

CAR CONFLICT OF INTEREST POLICY

ARTICLE I

Purpose

Commonwealth Automobile Reinsurers (“CAR”), created pursuant to Chapter 175, Section 113H of the Massachusetts General Laws, is the industry operated residual market and statistical agent for motor vehicle insurance in the Commonwealth of Massachusetts. CAR is governed by a Governing Committee, and the Governing Committee, from time to time, creates subcommittees, special committees, and ad hoc committees to address particular topics and/or issues. Individuals serving on the various committees are expected to operate and act in the best interests of CAR and the motoring public. CAR wishes to assist individuals serving on the various committees to avoid any actual or potential conflict of interest and therefore hereby establishes this Conflict of Interest Policy (“Policy.”). This Policy applies to every member of the Governing Committee, a subcommittee, and a special or ad hoc committee (each a “Committee Member”).

ARTICLE II

General Policy

Although it is the duty of every Committee Member who has an opinion on a question to express that opinion by vote, each Committee Member has the right to abstain from any vote at his or her own election. Because the Governing Committee is, by mandate, comprised of representatives of the very entities and persons participating in the market it administers, each Committee Member must constantly be mindful of his or her obligations to CAR and to the public. Given the unique nature of CAR, an employment or other relationship between a Committee Member and a member insurer or producer does not, in and of itself, constitute a conflict of interest.

A Committee Member, whether a member of the Governing Committee or of a subcommittee, special committee, or ad hoc committee, may have a conflict of interest if he or she has a financial or other personal interest not substantially shared among other members of that committee. Financial and personal interests create conflicts of interest when they provide, or appear to provide, an incentive to the Committee Member to affect a committee decision or activity. A potential conflict of interest exists if the facts are such that it would reasonably appear to someone else that the Committee Member has a financial or other personal interest that could affect a committee decision or activity.

For the purposes of this Policy, a financial interest means anything of monetary value received or held by the Committee Member, his or her spouse or dependent children, or his or her employer, whether or not the specific value is readily ascertainable. A Committee Member may have a financial or other personal interest not substantially shared among other members of the committee if the Committee Member has, directly or indirectly, through business, investment, or family:

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- a. an ownership or investment interest in any entity with which CAR has a transaction or arrangement,
- b. a compensation arrangement with any entity with which CAR has a transaction or arrangement; or
- c. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which CAR is negotiating a transaction or arrangement.

For the avoidance of doubt, it is the determination of CAR, pursuant to this Policy, that the following scenarios involve financial or other personal interests not substantially shared among other members of a committee: (i) where a Committee Member's employer is a member company or producer which currently holds a contract with CAR or currently holds a contract with another member company or producer associated with CAR and an issue arising from or relating to the contract is before the committee; (ii) a dispute resolution procedure directly or indirectly involves a Committee Member's company or agency; (iii) "where a Committee Member's employer is a member company or a producer seeking to enter into, renew, or extend a contract between the employer and CAR." and (iv) a question before the committee has the potential to benefit, directly or indirectly, a Committee Member's family member or close personal friend.

The foregoing scenarios are not provided as an inclusive list of actual or potential conflicts but merely as an explanation of the Policy. A Committee Member who believes he or she has a conflict or potential conflict of interest should announce their recusal, refrain from otherwise participating in the discussion, and not cast a vote on the applicable issue.

ARTICLE III

Annual Disclosure and Certification

Each Committee Member shall annually sign a statement which affirms that such person:

- a. has received a copy of this Policy;
- b. has read and understands this Policy; and
- c. will comply with the Policy.

Such annual disclosure shall also include a section in which the Committee Member must disclose any and all actual or potential conflicts of interest of which the Committee Member is aware. A new Committee Member that has not previously executed an annual statement for the applicable year should execute an annual statement within 10 business days of his or her appointment. In no event shall a Committee Member vote on a matter before a committee, if he or she has not executed the annual disclosure statement. Each Committee Member has a continuing duty to disclose any actual or potential conflicts of interest whenever such situations arise during the year.

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ARTICLE IV

General

This Policy is intended to provide guidance on how to deal appropriately with situations that involve, or may appear to involve, conflicts of interest. This Policy cannot anticipate every situation, and it is therefore the continuing responsibility of each Committee Member to monitor his or her own outside business interests, philanthropic interests, personal interests, and family and other close relationships for actual, apparent, or potential conflicts of interest. In most instances, conflicts of interest can be avoided simply by exercising good judgment and by apprising other Committee Members of any potential conflict.

Appropriate circumstances may justify exceptions to the application of this Policy. If a Committee Member believes circumstances merit an exception to this Policy, the member should, if possible, consult with legal counsel before the Committee Member's next meeting.