days after the inspection. The claimant may direct Liberty Mutual to make any supplemental payment to the repair shop, provided the repair shop is registered under M.G.L. c. 100A. Otherwise, any supplemental payment must be made directly to the claimant.

(c) If the claimant and Liberty Mutual are unable to reach agreement as to any dispute as to the amount of the payment by Liberty Mutual, either party may demand arbitration of the dispute. The demand for arbitration must be in writing and it must include an appraisal of the cost of the repair prepared by a licensed automobile damage appraiser and an itemized bill for the actual cost of the repair, if the repair has been completed. The arbitration will be conducted pursuant to General Provision Section 11 of the Massachusetts Standard Automobile Insurance Policy and the applicable provisions of M.G.L. c. 175, § 191A. Notwithstanding this provision, the claimant may, without prejudice, pursue any other remedy which may be available.

(d) If the repair is made at a registered repair shop that is a Liberty Mutual referral shop, neither the referral shop nor Liberty Mutual shall require the claimant to pay more than the amount of the direct payment plus the amount of any applicable deductible to have the repair work completed, and any dispute as to the amount of the appraised damage shall be resolved between the referral shop and Liberty Mutual.

**5. Referral Shop Program:**

(a) Liberty Mutual shall not require a claimant to have repairs made at any specific repair shop or list of shops.

(b) Number of Shops:

Every claimant will be given a single list containing the names and locations of all registered repair shops as defined in 211 CMR 123.03 that appear on the list of registered repair shops maintained by the Division of Standards pursuant to M.G.L. c. 100A, § 6. Liberty Mutual will highlight at least five repair shops geographically convenient for the claimant which will perform the repairs on referred claims without undue delay. Liberty Mutual will not provide a separate list containing only its referral shops.

A repair shop may not be on Liberty Mutual's referral shop list unless that repair shop appears on the list of all registered repair shops maintained by the Division of Standards and complies with the provision of M.G.L. c. 100A. The claimant may or may not choose to use Liberty Mutual's referral shop. Liberty Mutual shall reproduce the listing of all registered repair shops maintained by the Automobile Insurers Bureau of Massachusetts or any successor thereto.

Liberty Mutual's referral shops shall include only shops which have entered into an agreement satisfactory to Liberty Mutual to complete repairs for claimants referred by Liberty Mutual without undue delay, for the amount of the direct payment to the claimant plus any applicable deductible, plus any supplemental payment authorized by Liberty Mutual.

In determining which registered repair shops will be referral shops, Liberty Mutual shall consider all of the following criteria, and only the following criteria: the quality and cost of repairs at a particular shop, the quality of the service given the customer, the responsiveness of the shop to the customer's needs, the ability of the shop to perform repairs without undue delay, the geographic convenience of the shop for the claimant, cooperation of the shop with the pre- and post-repair inspections, and the shop's compliance with applicable laws and regulations. Liberty Mutual will maintain written guidelines incorporating these criteria as applied by Liberty Mutual in implementing its plan; such guidelines shall be deemed to be a part of the Liberty Mutual's plan. Liberty Mutual's guidelines shall be made available to the Commissioner upon his or her request, and shall also be made available on request to any repair shop in the event that Liberty Mutual denies that shop placement on or strikes that shop from its list.

A repair shop shall be included on the list prepared by Liberty Mutual if the shop agrees in writing to comply fully with the plan, unless the shop is denied placement on or stricken from the list pursuant to 211 CMR 123-06(5), and is determined by Liberty Mutual not to satisfy one or more of the

criteria listed above. The form of agreement between the shops on the referral list and Liberty Mutual may provide adequate assurances that the repair shop will continue to satisfy Liberty Mutual as to such criteria.

**Development and Changes of Referral List.** Liberty Mutual may strike a repair shop from its referral list, or deny placement thereon, provided Liberty Mutual files a statement with the Commissioner of insurance specifying the nature of the shop's failure to comply with the plan or with the agreement or proposed agreement between Liberty Mutual and the repair shop. A repair shop which claims that it has been improperly stricken from or denied placement on the list may demand arbitration. Such binding arbitration shall be conducted by a neutral arbitrator jointly agreed to by Liberty Mutual and the repair shop, or, in the absence of such agreement, within 21 days of submission of the request for arbitration to Liberty Mutual, by an arbitrator selected by the Commissioner of Insurance. The parties to the arbitration shall bear the costs of the arbitration equally, but the losing party shall be liable to the prevailing party for its costs, unless the arbitrator orders otherwise. If the arbitrator finds that the losing party acted in bad faith, he or she may also award the prevailing party attorney's fees, if any. The arbitrator shall determine whether the repair shop was improperly stricken from the list, but shall make no finding or order as to any damages other than the award of costs and/or attorney's fees, if any. The decision of the arbitrator shall be final.

(c) Referral Shop List and Updates

Liberty Mutual will maintain and update quarterly the listing of all registered repair shops located within the county in which the claimant resides, based on the list of repair shops maintained by the Automobile Insurers Bureau of Massachusetts or any successor thereto.

(d) Liberty Mutual's Guarantee:

If a claimant has repairs performed at a Liberty Mutual referral shop, then Liberty Mutual shall guarantee the quality of the materials and workmanship used in making the repairs. This guarantee by Liberty Mutual is in addition to all other guarantees which may be made by the manufacturer and the repair shop. The agreement between Liberty Mutual and the repair shop may provide for indemnification of Liberty Mutual by the repair shop for any costs associated with such guarantee under such terms and conditions as the parties to the agreement shall specify.

(e) Initial Appraisal Requirements:

(1) If a claimant chooses to participate in our referral shop program, Liberty Mutual shall assign a licensed Liberty Mutual Appraiser to make an appraisal of the damaged motor vehicle.

(2) Upon receipt of the damaged motor vehicle, the assigned Licensed Liberty Mutual appraiser shall direct the referral repair shop to take digital

photos and/or digital video showing the entire vehicle and electronically transmit the photos and/or video to the Licensed Liberty Mutual appraiser prior to commencement of the repairs. The Licensed Liberty Mutual Appraiser will review the digital photographs and/or video and direct the referral repair shop to take additional photographs and/or video of particular portions of the vehicle as necessary to complete the inspection of the damaged motor vehicle. The Licensed Liberty Mutual Appraiser shall rely primarily on his or her inspection of the damaged motor vehicle in making the appraisal of the damaged motor vehicle.

(3) Under the specific direction of a Licensed Liberty Mutual Appraiser, a licensed referral repair shop appraiser shall prepare an initial assessment of the repairs that need to be made to the damaged motor vehicle for purposes of negotiation. The initial assessment shall be subject to audit, examination, and negotiation by the Licensed Liberty Mutual Appraiser. The Licensed Liberty Mutual Appraiser shall personally complete a review of all of the information relating to the damaged motor vehicle, including initial assessment, and, based upon this review and his or her inspection of the vehicle, as described above, the Licensed Liberty Mutual Appraiser shall make the final determination as to the appraised cost to repair the damaged motor vehicle.

(4) The Licensed Liberty Mutual Appraiser, if needed, may conduct a subsequent inspection of the damaged motor vehicle prior to making a final determination as to the appraised cost to repair the damaged motor vehicle.

(5) Under no circumstance will a payment be issued on a referral repair shop assignment without review and approval by a Licensed Liberty Mutual appraiser, except where the Company may exclude a claim for which the amount of loss, less any applicable deductible, is less than \$1,500, pursuant to 212 CMR 2.04 (1)(a).

(6) No appraisal or supplemental appraisal prepared by a licensed appraiser designated by Liberty Mutual will require the estimate to be rewritten by a staff or independent appraiser on a Liberty Mutual form or on Liberty Mutual letterhead.

## **6. Disclosure to Consumers**

Every claimant under the Plan shall be given full and adequate disclosure on a form approved by the Commissioner. The disclosure form shall be given to the claimant prior to, or at the same time as, any payment being made. The disclosure form shall be given with the appraisal and at such other times as Liberty Mutual may determine, and shall state:

(a) that the claimant may elect to accept direct payment under the Plan and receive a list of referral shops or have Liberty Mutual make arrangements

directly with a referral shop for repair of the claimant's car, or he or she may choose to pursue the claim without regard to the Plan.

(b) if the claimant accepts direct payment, he or she may choose to have repairs made at any repair shop, whether or not the shop is a Liberty Mutual referral shop;

(c) if the claimant accepts direct payment, the claimant may choose a Liberty Mutual referral shop in which case Liberty Mutual will guarantee the materials and workmanship of the repair, and the cost of the insured repair, excluding betterment, to the claimant will not exceed the amount of Liberty Mutual's direct payment to the claimant plus any applicable deductible.

(d) the procedure for resolving claimants' disputes under the plan; and

(e) such other information as will aid the claimant in exercising his or her rights under the plan.

7. **Reinspection Requirements:** A licensed automobile damage appraiser shall reinspect vehicles following completion of repairs in accordance with the laws and regulations of the Commonwealth of Massachusetts.

(a) With respect to repairs as to which the appraisal indicates that the cost is expected to exceed \$4,000, at least 75% of such vehicles shall be reinspected;

(b) With respect to repairs as to which the appraisal indicates that the cost is not expected to exceed \$4,000, at least 25% of such vehicles shall be reinspected.

If during the course of repairs, a vehicle is determined to be a total loss or possible total loss the referral repair shop will notify Liberty Mutual and a physical inspection will be scheduled by a Licensed Liberty Mutual Appraiser. Under no circumstances will a referral repair shop determine or attempt to settle the value of a vehicle deemed a total loss.

Liberty Mutual in its discretion may reinspect additional vehicles in addition those that it reinspects pursuant to the forgoing provision. In no event shall the selection of vehicles for reinspection be based on the age or sex of the policyholder or of the customary operators of the vehicle, or on the principal place of garaging the vehicle, or on whether the repairs were performed at a repair shop that is not a referral repair shop.

8. **Conflicts of Interest:**

(a) No employee or agent of Liberty Mutual with responsibility for entering into a referral shop agreement shall receive or ask for any payment, gift or any other thing of value from any repair shop seeking to be a referral shop or from any referral shop. No repair shop, or employee or owner thereof, shall give, pay or offer to give or pay, anything of value to any employee or agent of a Liberty Mutual with responsibility for creating, managing or maintaining a list of repairshops. No repair shop, or employee, owner or agent thereof, shall give

or pay, or offer to give or pay, anything of value to any person in exchange for being included, or as an inducement for being included, as a Liberty Mutual referral shop. For the purposes of 211 CMR 123.08(7)(a), the words "employee", "owner" and "agent" shall also include any spouse or child of an employee, owner or agent.

(b) A discount on parts, glass, labor rate or other item or customer service in connection with the repair of motor vehicles offered by a repair shop to Liberty Mutual shall not constitute a "payment, gift or any other thing of value."

9. **Effective Date:**

This Plan shall be effective on July 25, 2022, subject to the approval of the Commissioner, and shall be available to all claimants submitting claims arising from accidents or other losses occurring on or after the date, unless and until the approval of this Plan is revoked or the Plan is otherwise terminated, or unless and until Liberty Mutual ceases to implement the Plan.

10. In the event that 211 CMR 123 is amended, this plan shall be deemed modified concurrent with effective date of such amendment, so as to conform to that regulation.

Approved by the Division of Insurance, TBD

**LIBERTY MUTUAL INSURANCE COMPANY  
LIBERTY MUTUAL FIRE INSURANCE COMPANY  
LIBERTY MUTUAL PERSONAL INSURANCE COMPAY  
LM GENERAL INSURANCE COMPANY  
DIRECT PAYMENT PLAN FOR MOTOR VEHICLE  
COLLISION AND COMPREHENSIVE COVERAGE CLAIMS  
AND REFERRAL REPAIR SHOP PROGRAMS**

Set forth below is the direct payment and referral repair shop plan of Liberty Mutual Insurance Company, Liberty Mutual Fire Insurance Company and Liberty Insurance Corporation for collision, limited collision and comprehensive insurance claims.

**Definitions**

As used in this Plan, the following words will have the meanings indicated:

Betterment means the difference between the cost of the new part and the value of the part on the vehicle at time of the loss.

Claimant means any person making a claim for motor vehicle damage or loss for first party damages, except for glass claims, or in the case of a property damage liability claim, the person to whom Liberty Mutual may offer this Plan for the repair of their damaged motor vehicle.

Collision coverage means that optional coverage defined in M.G.L. c. 90, § 34O(1) offered as part of a motor vehicle liability policy or bond, except for glass claims.

Comprehensive coverage means that optional coverage defined in M.G.L. c. 175, § 113O as fire and theft coverage or comprehensive coverage, so-called, offered as part of a motor vehicle liability policy or bond, except for glass claims.

Licensed Liberty Mutual Appraiser means a licensed staff or independent appraiser assigned by Liberty Mutual to direct and prepare appraisals on damaged motor vehicles.Limited collision coverage means that optional coverage defined in M.G.L. c. 90, § 34O(2) offered as part of a motor vehicle policy or bond, except for glass claims.

Motor vehicle insurance means motor vehicle liability policies or bonds as defined in M.G.L. c. 90, §§ 34A, 34O, and in M.G.L. c. 175.

Referral shop means a shop which has entered into an agreement satisfactory to Liberty Mutual, to complete repairs for claimants referred by Liberty Mutual without undue delay, for the amount of the direct payment to the claimant plus any applicable deductible, plus any supplemental payment authorized by Liberty Mutual or a shop with which Liberty Mutual makes arrangements directly for the repair of the claimant's car.

Repair shop means a motor vehicle repair shop as defined in M.G.L. c. 100A, § 1, but not including glass specialty shops and shops which primarily sell tires or audio equipment.

**Direct Payment Plan Provisions**

1. **Payment to the Claimant:** Liberty Mutual Insurance Company, Liberty Mutual Fire Insurance Company and Liberty Insurance Corporation (“Liberty Mutual”) shall offer to pay every claimant for the loss of or damage to the motor vehicle under collision coverage, limited collision coverage or comprehensive coverage, the full amount, less any applicable deductible, of the cost of repair of the damage as described in an appraisal made by a licensed automobile damage appraiser employed or designated by Liberty Mutual, subject to the terms and conditions of the applicable insurance policy. The insured cost of repairs described in an appraisal may differ from the actual cost of repairs due to the replacement of used or depreciated components by new components in the actual course of repairs, so-called “betterment”. In the case of property damage liability claims, Liberty Mutual may make such offer to the person to whom such liability payments are owed.

Unless such direct payment is refused by the claimant, Liberty Mutual shall make such payment at the time of, or within five business days after, the preparation of said appraisal, unless the claimant permits a longer period in order to allow Liberty Mutual sufficient time to make arrangements with a referral shop. In no event shall payment be made before providing a copy of the appraisal to the claimant, unless the claimant directs Liberty Mutual to make arrangements directly with a referral shop for the repair of the claimant's car, in which case Liberty Mutual may, with the claimant's consent, provide such copy after payment. Nothing in this Plan shall be construed to affect the right of Liberty Mutual to delay payment for a period of time reasonably necessary to investigate any claim before authorizing repair work or making payment on such claim.

If the claimant refuses such direct payment, Liberty Mutual shall comply with applicable laws and regulations relating to such payments without regard to the plan.

2. **Form of Payment:** The payments described above shall be in cash or a negotiable instrument payable to the claimant, and the lienholder, if applicable. The payments described above can be made payable to the repair shop selected by the claimant in accordance with the claimant's direction to pay the repair shop.

If a claimant elects to have Liberty Mutual make arrangements directly with a referral shop for the repair of the claimant's car, Liberty Mutual will provide the claimant with a list of conveniently located referral shops willing and able to enter into such arrangements.

3. **Repair Certification:** Each claimant shall receive, with the appraisal and direct payment check, a repair certification form. The form is attached as Attachment A.

The claimant shall return the repair certification form to Liberty Mutual upon completion of the repairs. If the claimant elects not to repair the vehicle or if the repair certification form is not returned to Liberty Mutual, the actual cash value of the insured vehicle will be reduced by the amount of the claim

payment plus any applicable deductible, unless and until such time as Liberty Mutual or any successor insurer receives a repair certification form.

4. **Resolution of Consumer Disputes:** If the claimant disputes the accuracy of the appraisal or the amount of the payment based thereon, the dispute shall be resolved as follows.

(a) The claimant, or the claimant's representative or repair shop at the direction of the claimant, must notify Liberty Mutual by telephone or in writing if the cost of repairs is expected to exceed the amount of the payment plus any applicable deductible and the claimant is seeking to have Liberty Mutual pay any part of the difference. Such notice must be prior to, or in the course of, the repair work.

(b) Liberty Mutual will promptly evaluate the source of any differences between Liberty Mutual's appraisal and the cost of repairs and either authorize or deny a supplemental payment within three business days after the notification of such difference and inspection of the vehicle. During such three-day period, Liberty Mutual may inspect the vehicle, and if it so requests, the claimant or repair shop shall make the vehicle available for inspection by Liberty Mutual. Liberty Mutual shall not delay such inspection for more than three days without the consent of the claimant. If Liberty Mutual makes a timely request for inspection Liberty Mutual will either authorize or deny a supplemental payment within three business days after the inspection. The claimant may direct Liberty Mutual to make any supplemental payment to the repair shop, provided the repair shop is registered under M.G.L. c. 100A. Otherwise, any supplemental payment must be made directly to the claimant.

(c) If the claimant and Liberty Mutual are unable to reach agreement as to any dispute as to the amount of the payment by Liberty Mutual, either party may demand arbitration of the dispute. The demand for arbitration must be in writing and it must include an appraisal of the cost of the repair prepared by a licensed automobile damage appraiser and an itemized bill for the actual cost of the repair, if the repair has been completed. The arbitration will be conducted pursuant to General Provision Section 11 of the Massachusetts Standard Automobile Insurance Policy and the applicable provisions of M.G.L. c. 175, § 191A. Notwithstanding this provision, the claimant may, without prejudice, pursue any other remedy which may be available.

(d) If the repair is made at a registered repair shop that is a Liberty Mutual referral shop, neither the referral shop nor Liberty Mutual shall require the claimant to pay more than the amount of the direct payment plus the amount of any applicable deductible to have the repair work completed, and any dispute as to the amount of the appraised damage shall be resolved between the referral shop and Liberty Mutual.

5. **Referral Shop Program:**

(a) Liberty Mutual shall not require a claimant to have repairs made at any specific repair shop or list of shops.

(b) Number of Shops:

Every claimant will be given a list of at least five referral shops that are geographically convenient to the customer. Contained on the list will be information about how the claimant can obtain a complete list of repair shops in their area. If Liberty has less than 5 referral shops in the claimant's area, the claimant will be given a complete list of licensed shops in the claimant's area as defined in 211 CMR 123.03 that appear on the list of registered repair shops maintained by the Division of Standards pursuant to M.G.L. c. 100A, § 6, with Liberty's referral shops highlighted.

A repair shop may not be on Liberty Mutual's referral shop program unless that repair shop appears on the list of all registered repair shops maintained by the Division of Standards and complies with the provisions of M.G.L. c. 100A. The claimant may or may not choose to use a Liberty Mutual referral shop.

Liberty Mutual's referral shops shall include only shops which have entered into an agreement satisfactory to Liberty Mutual to complete repairs for claimants referred by Liberty Mutual without undue delay, for the amount of the direct payment to the claimant plus any applicable deductible, plus any supplemental payment authorized by Liberty Mutual.

In determining which registered repair shops will be referral shops, Liberty Mutual shall consider all of the following criteria, and only the following criteria: the quality and cost of repairs at a particular shop, the quality of the service given the customer, the responsiveness of the shop to the customer's needs, the ability of the shop to perform repairs without undue delay, the geographic convenience of the shop for the claimant, cooperation of the shop with the pre- and post-repair inspections, and the shop's compliance with applicable laws and regulations. Liberty Mutual will maintain written guidelines incorporating these criteria as applied by Liberty Mutual in implementing its plan; such guidelines shall be deemed to be a part of the Liberty Mutual's plan. Liberty Mutual's guidelines shall be made available to the Commissioner upon his or her request, and shall also be made available on request to any repair shop in the event that Liberty Mutual denies that shop placement on or strikes that shop from its list.

A repair shop shall be included on the list prepared by Liberty Mutual if the shop agrees in writing to comply fully with the plan, unless the shop is denied placement on or stricken from the list pursuant to 211 CMR 123-06(5), and is determined by Liberty Mutual not to satisfy one or more of the criteria listed above. The form of agreement between the shops on the referral list and Liberty Mutual may provide adequate assurances that the repair shop will continue to satisfy Liberty Mutual as to such criteria.

Development and Changes of Referral List. Liberty Mutual may strike a repair shop from its referral list, or deny placement thereon, provided Liberty Mutual files a statement with the Commissioner of insurance specifying the nature of the shop's failure to comply with the plan or with the agreement or

proposed agreement between Liberty Mutual and the repair shop. A repair shop which claims that it has been improperly stricken from or denied placement on the list may demand arbitration. Such binding arbitration shall be conducted by a neutral arbitrator jointly agreed to by Liberty Mutual and the repair shop, or, in the absence of such agreement, within 21 days of submission of the request for arbitration to Liberty Mutual, by an arbitrator selected by the Commissioner of Insurance. The parties to the arbitration shall bear the costs of the arbitration equally, but the losing party shall be liable to the prevailing party for its costs, unless the arbitrator orders otherwise. If the arbitrator finds that the losing party acted in bad faith, he or she may also award the prevailing party attorney's fees, if any. The arbitrator shall determine whether the repair shop was improperly stricken from the list, but shall make no finding or order as to any damages other than the award of costs and/or attorney's fees, if any. The decision of the arbitrator shall be final.

(c) Referral Shop List and Updates

Liberty Mutual will maintain and update quarterly the listing of all registered repair shops located within the county in which the claimant resides, based on the list of repair shops maintained by the Automobile Insurers Bureau of Massachusetts or any successor thereto.

(d) Liberty Mutual's Guarantee:

If a claimant has repairs performed at a Liberty Mutual referral shop, then Liberty Mutual shall guarantee the quality of the materials and workmanship used in making the repairs. This guarantee by Liberty Mutual is in addition to all other guarantees which may be made by the manufacturer and the repair shop. The agreement between Liberty Mutual and the repair shop may provide for indemnification of Liberty Mutual by the repair shop for any costs associated with such guarantee under such terms and conditions as the parties to the agreement shall specify.

(e) Initial Appraisal Requirements:

(1) If a claimant chooses to participate in our referral shop program, Liberty Mutual shall assign a licensed Liberty Mutual Appraiser to make an appraisal of the damaged motor vehicle.

(2) Upon receipt of the damaged motor vehicle, the assigned Licensed Liberty Mutual appraiser shall direct the referral repair shop to take digital photos and/or digital video showing the entire vehicle and electronically transmit the photos and/or video to the Licensed Liberty Mutual appraiser prior to commencement of the repairs. The Licensed Liberty Mutual Appraiser will review the digital photographs and/or video and direct the referral repair shop to take additional photographs and/or video of particular portions of the vehicle as necessary to complete the inspection of the damaged motor vehicle. The Licensed Liberty Mutual Appraiser shall rely primarily on his or her inspection of the damaged motor vehicle

in making the appraisal of the damaged motor vehicle.

(3) Under the specific direction of a Licensed Liberty Mutual Appraiser, a licensed referral repair shop appraiser shall prepare an initial assessment of the repairs that need to be made to the damaged motor vehicle for purposes of negotiation. The initial assessment shall be subject to audit, examination, and negotiation by the Licensed Liberty Mutual Appraiser. The Licensed Liberty Mutual Appraiser shall personally complete a review of all of the information relating to the damaged motor vehicle, including initial assessment, and, based upon this review and his or her inspection of the vehicle, as described above, the Licensed Liberty Mutual Appraiser shall make the final determination as to the appraised cost to repair the damaged motor vehicle.

(4) The Licensed Liberty Mutual Appraiser, if needed, may conduct a subsequent inspection of the damaged motor vehicle prior to making a final determination as to the appraised cost to repair the damaged motor vehicle.

(5) Under no circumstance will a payment be issued on a referral repair shop assignment without review and approval by a Licensed Liberty Mutual appraiser, except where the Company may exclude a claim for which the amount of loss, less any applicable deductible, is less than \$1,500, pursuant to 212 CMR 2.04 (1)(a).

(6) No appraisal or supplemental appraisal prepared by a licensed appraiser designated by Liberty Mutual will require the estimate to be rewritten by a staff or independent appraiser on a Liberty Mutual form or on Liberty Mutual letterhead.

## 6. **Disclosure to Consumers**

Every claimant under the Plan shall be given full and adequate disclosure on a form approved by the Commissioner. The disclosure form shall be given to the claimant prior to, or at the same time as, any payment being made. The disclosure form shall be given with the appraisal and at such other times as Liberty Mutual may determine, and shall state:

(a) that the claimant may elect to accept direct payment under the Plan and receive a list of referral shops or have Liberty Mutual make arrangements directly with a referral shop for repair of the claimant's car, or he or she may choose to pursue the claim without regard to the Plan.

(b) if the claimant accepts direct payment, he or she may choose to have repairs made at any repair shop, whether or not the shop is a Liberty Mutual referral shop;

(c) if the claimant accepts direct payment, the claimant may choose a Liberty

Mutual referral shop in which case Liberty Mutual will guarantee the materials and workmanship of the repair, and the cost of the insured repair, excluding betterment, to the claimant will not exceed the amount of Liberty Mutual's direct payment to the claimant plus any applicable deductible.

(d) the procedure for resolving claimants' disputes under the plan; and

(e) such other information as will aid the claimant in exercising his or her rights under the plan.

7. **Reinspection Requirements:** A licensed automobile damage appraiser shall reinspect vehicles following completion of repairs in accordance with the laws and regulations of the Commonwealth of Massachusetts.

(a) With respect to repairs as to which the appraisal indicates that the cost is expected to exceed \$4,000, at least 75% of such vehicles shall be reinspected;

(b) With respect to repairs as to which the appraisal indicates that the cost is not expected to exceed \$4,000, at least 25% of such vehicles shall be reinspected.

If during the course of repairs, a vehicle is determined to be a total loss or possible total loss the referral repair shop will notify Liberty Mutual and a physical inspection will be scheduled by a Licensed Liberty Mutual Appraiser. Under no circumstances will a referral repair shop determine or attempt to settle the value of a vehicle deemed a total loss.

Liberty Mutual in its discretion may reinspect additional vehicles in addition those that it reinspects pursuant to the forgoing provision. In no event shall the selection of vehicles for reinspection be based on the age or sex of the policyholder or of the customary operators of the vehicle, or on the principal place of garaging the vehicle, or on whether the repairs were performed at a repair shop that is not a referral repair shop.

8. **Conflicts of Interest:**

(a) No employee or agent of Liberty Mutual with responsibility for entering into a referral shop agreement shall receive or ask for any payment, gift or any other thing of value from any repair shop seeking to be a referral shop or from any referral shop. No repair shop, or employee or owner thereof, shall give, pay or offer to give or pay, anything of value to any employee or agent of a Liberty Mutual with responsibility for creating, managing or maintaining a list of repairshops. No repair shop, or employee, owner or agent thereof, shall give or pay, or offer to give or pay, anything of value to any person in exchange for being included, or as an inducement for being included, as a Liberty Mutual referral shop. For the purposes of 211 CMR 123.08(7)(a), the words "employee", "owner" and "agent" shall also include any spouse or child of an employee, owner or agent.

(b) A discount on parts, glass, labor rate or other item or customer service in connection with the repair of motor vehicles offered by a repair shop to Liberty

Mutual shall not constitute a "payment, gift or any other thing of value."

9. **Effective Date:**

This Plan shall be effective on June 1, 2022, subject to the approval of the Commissioner, and shall be available to all claimants submitting claims arising from accidents or other losses occurring on or after the date, unless and until the approval of this Plan is revoked or the Plan is otherwise terminated, or unless and until Liberty Mutual ceases to implement the Plan.

10. In the event that 211 CMR 123 is amended, this plan shall be deemed modified concurrent with effective date of such amendment, so as to conform to that regulation.

Approved by the Division of Insurance, TBD