



DANIEL R. JUDSON  
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COMMONWEALTH AUTOMOBILE REINSURERS

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## RECORDS OF MEETING

### MAIP STEERING COMMITTEE – JANUARY 18, 2012

#### Members Present

Mr. John V. Kelly – Chairman	The Commerce Insurance Company
Mr. Paulo V. Abelli	Liberty Mutual Group
Ms. Carol M. Berthold	GEICO
Mr. William J. Cahill, Jr.	Hanover Insurance Company
Mr. Sumner D. Gilman	Economy Insurance Agency, Inc.
Mr. Richard P. Jones	Leslie S. Ray Insurance Agency, Inc.
Mr. Joseph P. Leahy, Jr.	Leahy & Brown Insurance & Realty
Ms. Ann M. McKeown	Safety Insurance Company
Mr. M. John Olivieri, Jr.	J.K. Olivieri Insurance Agency, Inc.
Mr. Michael Petrarca, Jr.	Amica Mutual Insurance Company
Ms. Erin Schaaf	Arbella Insurance Group
Ms. Susan K. Scott	Travelers of Massachusetts
Mr. Joseph A. Vargas	Vargas & Vargas Insurance

Substituted for:  
N/A

Not in Attendance:  
N/A

#### 11.01 Records of Previous Meeting

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

#### 11.07 Assigned Risk Producer Decertification

Continuing its discussion from the November 8, 2011 meeting, the Committee considered staff's draft proposal for handling in-force assigned business from a decertified Assigned Risk Producer (ARP). Ms. Pamela Wallace highlighted the important aspects of the proposal, consisting of policyholder notification procedures and a draft of a revised letter to be used as a guide by Assigned Risk Companies (ARCs) to assure consistency in notifying an insured of an ARP's decertification, company processing procedures, commission requirements and required Rule amendments.

She indicated that upon notification of an ARP's decertification, the ARC must provide a letter to each policyholder that has an in-force policy currently serviced by the ARP. The letter should include the steps the policyholder must take to secure replacement coverage and where to send payments or request policy changes in the interim. The letter must inform the risk that if replacement coverage is not secured,

the company will non-renew the policy upon expiration. If a 2A Form is received prior to the policy's expiration, the policy should be cancelled pro rata by the ARC. If a 2A Form is not received, the ARC will issue a non-renewal notice, but if the policy expiration date is within 60 days of the notice of ARP decertification, the policy will be non-renewed as of its next expiration date. Additionally, she indicated that no commission will be paid on any in-force assigned business of a decertified ARP.

Finally, Ms. Wallace noted that if the procedures are approved, amendments to Rules 29.D. and 30, as well as updates to the ARC and ARP Procedure Manuals, will be necessary to address non-renewal requirements and to reflect additional ARC requirements and responsibilities. Proposed Rule modifications will be presented to the Committee at a future meeting.

It was suggested that to avoid confusion upon receipt of the ARC letter it may be helpful for the ARC to provide the policyholder with a list of agencies within geographical location. However, it was noted that the ARC letter contains a reference to a website hosted by the Division of Insurance from where agencies may be located by line of business and ZIP code, and the policyholder would be able to use this link as a resource for obtaining new producer information. In response to a question by the Committee, staff noted that the volume of decertified producers is low; only five producers with 96 active policies have been decertified. It was further noted that each ARC is notified by staff at the time of the decertification as well as provided with access to reports on the MAIP website listing those producers that have been decertified.

The Committee unanimously voted to adopt, as drafted, the procedures to be followed by an ARC upon notification of an ARP's decertification.

#### **11.09 Voluntary Rate Analysis**

At its meeting of November 8, 2011, the Committee voted to require every ARC to provide ARPs with access to company voluntary rates at the time a MAIP assignment is made. The Committee requested staff to perform additional analysis including the identification of potential amendments to the Rules of Operation, the timing of the rate quote and the establishment of parameters for accessing a company's voluntary rates.

Ms. Wallace presented an exhibit displaying the additional analysis performed by staff. She indicated that at the time of assignment, the policy application system will provide the ARP with a link both to the ARC's Supplemental Application and to the rating service provided by the ARC. Any supplemental or additional information necessary to complete the voluntary premium quote would need to be provided within two days so that the ARP would receive the voluntary quote from the ARC and be able to adhere to the two-day timeframe required for submission of the signed application and down payment to the ARC. The ARC must provide access to its voluntary rates either by providing direct web-based access or through a third party vendor, or through a dedicated toll-free number quoting service. The ARC must provide the ARP with an immediate response upon receipt of the information necessary to provide the voluntary quote. Finally, amendments to Rules 28.C., 30.B.2., 30.B.4. and 31.B. to modify premium deposit requirements and identify additional ARC and ARP responsibilities would be required.

Concerns were raised relative to the timing of the voluntary rate quote including the likelihood of cooperation from all ARCs, potential development costs to an ARC or ARP to implement this requirement and whether potential improvements to the down payment process could be made so as to obtain a result consistent with statutory requirements.

In order to address the Committee's concern relative to the timing of the voluntary quote, staff was directed to develop criteria that ARCs must adhere to in order to define the parameters for an "immediate" quote response. Additionally, staff was requested to research whether the down payment program could be improved by requiring the company to provide any over-collected premium amount

back to the policyholder in the next billing cycle instead of spreading it out over the remainder of the policy term.

#### **11.10 MAIP Policy Application Enhancement Request**

The Committee continued its discussion on the correspondence dated October 19, 2011 from the Massachusetts Urban Agents Association (MUAA) requesting that a function be added to the MAIP Policy Application which allows an ARP to void a MAIP assignment if the policy is not taken by the risk.

At the November 8, 2011 meeting, staff was requested to develop a proposal to modify the MAIP Policy Application, including a recommendation of the timeframe within which the ARP must submit the void request and the consequences of voiding the assignment when the vehicle registration has already been stamped. Accordingly, Ms. Wallace presented the Committee with a proposal identifying that an application may only be voided within two calendar days of policy assignment. If an RMV form has been stamped with the assigned company's name, the policy can not be voided using the automated application and the producer must directly contact the assigned company. Non-compliance with this provision will result in a violation of the ARP performance standards.

The Committee requested staff to identify how companies would be notified that a voided transaction had been processed. Ms. Wallace indicated that this information will be presented at the next meeting.

#### **12.03 Pre-Inspection Requirements**

As requested by MUAA, the Committee discussed pre-inspection requirements as they apply to those applicants who qualify for no down payment at the time of assignment in accordance with the procedures contained in Rule 29.D.2. The Committee unanimously agreed that for those eligible risks unable to obtain replacement coverage at the expiration of the three-year assignment period, the pre-inspection requirement be waived by the newly designated ARC. Staff was directed to draft necessary amendments to Rule 29 for review by the Committee at its next meeting.

#### **12.04 Compliance with Performance Standards**

Mr. John Metcalfe reviewed with the Committee, exhibits summarizing ARC and ARP complaint/violation submissions received during calendar year 2011. Staff was requested to review the monthly compliance threshold currently in place in order to determine whether a modification should be made to CAR's compliance review procedures to incorporate a minimum violation threshold, thus taking into account producers of different sizes. The results of this analysis will be presented to the Committee at its next meeting.

MARIAN ADGATE  
Corporate Documentation Specialist

Boston, Massachusetts  
January 30, 2012

**ATTACHMENT LISTING**

Docket MSC12.02, Exhibit #1

Attendance Listing



MAIP STEERING COMMITTEE MEETING  
 SIGN-IN SHEET  
 Wednesday, January 18, 2012

Individual's Name

Company / Agency

PLEASE PRINT

Individual's Name	Company / Agency
DAVID HASSEY	MILL CITY INS
Paul B. Coleccion	Soleley
Kristina Kellaw	CAR
Gary Downey	W&D
Mary Ellen Thompson	DOT
Doug Love	Liberty Mutual
Pamela Bryan	Safety
John Lusinski	A.R.S.
Bobby Taber	Pilgrim
Richard Brown	CAR
Valerie Bellin	CAR
Sean Thompson	Hanover
Pat Lane	CAR
Robin Triggs	CAR
Wendy Browne	CAR
[Signature]	CAR
Jessica Sparks	Dincey Mutual
Pat Mikh	CAR
Adrienne Donovan	CAR
FRANK MARCINI	MAIA
Susan Basilesco	CGI
Stephen Tague	ARBELLA
Ken Willis	Plymouth Rock
Kathy Henry	"
Jason Calianos	MAAA