



COMMONWEALTH AUTOMOBILE REINSURERS

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RALPH A. IANNACO
PRESIDENT

July 26, 2010

BULLETIN NO. 932

DECISION

PROPOSED CHANGES TO RULES OF OPERATION

Rule 30 – Assigned Risk Company Requirements

The proposed changes to the Rules of Operation amending the Rule listed above were filed with the Commissioner of Insurance on June 23, 2010. The proposed changes were furnished to all members and interested parties as Bulletin No. 929, dated June 23, 2010.

Under the provisions of Article X of the Plan of Operation, a proposed Rule of Operation becomes effective either upon approval by the Commissioner of Insurance, or upon expiration of thirty days from the time of submission, provided that no public hearing was requested within five days by an interested party and the Commissioner has not otherwise disapproved the Rule change within the thirty-day period.

The Commissioner of Insurance has, in correspondence dated July 23, 2010 to Ralph A. Iannaco, President of CAR, issued his decision on the proposed amendments to Rule 30.C.1.d. A copy of the decision is attached.

RALPH A. IANNACO
President

Attachment



COMMONWEALTH OF MASSACHUSETTS
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DIVISION OF INSURANCE

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JOSEPH G. MURPHY
COMMISSIONER OF INSURANCE

July 23, 2010

Ralph A. Iannaco, President
Commonwealth Automobile Reinsurers
225 Franklin Street
Boston, MA 02110

Re: Rule 30.C.1.d

Dear Mr. Iannaco:

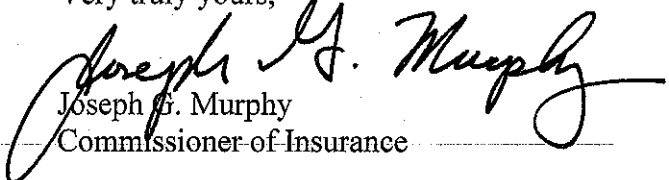
On June 23, 2010, the CAR Governing Committee voted to amend its Rule of Operation 30.C.1.d, which addresses the obligations of an Assigned Risk Company ("ARC") to an assigned risk policyholder's producer of record when the ARC writes that policyholder voluntarily. The proposed amendment would eliminate both the sunset provision which terminates, as of March 31, 2011, the ARC's obligation to pay commissions to that producer of record unless it has a contract with the producer, and its option to service the policy with that producer.

Rule 30.C.1.d, as approved on July 17, 2007, provides that an ARC that offered a voluntary policy to an assigned risk policyholder has no further obligation to the policyholder's producer of record unless the ARC has "licensed" that producer. On September 19, 2007, CAR proposed to amend Rule 30.C.1.d to require the ARC in such circumstances to pay commissions to the producer of record indefinitely, unless the policyholder terminated the relationship with that producer or the producer was no longer authorized to sell insurance. On January 2, 2008 the Commissioner issued a decision disapproving CAR's proposed rule, but amending Rule 30.C.1.d to establish a three-year transition period during which the ARC would pay commissions to the producer, regardless of his or her contractual status with the ARC. The Commissioner reaffirmed that rule, over CAR's objections, in her subsequent May 6, 2008 *Decision on Amendments*. On June 3, 2009, CAR made a third attempt to amend Rule 30.C.1 to require an ARC to pay commissions to a producer for business first written through the MAIP after the ARC writes the policy voluntarily, regardless of whether the producer continues to service the policy or has a contract with the ARC. On June 19, 2009 the Commissioner again disapproved CAR's proposed amendment, reiterating the reasons set forth in previous decisions.

The June 23, 2010 proposal to amend Rule 30.C.1.d represents CAR's fourth attempt to impose an obligation for payment of commissions on business written in the voluntary market. It

has identified no change in circumstances that would permit it to expand its rules to cover that market, and advanced no new arguments in support of its proposal. The proposed amendment to Rule 30 is hereby disapproved for all the same reasons that it has been disapproved the three previous times.

Very truly yours,


Joseph G. Murphy
Commissioner of Insurance