



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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September 19, 2024

BULLETIN NO. 1177

PROPOSED CHANGES TO THE RULES OF OPERATION

At its meeting of September 17, 2024, the Governing Committee voted to amend Rule of Operation 30, Section C titled Procedures for Voluntary Writing of Risks from the MAIP by deleting and adding the language as indicated on the attached copy. A copy of the filing letter, which contains an explanation of the Rule changes, is attached for your information.

This Bulletin, with a copy of the proposed changes to Rule 30, is furnished to every Member Company, each association of insurance producers, and the Public Protection Division of the Office of the Attorney General as required in Article X of the Plan of Operation. Any Member Company, association of insurance producers, or the Attorney General may request a public hearing within five days of receipt of the bulletin and filing letter, as provided by Article X of the Plan of Operation.

A proposed Rule shall become effective upon the written approval of the Commissioner or upon the expiration of 30 days after filing, provided the Commissioner has not previously disapproved the Rule in writing.

ROBIN TIGGES
Executive Administrative Specialist

Attachment



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September 17, 2024

Honorable Kevin P. Beagan
Acting Commissioner of Insurance
Massachusetts Division of Insurance
1000 Washington Street, Suite 810
Boston, MA 02118

Proposed Changes to the Rules of Operation

Dear Acting Commissioner Beagan:

In accordance with the provisions of Article X of the Plan of Operation, I hereby file, at the direction of the Governing Committee, proposed amendments to CAR Rule of Operation 30, Section C titled Procedures for Voluntary Writing of Risks from the MAIP. A copy of the proposed amendments is attached hereto, and is furnished to every Member Company, the two associations of insurance producers, and the Public Protection Division of the Office of the Attorney General, as required by Article X. Changes are shown by deleting and adding language as reflected on the attached copy. The remainder of the Rule is unchanged.

Explanation:

The Rule is amended to enable electronic delivery of voluntary offers. Further, the Rule is amended to reduce the timeframe from ninety days to sixty days prior to the policy expiration in which the producer of record must be notified of a voluntary offer. The Committee notes that a company may not always have rates available ninety days in advance to enable a premium quotation. Correspondingly, the amended Rule recognizes the resulting change from forty-five days to fifteen days in which the producer of record may seek replacement coverage in the voluntary market before the risk is notified of the voluntary offer.

The Governing Committee respectfully requests approval of the proposed amendments.

Respectfully,

Natalie A. Hubley
President

Attachments

cc: Geoffrey Wood – Deputy General Counsel, Division of Insurance
Mary Ellen Thompson – Counsel to the Commissioner
Massachusetts Urban Agents Association, Inc.
Massachusetts Association of Insurance Agents
Public Protection Division – Office of the Attorney General

- (7) Failure to report all coverages bound within two business days of the effective date of coverage;
- (8) Failure to comply with reasonable procedures as required by the MAIP for processing claims, remitting premiums and requesting coverages;
- (9) Failure to adhere to a directive issued by the Commissioner relative to the charging of service fees;
- (10) Failure to provide a reasonable and good faith effort to verify the information provided by the applicant, including rating and licensing data;
- (11) Failure to comply with applicable agency requirements and procedures, as prescribed in the MAIP Rules of Operation; and
- (12) Failure to comply with all of the provisions of the Rules of Operation and Assigned Risk Producer Procedures Manual and the Assigned Risk Company Procedures Manual.

6. Reporting Requirements

On a monthly basis, ARCs must report all premiums written, and any other information that may be required by the Plan, Rules or Assigned Risk Company Procedures Manual.

7. Continuation of Eligibility as an ARC

An ARC must maintain a viable book of voluntarily written private passenger motor vehicle insurance policies. The Commissioner may terminate any ARC if disruptive reductions in voluntarily issued motor vehicle policies are found to be in violation of this Section.

C. Procedures for Voluntary Writing of Risks from the MAIP

1. Voluntary Writing by an ARC of its Own Policyholder Insured through the MAIP.

a. Eligibility

A risk is eligible if it is currently insured through the MAIP.

b. Offer to Write

The kinds and amounts of coverage to be offered for such voluntary risks shall not be less than those afforded by the policy being replaced unless the insured refuses such kinds and amounts of coverage.

c. Notification to the Producer of Record

The producer of record must be ~~notified mailed notification~~ of such offer no less than sixty ninety days prior to policy expiration, which shall contain the premium quotation to be offered. The policyholder shall be ~~notified of mailed~~ the offer for voluntary coverage forty-five days prior to policy expiration with copy to the producer of record. Notification may be by mail or electronic means.

Following such offer to write, the ARC shall have no further obligations to the policyholder or to the producer of record if the policyholder obtains replacement insurance from another Member.

If such replacement coverage is obtained by the producer of record within the fifteen forty-five day advance notice period, the producer of record shall notify the assigned ARC and it shall not make an offer to the policyholder.

d. ARC Obligations to the Producer of Record

A duly licensed insurance producer, certified to place business through the MAIP, shall own and have an exclusive right, as the insured's producer of record, to use certain insurance information of the insured embodying the records of the insurance agency which shall include but not be limited to, the name of the insured, the policy inception date, the amount of insurance coverage, the policy number and the terms of insurance. An ARC may choose to offer voluntary coverage to a policyholder it has insured through the MAIP. Once the ARC mails the offer to write voluntary coverage and the policyholder accepts the offer, the policyholder's producer of record shall continue to represent the policyholder who has been written or renewed in the voluntary market and to service the policy unless: 1) the producer is decertified or suspended by the MAIP or the Commissioner of Insurance pursuant to Rule 31.B.; 2) the insured chooses to terminate such producer as its