



COMMONWEALTH AUTOMOBILE REINSURERS

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COMMERCIAL LINES NOTICE NO. 84

Commercial Limited Servicing Carrier Program Producer Assignment

In order to implement the Limited Servicing Carrier Program and in accordance with the provisions of Rule 13, CAR has completed the assignment of each producer to one of the six Servicing Carriers for commercial ceded business for policies effective on or after January 1, 2006. Assignments have been made such that each Servicing Carrier has a fair and equitable share of residual market business in terms of premium volume, and loss ratio by major classification type. Every effort was made to minimize market disruption in the first instance, by assigning producers to a carrier with which they have an existing relationship, and then balancing each carrier's book of business with the premium volume and loss ratio results by class type from those producers with no relationship to one of the six Servicing Carriers. To further enhance fairness and equity and to avoid adverse selection, producers with known affiliations have been assigned to the same carrier.

The distribution of business by loss ratio for all classifications combined is equal among the six carriers, while the total written premium distributed among the carriers varies by .1 percent. Some disparity in the distribution of individual class types could not be avoided in minimizing market disruption. However, in each carrier's case a greater than average loss ratio or premium volume in one class is offset to a large extent by a better than average loss ratio or premium volume for another class.

Servicing Carriers are required to contract with newly assigned producers no later than October 1, 2005, and are encouraged to complete this process as soon as possible. To avoid disruption and maintain a smooth transition to the Program, CAR is requiring that non-renewal notices for those policies to be written by a new Servicing Carrier be sent to the producer of record a minimum of 45 days prior to the policy effective date in order to allow sufficient time for insured notification and the replacement of coverage.

Each producer has been notified of its assignment or reassignment to one of the six Servicing Carriers by a letter dated 6-30-05. Summary data on the assignment process is available on CAR's website. Additionally, proprietary applications containing reports that identify the individual assignment of each producer to its Servicing Carrier and identify those ERPs and voluntary agents reassigned from a current Servicing Carrier are also available on CAR's website at www.commauto.com.

As previously stated, every effort has been made to establish equity in the distribution of premium to each Servicing Carrier while minimizing market disruption. Any carrier who becomes aware of any unique or extraordinary circumstance that may negatively impact the balance achieved, or has any question concerning this Notice, may contact the undersigned by phone or e-mail at 617-880-7240 or pwallace@commauto.com.

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