



COMMONWEALTH AUTOMOBILE REINSURERS

225 Franklin Street Boston, Massachusetts 02110

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RALPH A. IANNACO
PRESIDENT

January 19, 2010

BULLETIN NO. 919

PROPOSED CHANGES TO THE RULES OF OPERATION

At its special meeting of January 19, 2010, the Governing Committee voted to amend the following Rules of Operation by deleting and adding the language as indicated on the attached copy. A copy of the Filing Letter, which contains an explanation of these Rule changes, is attached for your information.

The proposed Rules are listed below.

Rule 28 – Application Process

Rule 29 – Assignment Process

This Bulletin, with a copy of the proposed changes to the Rules as listed above, is being furnished to every Member Company as required in Article X of the Plan of Operation. Any Member Company may request a public hearing within five days of receipt of this 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.

RALPH A. IANNACO
President



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RALPH A. IANNACO
PRESIDENT

January 19, 2010

Honorable Joseph G. Murphy
Acting Commissioner of Insurance
Massachusetts Division of Insurance
One South Station
Boston, MA 02110-2208

Dear Acting Commissioner Murphy:

Rules of Operation

Rule 28 – Application Process

Rule 29 – Assignment Process

In accordance with the provisions of Article X of the Plan of Operation, I hereby file, at the request of the Governing Committee, the attached amendments to Rules 28 and 29 of the Rules of Operation.

The attached amendments change Rules 28 and 29 by deleting and adding the language as indicated on the attached copy.

The remainder of these Rules is unchanged.

Explanation

Rule 28

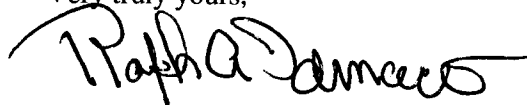
The proposed amendments to Rule 28.C. reflect suggestions made by the Division of Insurance in its remand of Rule 28 in correspondence dated December 18, 2009. Additionally, a provision has been added to allow for a 100% down payment based on the Assigned Risk Company's voluntary rate, if known, in cases where an applicant's prior policy was cancelled for non-payment in the previous 24 months, thus allowing for a payment that reflects the rate that will be used to issue the policy.

Rule 29

The proposed amendments to Rule 29.E. reflect selected credit values, which meet the objectives detailed in the Division of Insurance's remand and are within the parameters of the specific criteria contained therein.

A copy of the proposed amendments to Rules 28 and 29 is attached hereto, and is being 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 of the Plan of Operation.

Very truly yours,

A handwritten signature in black ink, appearing to read "Ralph A. Iannaco". The signature is written in a cursive style with a large initial "R" and a long horizontal flourish at the end.

Ralph A. Iannaco
President

RAI:kat

Attachment: Rule 28 – Application Process
Rule 29 – Assignment Process

cc: Assigned Risk Producers of Massachusetts, Inc.
Massachusetts Association of Insurance Agents
Public Protection Division – Office of the Attorney General

A. Submitting an Application to the MAIP

To obtain MAIP coverage for an Eligible Risk an Assigned Risk Producer (ARP) must submit an electronic application for private passenger motor vehicle insurance coverage to the MAIP.

ARPs must assure that the application for insurance through the MAIP is submitted on the prescribed form and that each application is completed accurately and thoroughly. An incomplete or incorrect application will be returned to the producer for remedy. Once the application for coverage through the MAIP is received and all required information for issuance of the policy is provided, the MAIP will assign a certification number to the application.

B. Assignment of Application to a Member

An application with a certification number will be randomly assigned to a Member based on its Quota Share as specified in Rule 29 – Assignment Process. The MAIP will notify the ARC of the policy assignment. The MAIP will notify the ARP of the identity of the ARC which will issue the policy and the effective date of the coverage.

Once the policy has been assigned to an ARC, after receiving such notice, the ARP is responsible for providing the ARC with the following items within two working days as specified in Rule 31.B.2:

1. The original application form, signed by the applicant and the ARP; and
2. The required deposit premium as specified below.

C. Premium Deposit and Payment Options

1. Amount of Premium Deposit

A deposit of the amount noted below shall accompany the application for MAIP coverage. The applicant, at his option, may choose to make a larger deposit payment. The deposit shall be in the form of a personal check, certified check, bank check, money order, premium finance company check or ARP's check made payable to the ARC. In the event that an ARP submits a dishonored check, issued either by the agency or by the ARP individually, on one or more occasions during a one-year period, future payments for the next 12 months must be submitted by certified check, bank check, or money order.

~~a. For a new business policy, a deposit of 30% is required; provided that for MAIP business with policy effective dates of April 1, 2008 through March 31, 2009 a deposit of not more than 25% of the premium quoted based on the MAIP rates is required.~~

a. A deposit of 25% of the quoted premium based on the MAIP rates is required with a new business policy application, ~~with an effective date on and after April 1, 2009.~~

However, the applicant will be required to provide a premium deposit of 80% of the MAIP premium, or if known, 100% of the ARC's voluntary premium, if the applicant has during the preceding 24 months been issued a notice of cancellation for non-payment of an automobile insurance premium which resulted in the cancellation of that policy.

The ARC shall send the applicant a notice of any additional or return premium adjustment to the deposit premium at the same time as the issuance of the coverage selections page. The applicant may be required to pay any additional deposit premium within 30 days of the issuance of the coverage selections page, and the ARC may not issue a cancellation notice for non-payment of premium during this 30 day period. Any return premium adjustment to the deposit shall be sent to the applicant within 30 days of the issuance of the coverage selections page.

- b. A deposit of 20% is required for a renewal policy. An ARC may elect to require more than a 20% deposit for a renewal policy if the policyholder during the preceding 24 months has been issued a notice of cancellation for non-payment of an automobile insurance premium which resulted in the cancellation of that policy.

~~However, if the Eligible Risk has had a policy cancelled within the preceding 24 months for non payment, a premium deposit of 100% will be required in addition to the outstanding balance of any earned premium, consistent with Massachusetts law. The Eligible Risk must complete a new application and the ARP must verify that the Eligible Risk has no earned premium outstanding within the last 12 months.~~

~~Upon receipt of the deposit accompanying an application for insurance, the ARC may deduct from such deposit any unpaid balance of premium earned within the preceding 12 months that is owed to the ARC. If any outstanding balance is not paid within the time permitted by the MAIP, the ARC shall be entitled to cancel the insurance.~~

- c. All deposit, installment and additional premium payments shall be submitted gross of any commissions. Commission to the ARP will be paid in accordance with Rule 37 – Commissions.

2. Installment Plan

For MAIP business with policy effective dates of April 1, 2008 through March 31, 2009, each ARC shall utilize an installment payment plan that has been filed with and approved by the Commissioner, with the following limitations: 1) MAIP insureds must be offered the same flat fee per installment finance charge plans that the ARC uses in the voluntary market, but the fee may not exceed \$6.00 per installment; 2) no fees based on an annual percentage rate (“APR”) shall be charged, regardless of those available in the voluntary market; 3) no more than a 25% first or deposit payment based on the MAIP premium may be required on or before the policy effective date; and 4) no fewer than seven monthly payments thereafter must be offered to MAIP insureds who choose to pay in installments.

Each ARC will utilize the installment payment plan filed by Commonwealth Automobile Reinsurers for MAIP business with effective dates on and after April 1, 2009. The plan will require an initial deposit payment of 25% for new business and 20% for renewal business. The deposit for new business will be a percentage of the premium calculated using MAIP rates then in effect. The ARC will then calculate the balance of the premium owed on the basis of the lower of the MAIP rate or the ARC rate and the insured will pay that premium balance over nine equal monthly installments. The deposit for renewal business will be a percentage of the premium calculated using the lower of the ARC's rate or the MAIP rate. The remaining balance will be paid over nine equal monthly installments. A flat \$6.00 per installment finance charge will be charged until the entire balance is paid.

3. Dishonored Check Charge

An applicant or policyholder that issues a check that is dishonored by the financial institution to which the check is presented for payment will be charged a fee as provided in the plan filed by the ARC and approved by the Division of Insurance for policies with effective dates April 1, 2008 through March 31, 2009.

For policies effective on and after April 1, 2009 a dishonored check fee of \$25 will be charged to an applicant or policy holder issuing a check that is dishonored by the financial institution to which the check is presented for payment.

4. Late Fee or Cancellation Fee

A policyholder that fails to pay an installment premium by the applicable due date will be charged a late fee or cancellation fee as provided in the plan filed by the ARC and approved by the Division of Insurance for policies with effective dates April 1, 2008 through March 31, 2009.

A policy holder who fails to pay an installment premium by the applicable due date will be charged a late fee or cancellation fee of \$25 for policies with effective dates on or after April 1, 2009.

5. Agency Acceptance of Payments

Acceptance of payment by the ARP shall be viewed as a payment to the ARC.

6. Premium Financed Policies

The standards pertaining to premium financing for policies issued through the MAIP must be consistent with state laws and regulations.

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 that qualify as a Clean-in-Three Risk pursuant to Rule 22 as of the effective date of their current Private Passenger Motor Vehicle Insurance policy will be adjusted by a factor of 0.0 provided all of the following conditions are met:

- (1) The operator was insured under a Private Passenger Motor Vehicle Insurance policy issued by the Assigned Risk Company (ARC) with an effective date between April 1, 2008 and March 31, 2009;
 - (2) The producer of record for the policy between April 1, 2008 through March 31, 2009 that insured the operator was exclusively assigned to the Member by CAR; and
 - (3) 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.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.

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.

Until April 1, 2009, the premium Quota Share of each Member shall be based on the voluntary exposure market share pursuant to Section A. above. Thereafter, monthly adjustments will be made to each Member's premium based Quota Share to reflect the latest rolling 12-month voluntary exposure based market share.

To determine the current premium 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 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.

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.

D. Assignment Period

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

If an Eligible Risk that is unable to obtain insurance in the voluntary market at the end of the consecutive three-year period, or is unable to obtain an extension by the designated ARC he may reapply for coverage through the MAIP. Such reapplication shall be considered a new application and the Eligible Risk shall be assigned to a different Member such that the designated ARC is different than the previous ARC.

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.

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, 2008 through March 31, 2009, Members shall receive a credit for any exposure that is eligible for placement through the MAIP pursuant to 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.
- 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~~ 2011, 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.

- c. Credit shall be applied to the Member's Quota Share pursuant to Section 29.C. above for the appropriate premiums pursuant to Section E.2. below.

2. Amount of Credits

Members shall receive a credit for each exposure with a policy effective date on or prior to March 31, 2009 if 10 or more points are attributable to the exposure based on the MAIP rate manual. Such credit shall equal the annual Private Passenger Motor Vehicle MAIP premium that the risk would have been charged if it had been insured through the MAIP.

Members shall receive credit for each exposure written voluntarily pursuant to Section E.1.b. above in the territory and operator classes listed 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 factor shown below.

If an exposure qualifies for credit on the basis of merit rating points and on the basis of operator class and territory, the final credit shall be the greater of the credit based on merit rating points or the credit based on operator class and territory.

CAR | **Rules of Operation**
Rule 29 | **Assignment Process**
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The following factors are applicable for policies with effective dates from April 1, 2008 through March 31, 2009.

Territory	Operator Class							
	10	15	17	18	20	21	25	26
1					1.0		1.0	
2					1.0		1.0	
3					1.0		1.0	
4					1.0		1.0	
5					1.0		1.0	
6					1.0		1.0	
7					1.0		1.0	
8					1.0		1.0	
9					1.0		1.0	
10					1.0		1.0	
11					1.0		1.0	
12					1.0		1.0	
13					1.0		1.0	
14					1.0	1.0	1.0	1.0
15	1.0	1.0	1.0		1.0	1.0	1.0	1.0
16	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
17					1.0		1.0	
18	1.0	1.0			1.0		1.0	
19	1.0	1.0	1.0		1.0		1.0	
20	1.0	1.0	1.0		1.0		1.0	
21	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
22	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
23			1.0		1.0		1.0	
24					1.0		1.0	
25					1.0	1.0	1.0	1.0
26			1.0		1.0	1.0	1.0	1.0
27					1.0		1.0	
40					1.0		1.0	
41					1.0	1.0	1.0	1.0
42	1.0	1.0	1.0		1.0	1.0	1.0	1.0
43	1.0	1.0	1.0		1.0	1.0	1.0	1.0
44	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
45	1.0	1.0	1.0		1.0	1.0	1.0	1.0

CAR | **Rules of Operation**
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The following factors are applicable for policies with effective dates from April 1, 2009 through March 31, 2010.

Operator Class										
Territory	10	15	17	18	20	21	25	26	30	M/M*
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

The following factors are applicable for policies with effective dates from April 1, 2010 through March 31, 2011.

	<u>Operator Class</u>									
<u>Territory</u>	<u>10</u>	<u>15</u>	<u>17</u>	<u>18</u>	<u>20</u>	<u>21</u>	<u>25</u>	<u>26</u>	<u>30</u>	<u>M/M*</u>
<u>01</u>					<u>0.8</u>					
<u>02</u>					<u>0.8</u>					
<u>03</u>					<u>1.5</u>					
<u>04</u>					<u>0.8</u>					
<u>05</u>			<u>0.25</u>		<u>1.5</u>	<u>0.35</u>				
<u>06</u>					<u>1.5</u>					
<u>07</u>			<u>0.25</u>		<u>1.5</u>	<u>0.75</u>				
<u>08</u>			<u>0.25</u>		<u>1.5</u>		<u>0.25</u>			
<u>09</u>			<u>0.7</u>		<u>1.5</u>	<u>0.35</u>	<u>0.25</u>			
<u>10</u>			<u>0.25</u>		<u>1.5</u>	<u>0.75</u>				
<u>11</u>			<u>0.25</u>		<u>1.5</u>		<u>0.25</u>			
<u>12</u>			<u>0.25</u>		<u>1.5</u>	<u>0.75</u>	<u>0.25</u>			<u>0.35</u>
<u>13</u>			<u>0.8</u>		<u>1.5</u>	<u>0.75</u>	<u>0.7</u>			<u>0.35</u>
<u>14</u>			<u>0.7</u>		<u>1.5</u>	<u>0.35</u>	<u>0.7</u>			<u>0.75</u>
<u>15</u>	<u>0.35</u>		<u>0.7</u>	<u>0.35</u>	<u>3.5</u>	<u>1.75</u>	<u>1.5</u>		<u>0.35</u>	<u>0.85</u>
<u>16</u>	<u>0.85</u>		<u>1.5</u>	<u>0.85</u>	<u>3.5</u>	<u>1.75</u>	<u>1.5</u>	<u>1.75</u>	<u>0.75</u>	<u>0.85</u>
<u>17</u>			<u>0.7</u>		<u>1.5</u>		<u>1.5</u>			
<u>18</u>	<u>0.35</u>		<u>0.8</u>		<u>2.5</u>		<u>0.25</u>		<u>0.35</u>	<u>0.75</u>
<u>19</u>			<u>1.5</u>		<u>2.5</u>		<u>0.8</u>			<u>0.75</u>
<u>20</u>	<u>0.35</u>		<u>1.5</u>	<u>0.35</u>	<u>2.5</u>		<u>0.8</u>	<u>0.35</u>	<u>0.35</u>	<u>0.85</u>
<u>21</u>	<u>0.75</u>	<u>0.35</u>	<u>1.5</u>	<u>0.75</u>	<u>2.5</u>	<u>1.75</u>	<u>1.5</u>		<u>0.75</u>	<u>0.85</u>
<u>22</u>	<u>0.85</u>	<u>0.75</u>	<u>1.5</u>	<u>0.35</u>	<u>2.5</u>	<u>0.85</u>	<u>0.8</u>			<u>1.75</u>
<u>23</u>			<u>1.5</u>		<u>3.5</u>	<u>0.75</u>	<u>1.5</u>			<u>0.85</u>
<u>24</u>			<u>0.7</u>		<u>1.5</u>	<u>0.85</u>	<u>0.8</u>			<u>0.75</u>
<u>25</u>			<u>0.8</u>		<u>1.5</u>	<u>0.75</u>				
<u>26</u>	<u>0.35</u>		<u>1.5</u>	<u>0.35</u>	<u>2.5</u>	<u>1.75</u>	<u>0.8</u>			<u>0.85</u>
<u>27</u>					<u>1.5</u>					
<u>40</u>	<u>0.85</u>		<u>1.5</u>		<u>3.5</u>	<u>0.85</u>	<u>1.5</u>			<u>0.85</u>
<u>41</u>	<u>0.35</u>		<u>1.5</u>	<u>0.75</u>	<u>1.5</u>	<u>1.75</u>	<u>1.5</u>	<u>0.35</u>		<u>0.35</u>
<u>42</u>	<u>0.85</u>		<u>1.5</u>	<u>0.75</u>	<u>2.5</u>	<u>1.75</u>	<u>0.8</u>			<u>0.85</u>
<u>43</u>	<u>0.75</u>		<u>0.8</u>	<u>0.35</u>	<u>2.5</u>	<u>1.75</u>	<u>0.8</u>			<u>0.35</u>
<u>44</u>	<u>0.75</u>		<u>0.8</u>	<u>0.75</u>	<u>2.5</u>	<u>0.85</u>	<u>0.8</u>	<u>0.35</u>	<u>0.35</u>	<u>0.85</u>
<u>45</u>	<u>0.75</u>		<u>1.5</u>		<u>2.5</u>	<u>0.85</u>	<u>1.5</u>		<u>0.35</u>	<u>0.85</u>
<u>99</u>										

* Motorcycle and Miscellaneous Classes

3. 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.

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.

H. Credits Relating to Clean-in-Three Risks

Not later than December 1, 2010 CAR shall develop a credit mechanism designed to encourage Members to voluntarily insure consumers who are Clean-in-Three Risks and who meet the following criteria:

1. The applicant or any person who usually drives the motor vehicle has not failed to pay an insurance company any Private Passenger Motor Vehicle Insurance premiums due or contracted during the preceding 12 months; and
2. Any person who usually drives the Private Passenger Motor Vehicle holds or is eligible to obtain an operator's license.

Such credit will be available to Members as of April 1, 2011, when the transitional constraint on non-renewal of Clean-in-Three Risks pursuant to Rule 21.D. has ended.