



COMMONWEALTH AUTOMOBILE REINSURERS

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RALPH A. IANNACO
PRESIDENT

December 6, 2010

BULLETIN NO. 937

DECISION

PROPOSED CHANGES TO RULES OF OPERATION

Rule 21 – General Provisions

Rule 26 – Policyholder Rights and Responsibilities

Rule 29 – Assignment Process

Rule 30 – Assigned Risk Company Requirements

Proposed changes to the Rules of Operation amending Rules 21, 26, 29, and 30 were filed with the Commissioner of Insurance on November 4, 2010. The proposed changes were furnished to all members and interested parties as Bulletin No. 934, dated November 4, 2010.

In the attached letter dated December 2, 2010, to CAR President Ralph Iannaco, the Commissioner of Insurance indicated that he will allow CAR's additional request to extend the prohibition on non-renewing clean-in-three business to March 31, 2012 and will allow CAR to extend the date by which it must submit a proposed credit mechanism applicable to those risks to December 1, 2011.

During this one-year extension, the Commissioner has directed CAR...“to evaluate the proportion of clean-in-three vehicles insured by the industry, including a review of the loss ratio data for risks coded as clean-in-three, as compared to a statistically valid sample of risks that satisfy the definition of clean-in-three that are not so coded. CAR should prepare information for its committees to assess the need for a credit system beyond the one currently in place for clean-in-three risks, and should explore alternatives for minimizing the likelihood that such risks will need to obtain insurance through the MAIP” The remainder of the amendments to Rules 21, 26, 29, and 30 were approved as filed.

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

RALPH A. IANNACO
President

Attachment



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JOSEPH G. MURPHY
COMMISSIONER OF INSURANCE

December 2, 2010

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

RE: CAR Bulletin 934 – Proposed Changes to CAR Rules 21, 26, 29 and 30
CAR Bulletin 935 – Proposed Changes to Article I of the CAR Plan of Operation

Dear Mr. Iannaco:

I have received Commonwealth Automobile Reinsurer's ("CAR") November 4, 2010 proposed changes to Rules 21, 26, 29 and 30 and to Article I of the CAR Plan of Operation in response to my letter of August 25, 2010 concerning changes at CAR mandated by Chapter 237 of the Acts of 2010 (the "Act").

CAR's proposed rule changes contain certain amendments that exceed the scope of the Act and my August 25 letter. Specifically, CAR additionally proposes extending for one year, until March 31, 2012, the time period during which clean-in-three business cannot be non-renewed through amendments to Rules 21.D and 26.C, subject to the exceptions in Rule 21.D. CAR also proposes to extend for one year the date by which it must submit clean-in-three credits to the Commissioner, through amendments to Rule 21.F.

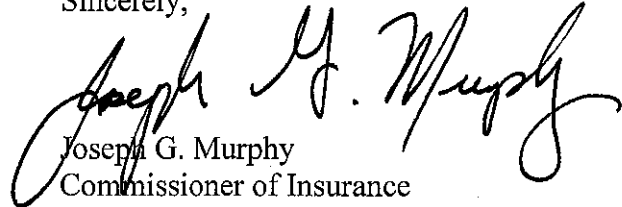
I will allow CAR's request to extend the prohibition on non-renewing clean-in-three business for one year, as well as allow CAR to extend for one year the time within which it must submit credits applicable to those risks, as set forth in the proposed changes to Rules 21.D and 26.C. I am granting this extension to allow CAR to rely on fully competitive data in the development of a clean-in-three credit program. During this one-year extension, CAR is directed to carefully evaluate the proportion of clean-in-three vehicles insured by the industry, including a review of the loss ratio data for risks coded as clean-in-three, as compared to a statistically valid sample of risks that satisfy the definition of clean-in-three that are not so coded. CAR should prepare

Letter to Ralph A. Iannaco, President
Commonwealth Automobile Insurers
December 2, 2010
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information for its committees to assess the need for a credit system beyond the one currently in place for clean-in-three risks, and should explore alternatives for minimizing the likelihood that such risks will need to obtain insurance through the MAIP.

I do not disapprove the remaining proposed changes to Rules 21, 26, 29 and 30, or the proposed changes to Article I of the Plan of Operation.

Sincerely,



Joseph G. Murphy
Commissioner of Insurance