



DANIEL R. JUDSON  
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

225 Franklin Street Boston, Massachusetts 02110

[www.commauto.com](http://www.commauto.com)

617-338-4000

**ADDITIONAL INFORMATION**

**TO MEMBERS OF THE GOVERNING COMMITTEE**

**FOR THE SPECIAL MEETING OF:**

**Wednesday, January 18, 2012 at 10:00 a.m.**

**GC**

**12.05 Actuarial Committee**

The Records of the Actuarial Committee meeting of January 9, 2012 are attached. (Docket #GC12.05, Exhibit #1)

DANIEL R. JUDSON  
President

Attachment

Boston, Massachusetts  
January 11, 2012



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## RECORDS OF MEETING

### ACTUARIAL COMMITTEE – JANUARY 9, 2012

#### Members Present

Mr. Joseph F. Cofield – Chairman	Metropolitan P & C Insurance Company
Mr. Geoffrey H. Arnold	Plymouth Rock Assurance Corporation
Mr. Hall D. Crowder	The Hanover Insurance Company
Mr. Glenn R. Hiltbold	Safety Insurance Company
Mr. John V. Kelly	The Commerce Insurance Company
Mr. Raymond A. Lukas	Chase, Clarke, Stewart & Fontana
Mr. Michael Petrarca, Jr.	Amica Mutual Insurance Company
Mr. Andrew J. Quigg	Progressive Insurance
Ms. Susan K. Scott*	Travelers of Massachusetts
Mr. John P. Tierney	Quincy Mutual Group
Ms. Meredith M. Woodcock	Liberty Mutual Group

Substituted for:  
Mr. Christopher S. Skorcz\*

Not in Attendance:  
N/A

#### 11.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Actuarial Committee meeting of November 8, 2011. The Records have been distributed and are on file with CAR's Secretary.

#### 11.03 Quota Share Credits for Policies Effective April 1, 2012 and Later

In correspondence dated December 19, 2011, the Commissioner of Insurance remanded to CAR proposed amendments to Rules 21.D. and 29.E.2. for revisions that address concerns raised in the Commissioner's Decision and which are consistent with its suggestions. To that end, Staff reviewed voluntary "keep out" credit indications incorporating the algorithm outlined in the Decision.

Commenting on the estimated 37% increase in available quota share credit premium, some committee members expressed concern with the substantial increase. Ms. Susan Scott suggested that a more targeted, cost effective approach to depopulate certain class/territory cells would be to enhance the take-out credit program, while maintaining the current credit factors into the next year. She urged the Committee to study the effectiveness of an alternative such as raising the take-out credit factor and applying the take-out credit for up to three years.

While other members agreed that added take-out credits may result in additional depopulation, it was suggested that enhancement to the take-out credit should be considered in conjunction with the Division's recommended modification to the keep-out credit model. Some members opined that the added keep-out credits would shift costs to marginal risks, and therefore increase the likelihood that the residual market would be more equitably distributed among classes and territories. It was also suggested that in spite of the substantial increase in available credit premium in the first year of implementation, the model promotes stability going forward by determining credit eligibility based on changes in residual market share over a three year period, and by defining a fixed scale of credit values.

After some discussion, a motion was made and seconded to recommend to the Governing Committee adoption of the Division of Insurance model for keep-out credits for policies effective April 1, 2012 and later, and to further consider enhancements to the take-out credit program next year. The motion passed with six members in favor, two opposed, and two abstained.

The Committee then reviewed draft amendments to Rule 21.D. which clarify the Committee's proposal to phase out the prohibition on non-renewal of Clean-in-Three risks. The Committee noted that carriers have already begun the underwriting evaluation process for April effective date renewal policies. Accordingly, the Committee recommended modifying the Rule to implement the phase out beginning with policies effective June 1, 2012 and later. The Committee voted unanimously to recommend to the Governing Committee adoption of the Rule 21.D. amendments as modified.

Finally, the Committee reviewed draft amendments to Rule 29.E. reflecting its action to recommend adoption of the Division of Insurance model for keep-out credits for policies effective April 1, 2012 and later. The Committee voted with nine members in favor and one opposed to recommend to the Governing Committee adoption of the Rule 29.E. amendments as drafted.

NATALIE HUBLEY  
Vice President – Financial Services & Treasurer

Boston, Massachusetts  
January 11, 2012

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**A. General Provisions**

The Massachusetts Automobile Insurance Plan (MAIP) has been created to provide Private Passenger Motor Vehicle Insurance to Eligible Risks, as defined by Rule 22, who seek and are unable to obtain such insurance through the voluntary market, and to assure that the risks written through the MAIP are distributed equitably based upon the Quota Share of each Member as defined by Rule 22.

The Rules of Operation of the MAIP are adopted in accordance with CAR's Plan of Operation in order to implement the MAIP and shall be effective July 16, 2007, subject to the provisions for the phase-in of placements through the MAIP pursuant to Section B. **below** and the constraints identified in Section D. **below**.

**B. Provisions for the Phase-In of Placements Through the MAIP**

In order to achieve a smooth transition from the reinsurance facility administered by Commonwealth Automobile Reinsurers (the CAR pool) to the MAIP, the placement of Eligible Risks through the MAIP will not begin until April 1, 2008 pursuant to Section B.2. **below** and will, at first, be limited to New Business. The placement of all other business through the MAIP will be subject to a gradual process. The first, limited category of risks that must be placed through the MAIP if declined in the voluntary market will also begin for policies effective on or after April 1, 2008 pursuant to Sections B.2. and 3. **below**. Only as of April 1, 2009 must all risks that are declined in the voluntary market be placed through the MAIP pursuant to Section B.4. **below**. Additionally, constraints on business that cannot be non-renewed are imposed pursuant to Section D. **below**. This measured approach is necessary to ensure that the MAIP is not overwhelmed in its initial operation and to allow CAR time to implement the administrative framework of the MAIP. To achieve these benefits, the following Rules apply to eligibility for ceding to the CAR pool and to eligibility for placement through the MAIP on or after July 16, 2007:

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1. Beginning on July 16, 2007, the MAIP Rules become effective, but no business can be placed through the MAIP until April 1, 2008. Members who are eligible to cede pursuant to CAR Rules may continue to cede to the CAR pool new or other Private Passenger Motor Vehicle Insurance business, including renewal business, with policy effective dates from July 16, 2007 through March 31, 2008.
2. All New Business, pursuant to Rule 22, with policy effective dates on or after April 1, 2008, must either be written voluntarily or be declined and referred for placement through the MAIP. These declined risks can no longer be ceded to the CAR pool as of April 1, 2008.
3. All Private Passenger Motor Vehicle Insurance business, including renewal business, with policy effective dates on or after April 1, 2008 that has 10 or more merit rating points, as determined by the MAIP rate manual rules, must either be written voluntarily or declined and referred for placement through the MAIP. These risks can no longer be ceded to the CAR pool as of April 1, 2008.
4. All Private Passenger Motor Vehicle Insurance business with policy effective dates on or after April 1, 2009, must either be written voluntarily or be declined and referred for placement through the MAIP. These risks can no longer be ceded to the CAR pool as of April 1, 2009.

The last policy effective date on which any risk can be ceded to the CAR pool is March 31, 2009.

### **C. Transition Procedures**

1. The following procedures have been established in order to continue a smooth transition from the reinsurance facility administered by CAR to the MAIP. Notwithstanding anything to the contrary in these Rules, including but not limited to the provisions of Rules 26.A.3.a.(3), 28.B.1., 28.C.1.a., 31.B.3.1., 31.B.5.a., and 31.B.6., these procedures apply to applications for coverage effective through March 31, 2010 that meet the following eligibility criteria:

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- a. The applicant's prior policy was non-renewed.
  - b. The applicant's producer of record for the prior policy was an Exclusive Representative Producer on the effective date of that policy, or the prior policy was ceded to CAR.
  - c. There is no prior premium owed; and
  - d. The applicant is otherwise eligible for MAIP placement.
2. An applicant that meets the established eligibility criteria is subject to the following provisions:
- a. The down payment will be calculated as 20% of the MAIP premium;
  - b. Pre-inspection requirements will be waived;
  - c. The down payment and original MAIP policy application, signed by the ARP, must be submitted to the Assigned Risk Company within 2 business days of the assignment. The requirement for an applicant's signature on the original application will be waived provided that, a signed copy of the application is received by the ARP within 10 business days of the assignment. The ARP will be required to maintain the signed copy, and make this copy available upon request;
  - d. If requested by its former ERP, the former Servicing Carrier will provide a list of non-renewed policies in electronic format to the former ERP.
3. The following procedures apply to new business applications submitted through the MAIP for coverage effective April 1, 2010 through March 31, 2011 by a former Exclusive Representative Producer that does not have a voluntary contract as of April 1, 2010.
- a. The down payment will be calculated as 20% of the MAIP premium;

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- b. The down payment and original MAIP policy application, signed by the ARP, must be submitted to the Assigned Risk Company within 2 business days of the assignment. The requirement for an applicant's signature on the original application will be waived provided that a signed copy of the application is received by the ARP within 10 business days of the assignment. The ARP will be required to maintain the signed copy and make this copy available upon request.
4. Procedures adopted pursuant to Rule 21.C.3.a. and b. do not apply to new business applications submitted through the MAIP by a former Exclusive Representative Producer that receives a voluntary contract subsequent to April 1, 2010.
5. The down payment will be calculated as 20% of the MAIP premium for new business applications resulting from the non-renewal of an assigned policy as a result of the expiration of the three year assignment period pursuant to Rule 29.D.1. This provision applies to applications submitted to the MAIP for coverage effective September 1, 2011 through December 31, 2011.

**D. Constraints on Placement Through the MAIP During the Transition Period**

**1.** A Clean-in-Three Risk, ~~pursuant to defined in Rule 22, and pursuant to the provisions of Rule 21.D.2., D.3., and D.4, with a renewal date during the period April 1, 2008 through March 31, 2012,~~ cannot be non-renewed by a Member unless:

**1.a.** The insured, at his own initiative, chooses not to renew his policy with such Member;

**2.b.** The producer terminates his relationship with a Member and the producer transfers his book of business, which includes such a Clean-in-Three Risk, from that Member to a new Member; or

**3.c.** The Member terminates his relationship with a producer and the producer transfers his book of business, which includes such a Clean-in-Three Risk, from that Member to a new Member.

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2. For policies effective prior to June 1, 2012, a Clean-in-Three Risk cannot be non-renewed by the Member except as provided by Rule 21.D.1.
3. For policies effective June 1, 2012 through March 31, 2013, a Clean-in-Three Risk can not be non-renewed by the Member except as provided by Rule 21.D.1. if the producer did not have a voluntary contract with any Member as of April 1, 2009.
4. For policies effective April 1, 2013 through March 31, 2014, a Clean-in-Three Risk can not be non-renewed by the Member except as provided by Rule 21.D.1. if the producer did not have a voluntary contract with any Member as of April 1, 2010.
5. For policies effective April 1, 2014 and subsequent, the restriction on the non-renewal of a Clean-in-Three Risk no longer applies. However, no later than December 1, 2013, CAR shall confirm that the end date should be ratified based on a review of then-current data relating to Clean-in-Three Risks.

**E. Obligations of Assigned Risk Companies Relative to Clean-in-Three Business**

The Producer of a Clean-in-Three Risk, renewed by an Assigned Risk Company (ARC) pursuant to Rule 21.D., shall continue as the risk's producer of record and shall be paid commissions owed on such business, even if the producer does not hold a voluntary contract with the ARC. The producer's commission and the term of commission payments are governed by Rule 30.C.1.d.

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**A. Calculation of Initial Quota Share**

For the purposes of calculating a Member's initial Quota Share, the Member's voluntary market share will be the ratio of each Member's written property damage liability exposures for the 12-month period ending June 30, 2007 with CAR ID codes 0 or 1 over the industry written exposures for the 12-month period ending June 30, 2007 with CAR ID 0 or 1. Exposures for motorcycles, snowmobiles, and electric motor vehicles will be adjusted by a factor of 0.33.

**B. Assignment of Applications**

The MAIP shall randomly assign applications that are eligible for coverage based on each Member's individual Quota Share. A Member's Quota Share shall reflect that Member's proportion of Private Passenger Motor Vehicle MAIP premiums that its respective voluntary private passenger property damage liability direct written exposures bears to the statewide total of voluntary private passenger property damage liability direct written exposures of all companies in the state.

1. For the purpose of such distribution as described above: (1) voluntary private passenger property damage liability direct written exposures; and (2) private passenger MAIP premiums shall be defined as below:
  - a. Voluntary private passenger property damage liability direct written exposures shall be the number of private passenger property damage liability car years written by the company for the most recent 12 months, regardless of the type of Motor Vehicle Insurance policy under which such property damage liability car years are written, excluding private passenger liability car years written through the MAIP. Exposures for motorcycles, snowmobiles, and electric motor vehicles will be adjusted by a factor of 0.33.

Exposures of a Clean-in-Three Risk as defined in Rule 22 as of the effective date of its current Private Passenger Motor Vehicle Insurance policy and pursuant to the provisions of Rule 21.D. will be adjusted by a factor of 0.0 provided the following conditions are met:

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- (1) The operator was insured by a Member under a Private Passenger Motor Vehicle Insurance policy with an effective date between April 1, 2008 and March 31, 2009 and the producer of record was exclusively assigned to the Member by CAR;
  - (2) The producer of record for the operator has not changed since March 31, 2009.
- b. For the purpose of establishing the Quota Share of a Newly Writing Company that becomes eligible for appointment as an ARC pursuant to Rule 30 before that Member is required to submit detailed statistical data under the provisions of the Massachusetts Private Passenger Automobile Statistical Plan, the Member is required to report interim summary data pursuant to **Rule 29, Section C**.
  - c. Private Passenger Motor Vehicle MAIP premiums shall be developed from the MAIP rates and rating plan and shall include the total of: 20/40 bodily injury (including guest), \$100,000 property damage liability, and \$8,000 personal injury protection manual premiums excluding subsidies calculated using MAIP cost-based rates and adjusted for the MAIP merit rating plan for Private Passenger Motor Vehicle MAIP insureds and any risk voluntarily insured that is eligible for premium credits allowed pursuant to this Rule.
2. MAIP will assign applications to the most undersubscribed Member as defined by the ratio of the Member's assigned MAIP premium to the Member's credit-adjusted Quota Share. In the event this ratio is the same for two or more Members, MAIP will assign the application to the most undersubscribed of those Members based upon the difference between each Member's assigned MAIP premium and its credit-adjusted Quota Share. All assignments are subject to the distribution restrictions relative to the assignment process pursuant to Section F. **below**. After assignment, MAIP will update the accumulated assigned MAIP premium and recalculate each Member's ratio of assigned MAIP premium to credit-adjusted Quota Share.

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**C. Quota Share Adjustment**

The MAIP shall adjust the assigned premium Quota Share of each Member monthly, in order to correct for the amount of previously assigned MAIP premium which was less than or in excess of each Member's appropriate share of total MAIP premium, for the amount of premium connected with reversed assignments due to non-payment or insufficient funds, and for the amount of premium associated with MAIP risks moving to the voluntary market or adjustments for any applicable credits. On a monthly basis, the MAIP shall notify each Member of its market share and premium Quota Share adjustments.

1. To determine the current premium Quota Share of a Newly Writing Company that becomes eligible for appointment as an ARC pursuant to Rule 30.A.1. before that Member is required to submit detailed statistical data under the provisions of the Massachusetts Private Passenger Automobile Statistical Plan, the Member is required to report interim summary data to CAR beginning no later than the 23-month anniversary of the calendar date on which the Member's initial Private Passenger Motor Vehicle Insurance rates and manual become effective. The Member will be required to report private passenger property damage liability car months of exposure by CAR identification code, policy effective month, premium town, classification, and merit rating status as defined in the Massachusetts Private Passenger Automobile Statistical Plan. The initial report will include the 12 consecutive policy effective months that will be used to determine the Member's initial Quota Share. Monthly data will be reported thereafter until the Member commences reporting detailed statistical data to CAR.

An additional adjustment shall be made to the latest rolling 12-month voluntary exposure based market share that is used to determine the current premium Quota Share of a Member(s) when that Member(s) is part of an insurer group that includes any other insurance company that qualifies as a Newly Writing Company, and that Newly Writing Company has elected to be treated as a Member separate from the current Member(s) under these Rules. This adjustment shall continue until the Newly Writing Company become eligible for appointment as an ARC pursuant to Rule 30.

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The latest rolling 12-month voluntary exposure based market share used to determine such Member(s) current premium Quota Share shall not be adjusted to reflect any reduction in vehicle exposures that were insured under a Private Passenger Motor Vehicle Insurance policy issued voluntarily by such Member(s) immediately prior to the vehicle's initial policy inception date with such Newly Writing Company.

This adjustment will apply regardless of whether the initial policy inception date with the Newly Writing Company pre-dates the calendar months underlying the latest rolling 12-month voluntary exposure based market share used to determine the Member(s) current premium Quota Share.

2. To determine the current premium Quota Share of a Newly Writing Company that becomes eligible for appointment as an ARC pursuant to Rule 30.A.2 before that Member is required to submit detailed statistical data under the provisions of the Massachusetts Private Passenger Automobile Statistical Plan, the Member is required to report interim summary data to CAR. The Member shall begin reporting summary data no later than 45 days after the close of the month of the Member's initial Private Passenger Motor Vehicle Insurance rates and rate manual effective date. The Member will be required to report written private passenger property damage liability car months of exposure by CAR identification code, policy effective month, territory, classification, and merit rating status as defined in the Massachusetts Private Passenger Automobile Statistical Plan. Monthly summary data will be reported thereafter until the Member commences reporting detailed statistical data to CAR.

**D. Assignment Period**

1. An Eligible Risk shall be insured by a designated ARC for a period of three consecutive years.

For policies of an Eligible Risk whose assignment period ends March 31, 2012 and prior, the designated ARC may offer to continue an Eligible Risk's assignment beyond the period of three consecutive years by offering to write a third renewal, may offer to write the policy on a voluntary basis, or may non-renew the policy.

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For policies of an Eligible Risk whose three year assignment period ends effective April 1, 2012 and subsequent, the designated ARC may offer to write the policy on a voluntary basis, or may non-renew the policy.

2. For policies whose three year assignment period ends effective January 1, 2012 and subsequent, if the designated ARC intends to non-renew the policy at the end of the three year assignment period the following procedures shall apply.

On or about the first business day of the month, the designated ARC will distribute to the ARP a list of policies that the ARC does not intend to renew and which will expire during the month at least 120 days from the distribution date, thereby providing the ARP an opportunity to seek replacement coverage in the voluntary market. If replacement coverage is obtained for the risk, the ARP shall submit a Notice of Transfer of Insurer (2A Form) to the former ARC identifying the new carrier.

No less than 60 days prior to the expiration date, if replacement coverage is not obtained for the Eligible Risk, the ARP shall submit an application to the MAIP. The application will be assigned to a Member such that the designated ARC is different than the former ARC. Upon receiving the assignment, the ARP shall submit a 2A Form to the former ARC identifying the newly designated ARC. A down payment is not required and upon receipt of the application, the newly designated ARC will bill the applicant for 20% of the premium to be charged, which shall be the lower of the MAIP premium or the voluntary premium for which the applicant qualifies.

If no 2A Form is received, the designated ARC will issue a non-renewal notice at least 45 days prior to the expiration date with a copy sent to the ARP.

Upon receipt of the non-renewal notice, the Eligible Risk may reapply for coverage through the MAIP. Such reapplication shall be considered a new business application and the Eligible Risk shall be assigned to a different Member such that the designated ARC is different than the former ARC.

3. In the case of a non-resident military person, pursuant to Rule 26.A.1.c., the designated ARC need not renew if at the time of the renewal the policyholder is stationed in another state and his motor vehicle is not registered in Massachusetts.

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**E. Credit Programs**

All credits for each rate year shall be reviewed annually and submitted to the Commissioner for his approval. Any premium credited under this Rule that in aggregate exceeds 100% of the overall Quota Share may not be credited against the Quota Share.

1. Voluntary Credit

- a. For policies with effective dates of April 1, 2010 and subsequent, a Member shall receive a credit for any exposure that it insures voluntarily in the territory and operator classes pursuant to Sections E.2. and E.3. below.
- b. Credit shall be applied to the Member's Quota Share pursuant to Section ~~29.C.~~ above for the appropriate premiums pursuant to Sections E.2. and E.3. below.

2. Amount of Credits

Members shall receive credit for each exposure written voluntarily pursuant to Section E.1.b. above in the territory and operator classes listed in Section E.3. below. The amount of credit shall equal the annual Private Passenger Motor Vehicle MAIP premium for the risk as if it has been insured through the MAIP, multiplied by the appropriate factor shown below: as displayed in the policy effective date tables.

For policies with effective dates of April 1, 2012 and subsequent, the factor will be determined based on a review of the three most recent prior years of residual market share data, by territory and operator class. Credit eligible groups will be defined by ranges of residual market shares, and credit factors will be established in accordance with the following criteria:

<u>Residual Market Group</u>	<u>Residual Market Share Range</u>	<u>Voluntary Credit Factor</u>
<u>0</u>	<u>0.0% - 4.9%</u>	<u>0.00</u>
<u>1</u>	<u>5.0% - 7.9%</u>	<u>1.00</u>
<u>2</u>	<u>8.0% - 10.9%</u>	<u>1.00</u>
<u>3</u>	<u>11.0% - 16.9%</u>	<u>1.00</u>
<u>4</u>	<u>17.0% - 22.9%</u>	<u>1.25</u>
<u>5</u>	<u>23.0% - 28.9%</u>	<u>1.50</u>
<u>6</u>	<u>29.0% - 34.9%</u>	<u>1.75</u>
<u>7</u>	<u>35.0% - 40.9%</u>	<u>2.00</u>
<u>8</u>	<u>41.0% - 46.9%</u>	<u>2.25</u>
<u>9</u>	<u>47.0% - 100.0%</u>	<u>2.50</u>

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3. Credit Factors

~~The following factors are applicable for policies with effective dates from April 1, 2009 through March 31, 2010.~~

	<b>Operator Class</b>									
<b>Territory</b>	<b>10</b>	<b>15</b>	<b>17</b>	<b>18</b>	<b>20</b>	<b>21</b>	<b>25</b>	<b>26</b>	<b>30</b>	<b>M/M*</b>
01					1.0		0.5			
02					1.0		0.5			
03					1.5		0.5			
04					1.5		0.5			
05					1.5	0.5	0.5			
06			0.5		1.5		0.5			
07			0.5		1.5	1.0	1.0			
08			0.5		1.5	0.5	1.0			
09			1.0		1.5	1.0	1.0	0.5		
10			1.0		1.5	1.0	1.0	0.5		
11			1.0		1.5	1.0	1.0			
12			1.0		1.5	1.0	1.0	0.5		0.5
13			1.0		2.0	1.0	1.0	1.0		0.5
14			1.0	0.5	1.5	1.0	1.0	1.0		1.0
15	0.5	0.5	1.0	1.0	2.5	1.0	1.0	0.5		1.0
16	1.0	1.0	1.5	0.5	2.0	1.5	1.5	1.5	1.0	1.0
17			1.0		2.0	1.0	1.5			
18	0.5	0.5	1.5		2.0	1.0	1.5			1.0
19	0.5	0.5	1.5	1.0	2.0	0.5	1.0			1.0
20	0.5	0.5	1.5		2.0	1.5	2.0	1.5	1.0	1.0
21	0.5	1.0	1.5	1.0	2.0	1.5	1.5	1.0	0.5	1.0
22	1.0	1.0	1.5	1.0	2.0	1.5	1.5	1.0	1.5	1.5
23			1.0		2.0	1.0	1.5	0.5		1.0
24			1.0		2.0	1.0	1.0	0.5		1.0
25			1.0		1.5	0.5	1.0	0.5	0.5	1.0
26			1.5	1.0	2.0	1.0	1.0	0.5		1.0
27					1.0		0.5			
40	0.5		1.5	1.0	2.5	1.5	1.0	1.0		1.0
41			1.5		2.0	1.5	1.0	1.0		0.5
42	0.5	0.5	1.5	0.5	2.0	1.0	1.0	1.0		1.0
43	1.0	0.5	1.5	1.0	2.5	1.5	1.0	1.0		0.5
44	0.5	0.5	1.0	0.5	2.0	1.0	1.0	1.0		1.0
45	1.0	0.5	1.5	1.0	2.0	1.5	1.5	1.0	1.0	1.0
99						0.5		0.5		

\* ~~Motorcycle and Miscellaneous Classes~~

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Operator Class										
Territory	10	15	17	18	20	21	25	26	30	M/M*
01					0.8					
02					0.8					
03					1.5					
04					0.8					
05			0.25		1.5	0.35				
06					1.5					
07			0.25		1.5	0.75				
08			0.25		1.5		0.25			
09			0.7		1.5	0.35	0.25			
10			0.25		1.5	0.75				
11			0.25		1.5		0.25			
12			0.25		1.5	0.75	0.25			0.35
13			0.8		1.5	0.75	0.7			0.35
14			0.7		1.5	0.35	0.7			0.75
15	0.35		0.7	0.35	3.5	1.75	1.5		0.35	0.85
16	0.85		1.5	0.85	3.5	1.75	1.5	1.75	0.75	0.85
17			0.7		1.5		1.5			
18	0.35		0.8		2.5		0.25		0.35	0.75
19			1.5		2.5		0.8			0.75
20	0.35		1.5	0.35	2.5		0.8	0.35	0.35	0.85
21	0.75	0.35	1.5	0.75	2.5	1.75	1.5		0.75	0.85
22	0.85	0.75	1.5	0.35	2.5	0.85	0.8			1.75
23			1.5		3.5	0.75	1.5			0.85
24			0.7		1.5	0.85	0.8			0.75
25			0.8		1.5	0.75				
26	0.35		1.5	0.35	2.5	1.75	0.8			0.85
27					1.5					
40	0.85		1.5		3.5	0.85	1.5			0.85
41	0.35		1.5	0.75	1.5	1.75	1.5	0.35		0.35
42	0.85		1.5	0.75	2.5	1.75	0.8			0.85
43	0.75		0.8	0.35	2.5	1.75	0.8			0.35
44	0.75		0.8	0.75	2.5	0.85	0.8	0.35	0.35	0.85
45	0.75		1.5		2.5	0.85	1.5		0.35	0.85
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The following factors are applicable for policies with effective dates of April 1, 2011 through March 31, 2012 and subsequent.

Operator Class										
Territory	10	15	17	18	20	21	25	26	30	M/M*
01					0.8					
02					0.8					
03					0.8					
04					0.8					
05			0.25		1.5	0.35				
06					0.8					
07			0.25		1.5	0.35				
08			0.25		1.5	0.35				
09			0.7		1.5	0.35	0.25			
10			0.25		1.5	0.35				
11			0.7		1.5	0.35	0.25			
12			0.7		1.5	0.35	0.25			
13			0.7		1.5	0.75	0.7			0.35
14			0.7		1.5		0.7			0.35
15			0.8	0.35	1.5	1.75	1.5			0.85
16	0.75		1.5	0.85	2.5	0.75	1.5		0.35	0.85
17			0.7		1.5		0.7			
18	0.35		1.5		1.5	1.75	0.8			0.35
19			1.5	0.35	1.5	0.75	0.8			0.35
20	0.75		1.5	0.35	1.5	0.85	0.8	0.85		0.85
21	0.85	0.35	1.5	0.85	2.5	1.75	1.5		0.75	0.85
22	0.85	0.75	1.5	0.35	2.5	0.85	1.5	0.35		0.85
23			0.8		2.5	0.85	1.5			0.75
24			0.7		1.5	0.35	0.7			
25			0.8		1.5	0.85	0.7			
26	0.35		0.8	0.35	2.5	1.75	0.8			0.75
27					0.8					
40	0.85		1.5	0.85	2.5	1.75	0.8			0.85
41	0.35		1.5	0.75	1.5	1.75	0.8			0.35
42	0.85		1.5	0.75	1.5	1.75	0.8			0.85
43	0.75		0.8	0.35	2.5	0.85	0.8			0.35
44	0.75		0.8	0.75	1.5	0.75	0.8	0.35	0.35	0.85
45	0.75		1.5	0.75	2.5	0.85	0.8			0.75
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The following factors are applicable for policies with effective dates of April 1, 2012 and subsequent.

Operator Class										
Territory	10	15	17	18	20	21	25	26	30	M/M*
01					<u>1.00</u>					
02					<u>1.00</u>					
03					<u>1.00</u>					
04					<u>1.00</u>					
05			<u>1.00</u>		<u>1.00</u>	<u>1.00</u>				
06					<u>1.00</u>					
07			<u>1.00</u>		<u>1.25</u>	<u>1.00</u>				
08			<u>1.00</u>		<u>1.25</u>					
09			<u>1.00</u>		<u>1.25</u>	<u>1.00</u>	<u>1.00</u>			
10			<u>1.00</u>		<u>1.25</u>	<u>1.00</u>				
11			<u>1.00</u>		<u>1.25</u>	<u>1.00</u>	<u>1.00</u>			
12			<u>1.00</u>		<u>1.25</u>	<u>1.00</u>	<u>1.00</u>			
13			<u>1.00</u>		<u>1.50</u>	<u>1.00</u>	<u>1.00</u>			<u>1.00</u>
14			<u>1.00</u>		<u>1.25</u>	<u>1.00</u>	<u>1.00</u>			<u>1.00</u>
15	<u>1.00</u>		<u>1.00</u>	<u>1.00</u>	<u>1.75</u>	<u>1.00</u>	<u>1.00</u>			<u>1.00</u>
16	<u>1.00</u>		<u>1.25</u>	<u>1.00</u>	<u>2.25</u>	<u>1.00</u>	<u>1.50</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>
17			<u>1.00</u>		<u>1.25</u>		<u>1.00</u>			
18	<u>1.00</u>		<u>1.25</u>		<u>1.75</u>	<u>1.00</u>	<u>1.00</u>		<u>1.00</u>	<u>1.00</u>
19			<u>1.00</u>	<u>1.00</u>	<u>1.75</u>	<u>1.00</u>	<u>1.00</u>			<u>1.00</u>
20	<u>1.00</u>		<u>1.00</u>	<u>1.00</u>	<u>1.75</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>		<u>1.00</u>
21	<u>1.00</u>	<u>1.00</u>	<u>1.25</u>	<u>1.00</u>	<u>2.00</u>	<u>1.00</u>	<u>1.00</u>		<u>1.00</u>	<u>1.00</u>
22	<u>1.00</u>	<u>1.00</u>	<u>1.25</u>	<u>1.00</u>	<u>2.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>		<u>1.00</u>
23			<u>1.00</u>		<u>2.00</u>	<u>1.00</u>	<u>1.00</u>			<u>1.00</u>
24			<u>1.00</u>		<u>1.25</u>	<u>1.00</u>	<u>1.00</u>			
25			<u>1.00</u>		<u>1.25</u>	<u>1.00</u>	<u>1.00</u>			
26	<u>1.00</u>		<u>1.00</u>	<u>1.00</u>	<u>2.00</u>	<u>1.00</u>	<u>1.00</u>			<u>1.00</u>
27					<u>1.00</u>					
40	<u>1.00</u>		<u>1.25</u>	<u>1.00</u>	<u>2.50</u>	<u>1.50</u>	<u>1.00</u>			<u>1.00</u>
41	<u>1.00</u>		<u>1.00</u>	<u>1.00</u>	<u>1.50</u>	<u>1.00</u>	<u>1.00</u>			<u>1.00</u>
42	<u>1.00</u>		<u>1.25</u>	<u>1.00</u>	<u>1.75</u>	<u>1.25</u>	<u>1.00</u>			<u>1.00</u>
43	<u>1.00</u>		<u>1.00</u>	<u>1.00</u>	<u>2.00</u>	<u>1.00</u>	<u>1.00</u>			<u>1.00</u>
44	<u>1.00</u>		<u>1.00</u>	<u>1.00</u>	<u>1.50</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>
45	<u>1.00</u>		<u>1.25</u>	<u>1.00</u>	<u>2.00</u>	<u>1.00</u>	<u>1.00</u>		<u>1.00</u>	<u>1.00</u>
99										

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**43. Take-Out Credit**

For policies with effective dates on or after April 1, 2009, a Member shall receive credit for each exposure previously insured through the MAIP or that had been ceded to CAR (CAR ID Codes 4 and 5) that it writes voluntarily at the expiration of that policy. A Member may receive a credit for the first year in which an Eligible Risk is written voluntarily after the expiration of the policy previously issued through the residual market.

The value of a take-out credit shall equal the annual Private Passenger Motor Vehicle MAIP premium pursuant to Section B.1.b. ~~above~~, that the risk would have been charged if he had been insured through the MAIP, multiplied by a factor of 1.0. Take-out credits are applied in addition to any voluntary credit(s) pursuant to Section E.~~2. above~~.

To qualify for take-out credit, all of the following requirements must be met:

- a. The Member must provide proper notification prior to the expiration of the policy;
- b. The voluntary policy must be in effect for at least 90 days;
- c. The kinds and amounts of coverage to be offered to a voluntary risk shall at least equal those in the policy being replaced;
- d. The Member shall be required to submit an approved monthly reporting form to the MAIP for all policies qualifying for credit during the month and to submit supporting data to the MAIP upon request; and
- e. The Member shall, if requested by the MAIP, agree to a physical audit of its records to substantiate the credits and exposures stated in the monthly report. The executed request for credit form must be submitted to the MAIP by the last day of the fourth month following the effective date of the policy.

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**F. Distribution Restrictions**

Distribution shall be made on the basis that any applicant eligible for assignment under the MAIP Rules shall be assigned or reassigned to any Member with a Quota Share, subject to the following restrictions:

1. No risk shall be assigned to more than one Member.
2. Reassignment to Prior Member

In the case where an applicant or policyholder has been cancelled for non-payment of premium, or has an outstanding premium balance due a Member and is otherwise eligible for placement through the MAIP pursuant to G.L. c. 175, § 113H, the applicant or policyholder is ineligible for assignment to another Member, and will be assigned to that same Member such that the policy premium deposit will be applied first to the outstanding premium due, and any remaining deposit balance will be applied to the new policy.

**G. Accruing, Buying, Selling or Transferring Credits**

1. Eligibility
  - a. Assigned Risk Companies may accrue excess credits.
  - b. As of April 1, 2008, ARCs may sell, transfer, or buy excess credits to or from other ARCs in accordance with the procedures below.

2. Operational Procedures

CAR will calculate the volume of excess credit premium eligible for transfer, if any, for each ARC on a monthly basis. Such calculation will be made in conjunction with updates to the statistical base data.

3. Notification of Intent to Transfer Credits

Assigned Risk Companies shall report to CAR within 30 days the execution of any agreement by the ARC to purchase, sell or transfer excess credits. An ARC shall notify CAR by submitting the prescribed authorization form to CAR. The terms of any such agreement must be reviewed by CAR and found to be consistent with CAR Rules.