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November 18, 2011

BULLETIN NO. 950

PROPOSED CHANGES TO THE RULES OF OPERATION

At its meeting of November 16, 2011, the Governing Committee voted to amend the following Rules of Operation by deleting and adding the language as indicated on the attached copies. A copy of the Filing Letter, which contains an explanation of the Rule changes, is attached for your information.

The impacted Rules are listed below.

- Rule 21 – General Provisions
- Rule 26 – Policyholder Rights and Responsibilities
- Rule 29 – Assignment Process
- Rule 36 – Limited Assignment Distribution Agreements

This Bulletin, with a copy of the proposed changes to the Rules 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.

DANIEL R. JUDSON
President

Attachment



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November 18, 2011

Honorable Joseph G. Murphy
Commissioner of Insurance
Massachusetts Division of Insurance
1000 Washington Street, Suite 810
Boston, MA 02118

Proposed Changes to the Rules of Operation

Dear Commissioner Murphy:

In accordance with the provisions of Article X of the Plan of Operation, I hereby file, at the request of the Governing Committee, amendments to the following Rules of Operation:

Rule 21 – General Provisions
Rule 26 – Policyholder Rights and Responsibilities
Rule 29 – Assignment Process
Rule 36 – Limited Assignment Distribution Agreements

Changes are shown by deleting and adding the language as reflected on the attached copies. The remainder of these Rules is unchanged.

Explanation

Rules 21, 26, and 29

The Governing Committee has adopted modifications to the Rules of Operation relating to quota share credits for policies effective April 1, 2012 and later, including voluntary and take-out credits and clean-in-three provisions. Rules 21, 26, and 29 of the Rules of Operation have been amended as noted below.

Clean-in-Three Credits (Rules 21.D., 26.C., 29.B., and 29.H.)

The Commissioner of Insurance, in correspondence dated December 2, 2010, approved a one-year extension to the clean-in-three renewal requirements to allow CAR the ability to rely on fully competitive data in the development of a clean-in-three credit program. As directed by the Commissioner, the Actuarial Committee identified and evaluated a statistically valid sample of risks that satisfy the clean-in-three definition, assessed the need for a credit system beyond the one currently in place, and explored alternatives to minimize the likelihood that Clean-in-Three Risks will need to obtain insurance through the MAIP.

The Actuarial Committee is of the opinion that while most Clean-in-Three Risks will find coverage in the voluntary market, the current protections should remain in place for clean-in-three business written through producers with no voluntary outlet in order to minimize the likelihood that these risks will require coverage in the residual market. Addressing concerns that the current non-renewal restrictions should be gradually eliminated, modifications to the non-renewal requirements were approved by the Governing Committee at its November 16, 2011 meeting.

The proposed amendments provide that Clean-in-Three Risks with renewal dates during the period April 1, 2008 through March 31, 2014 shall not be non-renewed by a Member, subject to the exceptions proposed in Rule 21.D. The Rule 29.B. MAIP Quota Share voluntary market exclusion will continue for those Clean-in-Three Risks to which the non-renewal constraints apply. To allow for the gradual elimination of constraints on the non-renewal of Clean-in Three Risks, the following amendments to Rule 21.D. are proposed, and include a provision that no later than December 1, 2013, CAR shall confirm that the March 31, 2014 end date of the restriction on the non-renewal of Clean-in-Three Risks should be ratified based on a review of then-current data.

- For policies effective prior to April 1, 2012, a Clean-in-Three Risk can not be non-renewed by a Member.
- For policies effective April 1, 2012 through March 31, 2013, a Clean-in-Three Risk can not be non-renewed by a Member if the producer does not have a voluntary contract with the Member as of April 1, 2009.
- For policies effective April 1, 2013 through March 31, 2014, a Clean-in-Three Risk can not be non-renewed by a Member if the producer does not have a voluntary contract with the member as of April 1, 2010.
- For policies effective April 1, 2014 and subsequent, the restriction on the non-renewal of a Clean-in-Three Risk no longer applies.

Rules 26.C, and 29.H. have been updated to be consistent with the proposed amendment to Rule 21.D.

Voluntary Credits (Rule 29.E.1. and E.2.)

Voluntary credit factors have been selected for policies effective April 1, 2012 and later. It is anticipated that the proposed credit factors will result in essentially no change to credit eligible exposures and a 10.2% decrease in available credit premium. In developing the offer, consideration was given to a residual market share of 7.5% or greater for each class/territory cell, while recognizing the need to gradually reduce the available credit premium by limiting changes to 50% of the indication.

Take-Out Credits (Rule 29.E.3.)

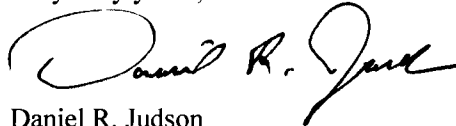
Proposed amendments provide that risks whose three-year MAIP assignment period is expiring are not eligible for take-out credit in light of the recently approved procedures to require 120 day notice to producers of an ARC's intention to non-renew, providing ample opportunity to seek voluntary coverage.

Rule 36

The proposed amendments clarify language relative to the assignment volume limitation under a Limited Assignment Distribution Agreement and eliminate references to the Assigned Risk Uniform Plan that are not applicable to the MAIP.

A copy of the proposed amendments to Rules 21, 26, 29 and 36 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,



Daniel R. Judson
President

Attachment: Rule 21 – General Provisions
Rule 26 – Policyholder Rights and Responsibilities
Rule 29 – Assignment Process
Rule 36 – Limited Assignment Distribution Agreements

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

A. General Provisions

The Massachusetts Automobile Insurance Plan (MAIP) has been created to provide Private Passenger Motor Vehicle Insurance to Eligible Risks, as defined by Rule 22, who seek and are unable to obtain such insurance through the voluntary market, and to assure that the risks written through the MAIP are distributed equitably based upon the Quota Share of each Member as defined by Rule 22.

The Rules of Operation of the MAIP are adopted in accordance with CAR's Plan of Operation in order to implement the MAIP and shall be effective July 16, 2007, subject to the provisions for the phase-in of placements through the MAIP pursuant to Section B. below and the constraints identified in Section D. below.

B. Provisions for the Phase-In of Placements Through the MAIP

In order to achieve a smooth transition from the reinsurance facility administered by Commonwealth Automobile Reinsurers (the CAR pool) to the MAIP, the placement of Eligible Risks through the MAIP will not begin until April 1, 2008 pursuant to Section B.2. below and will, at first, be limited to New Business. The placement of all other business through the MAIP will be subject to a gradual process. The first, limited category of risks that must be placed through the MAIP if declined in the voluntary market will also begin for policies effective on or after April 1, 2008 pursuant to Sections B.2. and 3. below. Only as of April 1, 2009 must all risks that are declined in the voluntary market be placed through the MAIP pursuant to Section B.4. below. Additionally, constraints on business that cannot be non-renewed are imposed ~~for a three-year transition period~~ pursuant to Section D. below. This measured approach is necessary to ensure that the MAIP is not overwhelmed in its initial operation and to allow CAR time to implement the administrative framework of the MAIP. To achieve these benefits, the following Rules apply to eligibility for ceding to the CAR pool and to eligibility for placement through the MAIP on or after July 16, 2007:

1. Beginning on July 16, 2007, the MAIP Rules become effective, but no business can be placed through the MAIP until April 1, 2008. Members who are eligible to cede pursuant to CAR Rules may continue to cede to the CAR pool new or other Private Passenger Motor Vehicle Insurance business, including renewal business, with policy effective dates from July 16, 2007 through March 31, 2008.
2. All New Business, pursuant to Rule 22, with policy effective dates on or after April 1, 2008, must either be written voluntarily or be declined and referred for placement through the MAIP. These declined risks can no longer be ceded to the CAR pool as of April 1, 2008.
3. All Private Passenger Motor Vehicle Insurance business, including renewal business, with policy effective dates on or after April 1, 2008 that has 10 or more merit rating points, as determined by the MAIP rate manual rules, must either be written voluntarily or declined and referred for placement through the MAIP. These risks can no longer be ceded to the CAR pool as of April 1, 2008.
4. All Private Passenger Motor Vehicle Insurance business with policy effective dates on or after April 1, 2009, must either be written voluntarily or be declined and referred for placement through the MAIP. These risks can no longer be ceded to the CAR pool as of April 1, 2009.

The last policy effective date on which any risk can be ceded to the CAR pool is March 31, 2009.

C. Transition Procedures

1. The following procedures have been established in order to continue a smooth transition from the reinsurance facility administered by CAR to the MAIP. Notwithstanding anything to the contrary in these Rules, including but not limited to the provisions of Rules 26.A.3.a.(3), 28.B.1., 28.C.1.a., 31.B.3.1., 31.B.5.a., and 31.B.6., these procedures apply to applications for coverage effective through March 31, 2010 that meet the following eligibility criteria:

- a. The applicant's prior policy was non-renewed.
 - b. The applicant's producer of record for the prior policy was an Exclusive Representative Producer on the effective date of that policy, or the prior policy was ceded to CAR.
 - c. There is no prior premium owed; and
 - d. The applicant is otherwise eligible for MAIP placement.
2. An applicant that meets the established eligibility criteria is subject to the following provisions:
- a. The down payment will be calculated as 20% of the MAIP premium;
 - b. Pre-inspection requirements will be waived;
 - c. The down payment and original MAIP policy application, signed by the ARP, must be submitted to the Assigned Risk Company within 2 business days of the assignment. The requirement for an applicant's signature on the original application will be waived provided that, a signed copy of the application is received by the ARP within 10 business days of the assignment. The ARP will be required to maintain the signed copy, and make this copy available upon request;
 - d. If requested by its former ERP, the former Servicing Carrier will provide a list of non-renewed policies in electronic format to the former ERP.
3. The following procedures apply to new business applications submitted through the MAIP for coverage effective April 1, 2010 through March 31, 2011 by a former Exclusive Representative Producer that does not have a voluntary contract as of April 1, 2010.
- a. The down payment will be calculated as 20% of the MAIP premium;

- b. The down payment and original MAIP policy application, signed by the ARP, must be submitted to the Assigned Risk Company within 2 business days of the assignment. The requirement for an applicant's signature on the original application will be waived provided that a signed copy of the application is received by the ARP within 10 business days of the assignment. The ARP will be required to maintain the signed copy and make this copy available upon request.
4. Procedures adopted pursuant to Rule 21.C.3.a. and b. do not apply to new business applications submitted through the MAIP by a former Exclusive Representative Producer that receives a voluntary contract subsequent to April 1, 2010.
5. The down payment will be calculated as 20% of the MAIP premium for new business applications resulting from the non-renewal of an assigned policy as a result of the expiration of the three year assignment period pursuant to Rule 29.D.1. This provision applies to applications submitted to the MAIP for coverage effective September 1, 2011 through December 31, 2011.

D. Constraints on Placement Through the MAIP During the Transition Period

- 1.** A Clean-in-Three Risk, pursuant to Rule 22, with a renewal date during the period April 1, 2008 through March 31, 2014~~2~~, cannot be non-renewed by a Member unless:
 - 1.a.** The insured, at his own initiative, chooses not to renew his policy with such Member;
 - 2.b.** The producer terminates his relationship with a Member and the producer transfers his book of business, which includes such a Clean-in-Three Risk, from that Member to a new Member; or
 - 3.c.** The Member terminates his relationship with a producer and the producer transfers his book of business, which includes such a Clean-in-Three Risk, from that Member to a new Member.

2. For policies effective prior to April 1, 2012, a Clean-in-Three Risk can not be non-renewed by a Member.
3. For policies effective April 1, 2012 through March 31, 2013, a Clean-in-Three Risk can not be non-renewed by a Member if the producer does not have a voluntary contract with a Member as of April 1, 2009.
4. For policies effective April 1, 2013 through March 31, 2014, a Clean-in-Three Risk can not be non-renewed by a Member if the producer does not have a voluntary contract with a Member as of April 1, 2010.
5. For policies effective April 1, 2014 and subsequent, the restriction on the non-renewal of a Clean-in-Three Risk no longer applies. However, no later than December 1, 2013, CAR shall confirm that the end date should be ratified based on a review of then-current data.

E. Obligations of Assigned Risk Companies Relative to Clean-in-Three Business

The Producer of a Clean-in-Three Risk, renewed by an Assigned Risk Company (ARC) pursuant to Rule 21.D., shall continue as the risk's producer of record and shall be paid commissions owed on such business, even if the producer does not hold a voluntary contract with the ARC. The producer's commission and the term of commission payments are governed by Rule 30.C.1.d.

F. ~~Responsibility of CAR During the Transition Period~~

~~CAR is directed to submit to the Commissioner, by December 1, 2011, proposed rules that will ensure continued control of the size of the residual market after April 1, 2012. In developing such rules, CAR is to consider market based strategies as well as other methodologies.~~

A. Eligibility Requirements

1. Applicants Eligible for the Massachusetts Automobile Insurance Plan (MAIP)

- a. A completed, signed application for assignment submitted to the MAIP shall constitute a certification by the applicant, or his duly authorized agent submitting the application on his behalf, to the effect that the applicant has attempted within 15 days prior to the date of application to obtain Motor Vehicle Insurance in the voluntary market and that he has been unable to obtain such insurance through a voluntary policy.
- b. An application shall be considered in good faith if the applicant reports all information of a material nature and does not intentionally make incorrect or misleading statements in the prescribed application form, or does not fall within any of the prohibitions or exclusions pursuant to Section A.3. of this Rule.
- c. The MAIP shall be available to residents and non-residents of the state only with respect to motor vehicles that are registered or will be registered in the state within 15 days, except that non-residents who are members of the United States military forces shall be eligible with respect to motor vehicles registered in other states provided such military non-residents are stationed in this state at the time application is made and are otherwise eligible for insurance under the Plan.

2. Motor Vehicles Eligible for Assignment

The MAIP shall accept for assignment applications to insure all types of motor vehicles that may be insured under a standard Private Passenger Motor Vehicle Insurance policy approved for use by the MAIP.

3. Applicants not Eligible for the MAIP

- a. No Assigned Risk Company (ARC) is required to offer or continue insurance to any applicant or insured in any of the following circumstances:

- (1) If any person who usually drives the motor vehicle does not hold or is not eligible to obtain an operator's license or fails to obtain such license as required by law; or
 - (2) If the applicant or any person who usually drives the motor vehicle has failed to pay an insurance company any motor vehicle insurance premiums due or contracted during the preceding 12 months; or
 - (3) An applicant shall not be entitled to physical damage insurance pursuant to Rule 27 nor shall any ARC be required to offer or continue to offer physical damage insurance if the applicant has failed to make the vehicle(s) available for inspection pursuant to 211 CMR 94.
- b. An applicant who is eligible for insurance shall not be placed in the MAIP in any of the following circumstances:
- (1) If a person obtains insurance through a group marketing plan pursuant to G.L. c. 175, § 193R; or
 - (2) If the applicant is one of two or more entities, in each of which the same person or group of persons or corporations owns a majority interest, none of such entities shall be eligible for insurance through the MAIP if any such entities have failed to meet its premium obligations as outlined above. If an entity owns the majority interest in another entity that in turn owns the majority interest in another entity, all entities so related shall be considered under the same majority ownership for purposes of this Rule.

B. Reassignment Rights

1. An ARC shall provide coverage to each applicant assigned to it. However, pursuant to Sections B.2. and 3. of this Rule, an applicant or policyholder may subsequently request reassignment to another Member if the applicant or policyholder can establish any one of the following:

- a. the applicant or policyholder has previously been involved as a plaintiff in litigation with the ARC;
 - b. the applicant or policyholder is currently involved as a plaintiff in litigation with the ARC;
 - c. the policyholder of an ARC filed a consumer complaint with the Division of Insurance against such ARC prior to the MAIP assignment;
 - d. the policyholder of an ARC filed a consumer complaint with the Attorney General against such ARC prior to the MAIP assignment;
or
 - e. the applicant or policyholder has invoked his rights under a consumer protection statute regarding his relationship with the ARC (i.e. applicant has previously issued a Chapter 93A Demand Letter) prior to the MAIP assignment.
2. To request reassignment, an applicant or policyholder must complete the Request for Reassignment Form found in the [MAP Assigned Risk Company Procedures Manual](#) and provide the necessary documentation required by such form no later than 30 days following: 1) the date of the initial assignment through the MAIP, or 2) the annual policy renewal date.
 3. Pursuant to Rule 29.F.23., at no time may an applicant or policyholder request reassignment to a different Member if any outstanding premium balance is due the ARC. Furthermore, an applicant or policyholder may not for any reason request reassignment to a specific Member under this Section.
 4. If the reassignment of an applicant or a policyholder pursuant to Rule 26.B.1. results in assignment to a Member that has executed a Limited Assignment Distribution Agreement (LADA) with the ARC from which the applicant or the policyholder has requested reassignment, the MAIP shall apply the reassignment process until the applicant or the policyholder obtains insurance from another ARC.

C. Clean-in-Three Risks

All Clean-in-Three Risks with renewal dates during the period April 1, 2008 through March 31, 201~~4~~², shall not be non-renewed by a Member, subject to the exceptions identified in Rule 21.D.

D. Re-Eligibility for the MAIP

Applicants eligible for assignment in accordance with Section A. are subject to the following re-eligibility requirements.

1. New Application

Any applicant denied insurance under Section A. or cancelled under Section E. of this Rule may reapply to the MAIP as soon as the cause of ineligibility is removed.

- a. Applicants cancelled for non-payment of premium may reapply for assignment at any time provided no earned premium is owed the previous assigned company.
- b. If an applicant cancelled for non-payment of premium reapplies, provided such applicant is otherwise eligible, the application shall be accompanied by the deposit pursuant to Rule 28.
- c. Such application shall be considered a new application and the applicant shall be assigned to a Member pursuant to Rule 29 or reassigned to the prior Member, if applicable.

2. Renewal Application

Any policyholder, who fails to pay the renewal premium quoted by the ARC in accordance with these Rules, may reapply for assignment at any time.

- a. If the applicant reapplies, provided the applicant is otherwise eligible, the application shall be accompanied by the deposit pursuant to Rule 28.

- b. Such application shall be considered a new application and the applicant shall be assigned to a Member pursuant to Rule 29.

E. Cancellations

If a policy is cancelled by the ARC at any time or by the insured within 30 days of the effective date or the receipt of the policy, whichever is later, the return premium shall be computed pro rata. Policy in this instance includes the copy of the coverage selections page showing the final policy premium.

Nothing in these Rules should be construed to change the statutory obligations of companies to their producers or policyholders with regard to policy non-renewal or cancellation.

1. Cancellation at the Request of the Policyholder

If the policy is cancelled at the request of the insured later than 30 days from the effective date or later than 30 days from the receipt of the policy, whichever is later, the return premium shall be calculated on a short rate basis except that in the following cases the return premium shall be computed pro rata:

- a. If the policyholder has disposed of the vehicle, provided the policyholder obtains a new policy with the same company on another vehicle to become effective within 30 days of the date of cancellation;
- b. If the insured vehicle is repossessed under the terms of a financing agreement;
- c. If a vehicle is cancelled from a policy, the policy remaining in force on other vehicle, or if there remains in force in the name of the insured or his spouse, if a resident of the same household, and in the same company, a concurrent vehicle policy covering another vehicle;
- d. If the policyholder enters the military service of the United States of America;

- e. If the insured deletes or reduces any coverage and the policy remains in effect for other coverage;
 - f. If the policyholder requests cancellation of a policy because coverage has been replaced in the voluntary market, and provides the ARC written confirmation of the replacement coverage.
 - g. Theft of Vehicle or Plates
 - (1) If the insured vehicle is stolen or destroyed (total or constructive total loss) and cancellation is requested by the insured within 30 days following the date the vehicle was stolen or destroyed, the return premium for all coverages (including the premium for the coverages under which loss was paid) shall be calculated on a pro rata basis from the day following the date of such loss.
 - (2) If the insured's registration plates are stolen or destroyed, a lost plate affidavit is to be filed with the Registry of Motor Vehicles canceling only coverage with respect to such plates effective the day following the date of such loss, and the policy shall continue to provide coverage with respect to any replacement plates.
 - (3) If the insured files a lost plate affidavit with the Registry of Motor Vehicles, the company may cancel the policy.
2. Except as otherwise provided by law, no cancellation of the policy, or any of its parts, whether by the company or by the insured, shall be valid unless written notice thereof is given by the party proposing cancellation to the other party at least 20 days in each case prior to the intended effective date thereof. Notice of cancellation sent by the company to the insured and the loss payee at the addresses stated in the policy by regular mail for which a certificate of mailing receipt has been obtained from the United States Postal Service, shall be a sufficient notice and an affidavit of any officer, producer, or employee of the company, duly authorized for the purpose, that he has so sent such addressed as aforesaid, shall be prima facie evidence of the sending thereof as aforesaid.

When the cancellation becomes effective, the company shall electronically transmit the pertinent data to the Registry of Motor Vehicles in the manner prescribed by the Uninsured Motorists System (UMS). The written notice to the insured shall specify the reason or reasons for cancellation if the cancellation affects Part 1 coverage. If the reason for cancellation is non-payment of premium, the Notice of Cancellation shall state the amount of deficiency of the premium owed to the company for all the insurance provided and shall state in substance that the cancellation will not be effective if the insured pays the full amount of such deficiency on or prior to the effective date of the cancellation. If a cancellation of the policy results in a return premium of less than \$5.00, no refund need be made except at the request of the insured, in which case the actual return premium shall be allowed.

No policy in effect prior to a rate level revision shall be endorsed or cancelled and rewritten to take advantage of such a revision or to avoid the application of such a revision.

3. Cancellation by the ARC
 - a. An ARC that has issued a policy under the MAIP shall have the right to cancel the insurance for reasons permitted by Massachusetts law, and by giving notice pursuant to the policy.
 - b. Each such cancellation shall be on a pro rata basis, subject to a minimum premium of \$25 per motor vehicle or policy whichever is greater, with the balance returned to the policyholder. A copy of each such cancellation notice shall be furnished to the producer of record. A statement of facts in support of each such cancellation, as is required for a statutory notice of cancellation, shall be furnished to the producer of record and to the policyholder 20 days prior to the effective date of cancellation.

Cancellation shall be effective on the date specified and coverage shall cease on that date.

If the ARC issues a cancellation notice for non-payment of premium to the policyholder and the policyholder's remittance received by the ARC subsequent to the issuance of such cancellation notice is justifiably dishonored by the financial institution, the policy will terminate on the date and time shown on the cancellation notice issued for non-payment of premium.

Nothing herein shall be deemed to affect the right of the ARC to cancel a policy for fraud, misrepresentation, or to invoke other remedies provided by law.

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 of a~~ Clean-in-Three Risk ~~pursuant to as~~ defined in Rule 22 as of the effective date of ~~their~~ its current Private Passenger Motor Vehicle Insurance policy and pursuant to the provisions of Rule 21.D. will be adjusted by a factor of 0.0 provided that ~~all of~~ the following conditions are met:

- (1) The operator was insured by a Member 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 and the producer of record was exclusively assigned to the Member by CAR.;
 - ~~(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~~
 - ~~(23)~~ (23) 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.

1. To determine the current premium Quota Share of a Newly Writing Company that becomes eligible for appointment as an ARC pursuant to Rule 30.A.1. 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.

2. To determine the current premium Quota Share of a Newly Writing Company that becomes eligible for appointment as an ARC pursuant to Rule 30.A.2 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. The Member shall begin reporting summary data no later than 45 days after the close of the month of the Member's initial Private Passenger Motor Vehicle Insurance rates and rate manual effective date. The Member will be required to report written private passenger property damage liability car months of exposure by CAR identification code, policy effective month, territory, classification, and merit rating status as defined in the Massachusetts Private Passenger Automobile Statistical Plan. Monthly summary data will be reported thereafter until the Member commences reporting detailed statistical data to CAR.

D. Assignment Period

1. 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.

2. For policies effective January 1, 2012 and subsequent, if the Eligible Risk's assignment is not to be continued, and the designated ARC has not made an offer to write the policy on a voluntary basis the following procedures shall apply.

On or about the first business day of the month, the designated ARC will distribute to the ARP a list of policies that the ARC does not intend to renew and which will expire during the month at least 120 days from the distribution date, thereby providing the ARP an opportunity to seek replacement coverage in the voluntary market. If replacement coverage is obtained for the risk, the ARP shall submit a Notice of Transfer of Insurer (2A Form) to the former ARC identifying the new carrier.

No less than 60 days prior to the expiration date, if replacement coverage is not obtained for the Eligible Risk, the ARP shall submit an application to the MAIP. The application will be assigned to a Member such that the designated ARC is different than the former ARC. Upon receiving the assignment, the ARP shall submit a 2A Form to the former ARC identifying the newly designated ARC. A down payment is not required and upon receipt of the application, the newly designated ARC will bill the applicant for 20% of the premium to be charged, which shall be the lower of the MAIP premium or the voluntary premium for which the applicant qualifies.

If no 2A Form is received, the designated ARC will issue a non-renewal notice at least 45 days prior to the expiration date with a copy sent to the ARP.

Upon receipt of the non-renewal notice, the Eligible Risk may reapply for coverage through the MAIP. Such reapplication shall be considered a new business application and the Eligible Risk shall be assigned to a different Member such that the designated ARC is different than the former ARC.

3. 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, 20~~10~~⁰⁹ and subsequent, 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.
- b. 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 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.

~~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~~

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

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

* Motorcycle and Miscellaneous Classes

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The following factors are applicable for policies with effective dates of April 1, 2011 through March 31, 2012 and subsequent.

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

* Motorcycle and Miscellaneous Classes

The following factors are applicable for policies with effective dates of April 1, 2012 and subsequent.

<u>Territory</u>	<u>Operator Class</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>0.80</u>					
<u>02</u>					<u>0.75</u>					
<u>03</u>					<u>0.75</u>					
<u>04</u>					<u>0.40</u>					
<u>05</u>			<u>0.13</u>		<u>1.15</u>	<u>0.18</u>				
<u>06</u>					<u>0.80</u>					
<u>07</u>			<u>0.13</u>		<u>1.15</u>	<u>0.18</u>				
<u>08</u>			<u>0.13</u>		<u>1.15</u>	<u>0.18</u>				
<u>09</u>			<u>0.70</u>		<u>1.50</u>	<u>0.18</u>	<u>0.13</u>			
<u>10</u>			<u>0.13</u>		<u>1.50</u>	<u>0.55</u>				
<u>11</u>			<u>0.70</u>		<u>1.50</u>	<u>0.18</u>	<u>0.13</u>			
<u>12</u>			<u>0.35</u>		<u>1.15</u>	<u>0.18</u>	<u>0.13</u>			
<u>13</u>			<u>0.70</u>		<u>1.50</u>	<u>0.75</u>	<u>0.35</u>			<u>0.18</u>
<u>14</u>			<u>0.75</u>		<u>1.50</u>	<u>0.38</u>	<u>0.35</u>			<u>0.18</u>
<u>15</u>			<u>0.80</u>	<u>0.18</u>	<u>1.50</u>	<u>1.30</u>	<u>1.15</u>			<u>0.85</u>
<u>16</u>	<u>0.75</u>		<u>1.50</u>	<u>0.85</u>	<u>2.00</u>	<u>1.25</u>	<u>1.50</u>		<u>0.18</u>	<u>0.43</u>
<u>17</u>			<u>0.35</u>		<u>1.50</u>		<u>0.35</u>			
<u>18</u>	<u>0.18</u>		<u>1.50</u>		<u>1.50</u>	<u>1.75</u>	<u>0.80</u>			<u>0.18</u>
<u>19</u>			<u>1.15</u>	<u>0.18</u>	<u>1.50</u>	<u>0.80</u>	<u>0.80</u>			<u>0.18</u>
<u>20</u>	<u>0.75</u>		<u>1.15</u>	<u>0.55</u>	<u>1.50</u>	<u>0.43</u>	<u>0.80</u>	<u>0.43</u>		<u>0.80</u>
<u>21</u>	<u>0.85</u>	<u>0.18</u>	<u>1.50</u>	<u>0.80</u>	<u>2.00</u>	<u>1.30</u>	<u>1.15</u>		<u>0.38</u>	<u>0.85</u>
<u>22</u>	<u>0.85</u>	<u>0.75</u>	<u>1.15</u>	<u>0.55</u>	<u>2.00</u>	<u>0.85</u>	<u>1.15</u>	<u>0.18</u>	<u>0.38</u>	<u>0.85</u>
<u>23</u>			<u>0.80</u>		<u>2.00</u>	<u>0.85</u>	<u>1.10</u>			<u>0.38</u>
<u>24</u>			<u>0.70</u>		<u>1.50</u>	<u>0.18</u>	<u>0.70</u>			
<u>25</u>			<u>0.80</u>		<u>1.50</u>	<u>0.43</u>	<u>0.35</u>			
<u>26</u>	<u>0.18</u>		<u>0.80</u>	<u>0.18</u>	<u>2.00</u>	<u>1.30</u>	<u>0.80</u>			<u>0.38</u>
<u>27</u>					<u>0.75</u>					
<u>40</u>	<u>0.85</u>		<u>1.50</u>	<u>0.85</u>	<u>2.50</u>	<u>1.75</u>	<u>0.75</u>			<u>0.85</u>
<u>41</u>	<u>0.18</u>		<u>1.15</u>	<u>0.75</u>	<u>1.50</u>	<u>1.30</u>	<u>0.75</u>			<u>0.18</u>
<u>42</u>	<u>0.80</u>		<u>1.50</u>	<u>0.75</u>	<u>1.50</u>	<u>1.30</u>	<u>0.40</u>			<u>0.43</u>
<u>43</u>	<u>0.75</u>		<u>0.80</u>	<u>0.18</u>	<u>2.00</u>	<u>0.85</u>	<u>0.75</u>			<u>0.18</u>
<u>44</u>	<u>0.75</u>		<u>0.80</u>	<u>0.38</u>	<u>1.50</u>	<u>0.80</u>	<u>0.75</u>	<u>0.18</u>	<u>0.18</u>	<u>0.85</u>
<u>45</u>	<u>0.75</u>		<u>1.50</u>	<u>0.38</u>	<u>2.00</u>	<u>0.85</u>	<u>0.75</u>			<u>0.80</u>
<u>99</u>										

* Motorcycle and Miscellaneous Classes

3. Take-Out Credit

~~For policies with effective dates on or after April 1, 2009, For assignments with new business policy effective dates of April 1, 2008 through March 31, 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.

For assignments with new business policy effective dates on or after April 1, 2009, a Member shall receive credit for each exposure previously insured through the MAIP that it writes voluntarily at either the expiration of the initial policy term or at its first renewal. A Member will only 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, 2011, 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, 2012, when the transitional constraint on non-renewal of Clean in Three Risks pursuant to Rule 21.D. has ended.~~

A. Limited Assignment Distribution Agreement

A Member may enter into a contract, called a Limited Assignment Distribution Agreement (LADA), with an Assigned Risk Company (ARC), under which the Member transfers its obligation to provide Private Passenger Motor Vehicle Insurance policies to risks assigned to it through the Massachusetts Automobile Insurance Plan (MAIP) to the ARC and the ARC agrees to assume liability for and service all of the Member's MAIP assignments in exchange for a negotiated fee. The LADA must provide that:

1. The ARC is responsible for servicing the other Member's MAIP assignments in addition to its own MAIP assignments;
2. The ARC is solely responsible for ensuring that its practices comply with all MAIP Rules, state laws and regulations with respect to all business serviced, including business serviced under LADAs;
3. The ARC assumes all of the other Member's legal liabilities with respect to the Member's MAIP assignments; and
4. The ARC offers the same premiums and provides the same level of service to the other Member's MAIP assignments as it does to its own MAIP assignments.

B. Eligibility Requirements for ARCs Entering Into LADAs

To be eligible to enter into a LADA(s) with another Member(s), an ARC must apply for and receive approval from the Commissioner. The ARC's application to the Commissioner should include a recommendation from the Governing Committee regarding the ARC's application.

An ARC must meet and continuously maintain all of the following operating requirements, in addition to the requirements contained in Rule 30:

1. Directly write at least 1% of Massachusetts' voluntary Private Passenger Motor Vehicle ~~non-fleet~~ property damage liability car years. If the individual company ~~does not meet the 1% market share requirement and~~ is part of a group of companies under common ownership, control or management, the voluntary direct written Private Passenger Motor Vehicle ~~non-fleet~~ property damage liability car years of all companies in the group combined may be used to fulfill this requirement provided that the company has not elected to be treated as a separate Member pursuant to Rule 22.
2. Have a statutory capital and surplus of at least \$25,000,000;
3. Have and maintain a net premium to surplus ratio that does not exceed 2 to 1;
4. Have maintained an A.M. Best's financial rating of A- or better for a continuous three-year period from the most current publication date of the Member's rating. A financial rating from an alternative rating service cannot be used to fulfill this eligibility requirement;
5. Have been licensed to write motor vehicle liability insurance and physical damage insurance without restriction in the United States or its territories or possessions for a minimum of five years;
6. Have a facility to issue policies and to provide policyholder services, including a process for the reporting and resolution of policyholder complaints; and

The Commissioner may consider a LADA application from an ARC that does not meet the 1% market share requirement or the 2 to 1 net premium to surplus ratio requirement.

If at any time an ARC does not meet one or more eligibility requirements, the ARC immediately must notify the MAIP and the Commissioner.

C. Assignment Volume Limitation Under LADAs

When the ~~estimated~~ MAIP ~~private passenger motor vehicle non fleet~~ quota share premium ~~based upon the first quarter quota share distribution~~ is greater than \$5 million, each ARC with a LADA shall be subject to a limitation on the additional MAIP assigned exposures it may write on behalf of other Members pursuant to a LADA. The limitation represents the maximum percentage of the total MAIP assignments that an ARC may service through LADAs. This limitation shall be determined ~~established annually~~ in accordance with the following formula:

$$\text{Limitation} = \frac{\begin{array}{c} \text{Market Share of Members} \\ \text{That May Be Excused From Their} \\ \text{Servicing Carrier Obligations} \\ \text{Eligible to Enter into LADAs} \end{array}}{\text{Number of Active ARCs w/ LADAs}} + 10\%$$

Where:

- i. The market shares of all Members that may be excused from their servicing carrier obligations eligible to enter into a LADA pursuant to Section D. includes the market shares of Members with LADAs (including those described in ~~Rule 32. Section~~ D.2.) and the market shares of Members who otherwise satisfy the eligibility requirements of Section D.1.
- ii. Active ARCs with LADAs includes only those ARCs receiving MAIP assignments through ~~a~~ LADAs pursuant to Section B. In order to qualify as an active ARC with LADAs, the ARC must have a market share of at least 10% of all MAIP assignments made under LADAs.
- iii. ~~Example: Assume there is only one ARC that services MAIP business through LADAs, and that the voluntary market share of Members eligible to enter into LADAs is 15%. The single ARC may enter into LADAs to service up to 25% of the potential MAIP assignments of other Members eligible to enter into LADAs.~~

~~The resulting percentage shall be rounded to the nearest whole percentage. This standard is applicable to existing ARCs with LADAs. The limitation on additional MAIP assignments that ARCs may service on behalf of other Members under LADAs shall be subject to annual review by the Governing Committee.~~

D. Eligibility Requirements for Members That May Be Excused from Their Servicing Carrier Obligations

1. Members ~~with private passenger non-fleet MAIP Quota Shares that write with~~ 5% or less of Massachusetts voluntary private passenger market share pursuant to Rule 29.B. private passenger non-fleet direct property damage liability written car years may be excused from their ~~S~~servicing ~~C~~carrier obligations and may enter into a LADA with an ARC.
2. Members ~~with private passenger non-fleet MAIP Quota Shares~~ whose market share ~~of the Massachusetts voluntary private passenger motor vehicle non-fleet direct property damage liability written cars year~~ is five percent (5%) or greater may apply to the Commissioner to waive the market share requirement. ~~Waivers may be~~ The Commissioner may grant, or deny such a request, or revoke an existing market share waiver, at ~~her~~ the discretion ~~of the Commissioner,~~ for the benefit of the MAIP.
3. Annually, all market share waivers will be reviewed by the Commissioner based upon each Member's first quarter quota share distribution reports. Any Member whose market share equals or exceeds five percent (5%) may have its market share waiver revoked. If a Member's market share waiver is revoked by the Commissioner, the MAIP shall notify the Member and the ARC by June 30 that the LADA will terminate as of December 31 of that calendar year.
4. The eligibility requirements described in ~~Rule 36. Sections~~ D.1. through ~~Rule 36.D.3.~~ are not in effect when the ~~estimated annual~~ MAIP ~~private passenger~~ quota share premium is \$10 million or less. In this instance, any Member with a Quota Share has the option to enter into a LADA. If the ~~estimated~~ MAIP ~~private passenger~~ quota share premium exceeds \$10 million, the Governing Committee shall be guided by the procedure in ~~Rule 36. Section~~ G.

E. Monitoring ARC Eligibility To Enter Into LADAs

The MAIP will review annually the eligibility of each ARC to enter into LADAs to ensure the ARC continues to meet the eligibility requirements in ~~Rule 36. Section~~ B. Such review may include, but is not limited to, verification of any or all of the eligibility criteria in ~~Rule 36. Section~~ B., review of quarterly financial statements filed by the ARC with the Division of Insurance, and monitoring the volume of LADA business written in relation to any applicable assignment volume limitation in ~~Rule 36. Section~~ C.

If the MAIP determines that an ARC no longer meets one or more of the eligibility requirements in ~~Rule 36. Section~~ B., the MAIP shall immediately provide written notification to the ARC, the Governing Committee and the Commissioner. If the ARC advises the MAIP that it no longer meets one or more of the eligibility requirements in ~~Rule 36. Section~~ B., the MAIP shall verify such information and provide written acknowledgement to the ARC. The MAIP immediately shall advise the Governing Committee and the Commissioner, in writing, that the ARC no longer meets one or more of the eligibility requirements of ~~Rule 36. Section~~ B. The Governing Committee may take such action as it deems necessary, including establishing a period of time for the ARC to remedy the cause of ineligibility, or recommending the Commissioner terminate the LADA.

F. Monitoring ARC Servicing Capacity Under LADAs

The MAIP will review the volume of MAIP assignments written by ARCs under LADAs on a ~~monthly~~ ~~quarterly~~ basis and advise the Governing Committee.

If an assignment volume limitation exists under ~~Rule 36. Section~~ C., MAIP's review may include an estimate as to when an ARC might approach, meet, or exceed, the limitation. The MAIP will provide the ARC and the Governing Committee with written notification on the status of the ARC's capacity to continue to accept MAIP assignments under LADAs.

The MAIP will bring any ARC that is expected to exceed, or has exceeded, the assignment volume limitation to the attention of the Governing Committee. The ARC shall be provided at least 20 days advance written notice of the Governing Committee meeting at which the matter will be discussed. During the period between notification to the ARC of meeting or exceeding its assignment volume limitation and the date of the Governing Committee meeting, the ARC may continue to accept assignments under its LADAs.

If an ARC is expected to exceed its assignment volume limitation, or has exceeded its assignment volume limitation, Governing Committee remedies shall include, but are not limited to, one or more of the following:

1. Prohibit the ARC from entering into and negotiating any new LADAs ~~and~~ but continue servicing MAIP assignments under existing LADAs;
2. Solicit for one or more additional ARCs to offer LADAs; or
3. Employ any other remedy deemed appropriate by the Governing Committee and approved by the Commissioner.

G. Annual Review of Estimated Plan Premium Volume

~~Annually, the MAIP will review the estimated private passenger motor vehicle MAIP quota share premium volume when the first quarter quota share reports are distributed.~~ The MAIP will advise the Governing Committee whether the ~~estimated~~ MAIP ~~private passenger motor vehicle~~ quota share premium volume is less than, meets, or exceeds \$10 million. The Governing Committee shall be governed by the following:

1. If the MAIP ~~estimated private passenger~~ quota share premium volume is \$10 million or less, all Members with ~~private passenger motor vehicle non-fleet~~ MAIP Quota Shares may enter into a LADA.
2. If the MAIP ~~estimated private passenger motor vehicle~~ quota share premium volume exceeds \$10 million, the Governing Committee may, at their discretion:

- a. Reinstate the market share eligibility requirement set forth in ~~Rule 36. Section D.~~ in accordance with the procedure set out in ~~Rule 36. Section H~~;
- b. Solicit for another ARC to service MAIP business under LADAs;
- c. Continue to offer all Members with MAIP Quota Shares the option to enter into a LADA until such time as the Governing Committee determines further action is necessary;
- d. Implement a combination of b. and c. above; or
- e. Take any other action deemed appropriate by the Governing Committee.

H. Reinstatement of Eligibility Requirements For Members to Enter Into LADAs

If the eligibility requirements for Members to enter into LADAs are reinstated by the Governing Committee in accordance with ~~36. Section G.~~, the MAIP shall be guided by the following:

1. All ARCs and Members shall be notified by June 30 that the eligibility requirement in ~~Rule 36. Section D.1.~~ will be reinstated as of January 1 of the new calendar year.
2. Members with MAIP ~~private passenger motor vehicle insurance~~ Quota Shares that meet the eligibility requirement in ~~Rule 36. Section D.1.~~ may enter into a LADA with an ARC as of January 1 of the new calendar year.
3. Current Members with LADAs pursuant to ~~Rule 36. Section D.2.~~ shall be notified in writing by June 30 that their LADA(s) are terminated as of December 31 and that they should prepare to receive their own MAIP assignments as of December 31 of that calendar year.
4. Members with market shares of five percent (5%) or more may apply to the Commissioner for a market share waiver in accordance with the procedure in ~~Rule 36. Section D.2.~~

I. Approval of LADAs

The Governing Committee shall ratify all LADAs which have been reviewed and approved by the MAIP with the fee provision of the contract omitted. The LADA must contain provisions agreed upon by the ARC and the Member. The LADA also must contain provisions which provide that, with respect to any of the Member's in-force policies in existence at the time of the execution of the LADA, such policies shall continue to be serviced by the Member until their respective anniversary date. In addition, the LADA shall provide that, at least 45 days prior to the anniversary date of each affected in-force policy of the Member, the Member shall issue a non-renewal notice and the ARC shall provide the policyholder and producer of record with a renewal offer and, if accepted, issue the policy in accordance with these Rules.

The ARC shall be obligated to make a renewal offer for the remainder of the original three year assignment period. Upon issuance of the initial renewal offer by the ARC, the Member subject to the LADA shall be relieved of its obligation with regard to the three year assignment period.

The LADA may start on a date agreed upon by the Member and the ARC and approved by the MAIP. LADA contracts are renewable each calendar year by agreement of the Member and the ARC.

Once the MAIP has reviewed and approved the LADA between the ARC and the Member, the MAIP will send all assignments for all Members subject to the LADA to the ARC. At least annually, the MAIP will indicate how much of the LADA business was needed to fulfill each Member's assigned Quota Share. ~~Any over/under assignment of the Member's assigned Quota Share subject to the LADA will be attributed to the ARC.~~

J. Termination of LADAs

A LADA may be terminated by either the ARC or the Member in accordance with the terms and conditions of the contract. Written notice of such termination shall be provided to MAIP 90 days prior to the effective date of the termination. The ARC will continue to receive assignments under the LADA until the effective date of the termination. The terms and conditions of the contract between the Member and the ARC shall include provisions for servicing MAIP business until the expiration of the three year assignment period.

K. If a conflict exists between Rule 36 and the LADA, the provisions of Rule 36 shall apply.