



COMMONWEALTH AUTOMOBILE REINSURERS

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RALPH A. IANNACO  
PRESIDENT

December 19, 2008

**BULLETIN NO. 889**

**DECISION**

**PROPOSED CHANGES TO RULES OF OPERATION**

Rule 21 – General Provisions

Rule 29 – Assignment Process

The proposed changes to the Rules of Operation amending Rules 21 and 29 were filed with the Commissioner of Insurance on November 20, 2008. The proposed changes were furnished to all members and interested parties as Bulletin No. 887, dated November 20, 2008.

Under the provisions of Article X of the Plan of Operation, a proposed Rule of Operation becomes effective either upon approval by the Commissioner of Insurance, or upon expiration of thirty days from the time of submission, provided that no public hearing was requested within five days by an interested party and the Commissioner has not otherwise disapproved the Rule change within the thirty-day period.

The Commissioner of Insurance has, in correspondence dated December 18, 2008 to Ralph A. Iannaco, President of CAR, issued her decision on the proposed amendments to Rules 21 and 29, as provided for in Article X of the Plan of Operation. A copy of the decision is attached.

Please bring these changes to the attention of all interested parties. The Rules of Operation, including these approved changes, are available on CAR's website.

RALPH A. IANNACO  
President

Attachment



# COMMONWEALTH OF MASSACHUSETTS

## Office of Consumer Affairs and Business Regulation

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COMMISSIONER OF INSURANCE

December 18, 2008

Ralph A. Iannaco, President  
Commonwealth Automobile Reinsurers  
225 Franklin Street  
Boston, MA 02110

RE: Proposed changes to MAIP Rules 21 and 29

Dear Mr. Iannaco:

On November 20, 2008, CAR submitted to me proposed changes to MAIP Rules 21 and 29. Rule 21 concerns the transition to the MAIP from the current pooling mechanism and Rule 29 concerns the credits available to insurance companies when they write certain business voluntarily. This letter addresses two specific provisions of the proposed changes to Rule 29.

CAR's proposed Rule 29.E.1.b. amendment omits any credits for business eligible for the MAIP that is not described in Rule 21.B.3 for the period of April 1, 2008 through March 31, 2009. Specifically, it omits credits for "new business" for this period. My staff spoke with CAR staff and confirmed that this was omission was an oversight. Based on their conversation, I understand that CAR intended, and I likewise recommend, the following language in lieu of the proposed language:

- b. For policies with effective dates of April 1, 2008 through March 31, 2009, a Member shall receive a credit for any exposure that is eligible for MAIP placement for reasons other than those described in Rule 21.B.3., including those exposures meeting the MAIP eligibility criteria but written under a group marketing plan pursuant to G.L. c. 175, § 193R, that it insures voluntarily in the territory and operator classes pursuant to Section E.2. below.

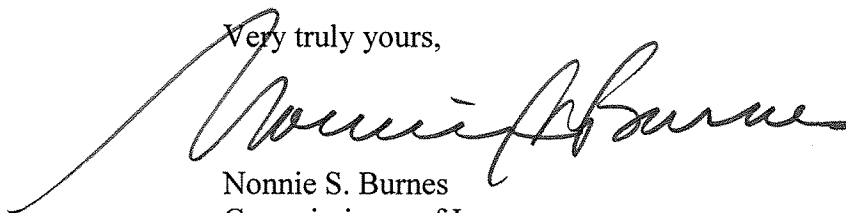
For policies with effective dates of April 1, 2009 through March 31, 2010, a Member shall receive a credit for any exposure that it insures voluntarily in the territory and operator classes pursuant to Section E.2. below.

CAR also proposes amendments to the take-out credits section in Rule 29.E.3, including values for such credits. This section provides credits for exposures taken out of the MAIP. CAR suggests limiting this credit to the first year the policy is taken out of the MAIP. I am agreeable to this limitation. However, I believe that these credits also should be available to all Members who additionally take business out of the CAR pool. This possibility will no longer exist after April 1, 2009, but Members should be encouraged further to take business from this pool through March 31, 2009. I therefore recommend that CAR adopt the following language in lieu of the first proposed paragraph:

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.

Thank you for your anticipated cooperation.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Nonnie S. Burnes". The signature is written in black ink and is positioned above the printed name and title.

Nonnie S. Burnes  
Commissioner of Insurance