



DANIEL R. JUDSON
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

225 Franklin Street Boston, Massachusetts 02110

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September 19, 2013

BULLETIN NO. 977

Notice of Expiration of Policy Assignment

Proposed Changes to the Rules of Operation

Proposed Changes to the Private Passenger Automobile Insurance Manual

At its meeting of September 18, 2013, the Governing Committee voted to adopt the Notice of Expiration of Policy Assignment (Notice) and to amend Rule 29 – Assignment Process of the Rules of Operation and Rule 4 – Standard Procedures of the Private Passenger Automobile Insurance Manual by deleting and adding the language as indicated on the attached copies. A copy of the Filing Letter, which contains a summary of background information relative to the Notice and an explanation of the proposed Rule changes, is attached for your information.

As required in Article X of the Plan of Operation, this Bulletin, with a copy of the proposed changes to Rule 29, is being furnished to every Member Company. 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



DANIEL R. JUDSON
PRESIDENT

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September 19, 2013

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

**Proposed Policy Form – Notice of Expiration of Policy Assignment
Proposed Changes to the Rules of Operation
Proposed Changes to the Private Passenger Automobile Insurance Manual**

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 Rule of Operation:

Rule 29 – Assignment Process

Additionally, I hereby file, at the request of the Governing Committee, amendments to the following Rule of the Private Passenger Automobile Insurance Manual:

Rule 4 – Standard Procedures

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

Finally, I hereby file, at the request of the Governing Committee, the following policy form:

Notice of Expiration of Policy Assignment

Background Information

To address the confusion that may potentially occur when an Assigned Risk Company (ARC) non-renews an insured's MAIP policy at the expiration of its three-year assignment period, the Division of Insurance developed a Notice of Expiration of Policy Assignment (Notice) and requested CAR to review and file this policy form. The Notice establishes uniformity among all ARCs and is to be used by an ARC in place of the standard non-renewal notice to notify a policyholder that the insured's MAIP policy will be non-renewed by the ARC at the expiration of the policy's three-year assignment period. If the policyholder is not able to obtain coverage on a voluntary basis from another insurance company, the Notice provides information relative to obtaining coverage through the Massachusetts Automobile Insurance Plan.

Explanation

CAR's MAIP Steering Committee, at its meeting of September 4, 2013, reviewed the Notice and made several non-substantive modifications to assure that the Notice's language specifically references the expiration of the MAIP policy and preserves the consumer/producer relationship. To address use of the Notice by ARCs, the Committee also reviewed impacted manuals and rules and recommended modifications to Rule 4 – Standard Procedures of the Private Passenger Automobile Insurance Manual and Rule 29 – Assignment Process of the Rules of Operation.

At its meeting of September 18, 2013, CAR's Governing Committee adopted the Notice with an implementation date of April 15, 2014, impacting policies expiring during the month of June 2014. The Governing Committee also adopted amendments to Rule 4 of the Private Passenger Automobile Insurance Manual and Rule 29 of the Rules of Operation, with implementation dates to coincide with the approved implementation date of the Notice.

A copy of the proposed Notice of Expiration of Policy Assignment and the proposed amendments to Rule 4 of CAR's Private Passenger Automobile Insurance Manual is attached.

A copy of the proposed amendments to Rule 29 of the Rules of Operation is also attached, 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

Attachments: Notice of Expiration of Policy Assignment
Rule 4 – Standard Procedures of the Private Passenger Automobile Insurance Manual
Rule 29 – Assignment Process of the Rules of Operation

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

Name and Address of Insurance Company:	NOTICE OF EXPIRATION OF POLICYASSIGNMENT MASSACHUSETTS PRIVATE PASSENGER AUTOMOBILE INSURANCE POLICY	
	Date of this Notice:	
	Policy Expiration Date as of 12:01 a.m.:	
Name and Address of Insured:	Policy Number:	
	Registration Number (Car 1)	Registration Number (Car 2)
	Vehicle Identification Number (Car 1)	Vehicle Identification Number (Car 2)

We are notifying you that your policy will not be renewed when it expires because our three-year obligation to provide insurance to you expires at that time.

We encourage you to contact your insurance agent or other insurance companies to find replacement coverage for your vehicle(s). Massachusetts law prohibits insurance companies from refusing to issue a motor vehicle liability policy based on the ownership or operation of a motor vehicle because of the operator's age, sex, race, occupation, marital status, education, homeownership, income, credit, or principal place of garaging of the vehicle.

IMPORTANT NOTICE TO POLICYHOLDERS

You must have compulsory motor vehicle insurance in order to keep your motor vehicle registered in Massachusetts. We have notified the Registrar of Motor Vehicles that we do not intend to renew your policy because your policy assignment period with us is expiring.

You must replace your policy as soon as possible. The Registrar of Motor Vehicles will cancel your motor vehicle registration if it does not receive a new certificate of insurance covering your motor vehicle before your current policy expires. You may contact your insurance agent or an insurance company directly to obtain new insurance from a company that the insurance agent represents.

If no insurance company is willing to insure you, you may continue to be eligible to obtain motor vehicle insurance through the Massachusetts Automobile Insurance Plan (MAIP). Almost all insurance agents and all insurance companies are authorized to help you apply for insurance through the MAIP. If you apply for insurance through the MAIP, you will not be able to choose an insurer, but you will be assigned to a different insurance company than the one to which you were previously assigned. You will be able to obtain coverage through the MAIP that is identical to the insurance coverage that is provided under your current policy.

This notice shall not be deemed a refusal under Section 113D of Chapter 175 of the General Laws of the Commonwealth of Massachusetts to issue a motor vehicle liability policy or to execute a motor vehicle liability bond as surety.

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 of a Clean-in-Three Risk as defined in Rule 22 as of the effective date of 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 the following conditions are met:

- (1) The operator was insured by a Member under a Private Passenger Motor Vehicle Insurance policy 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 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 Section 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. 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.

~~For policies of an Eligible Risk whose assignment period ends March 31, 2012 and prior, 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 renewal, may offer to write the policy on a voluntary basis, or may non-renew the policy.~~

~~For policies of an Eligible Risk whose three year assignment period ends effective April 1, 2012 and subsequent~~ At the expiration of the three year assignment period, the designated ARC may offer to write the policy on a voluntary basis, or may non-renew the policy.

2. ~~For policies whose three year assignment period ends effective January 1, 2012 and subsequent, if~~ the designated ARC intends to non-renew the policy at the end of the three year assignment period 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~~ Notice of Transfer of Insurer 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. The pre-inspection requirement shall be waived provided that the vehicle(s) to be insured is the same as the vehicle(s) insured under the previous policy.

If ~~no 2A-Form~~ a Notice of Transfer of Insurer is not received, the designated ARC will issue a Notice of Expiration of Policy Assignment to the named insured non-renewal notice at least 45 days prior to the expiration date with a copy sent to the ARP.

Upon receipt of the Notice of Expiration of Policy Assignment, 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, 2011 and subsequent, a Member shall receive a credit for any exposure that it insures voluntarily in the territory and operator classes pursuant to Sections E.2. and E.3.
- b. Credit shall be applied to the Member's Quota Share pursuant to Section C. for the appropriate premiums pursuant to Sections E.2. and E.3.

2. Amount of Credits

Members shall receive credit for each exposure written voluntarily pursuant to Section E.1.b. in the territory and operator classes listed in Section E.3. 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 appropriate factor as displayed in the policy effective date tables.

For policies with effective dates of April 1, 2012 and subsequent, the factor will be determined based on a review of the three most recent prior years of residual market share data, by territory and operator class. Credit eligible groups will be defined by ranges of residual market shares, and credit factors will be established in accordance with the following criteria:

Residual Market Group	Residual Market Share Range	Voluntary Credit Factor
0	0.0% - 4.9%	0.00
1	5.0% - 7.9%	1.00
2	8.0% - 10.9%	1.00
3	11.0% - 16.9%	1.00
4	17.0% - 22.9%	1.25
5	23.0% - 28.9%	1.50
6	29.0% - 34.9%	1.75
7	35.0% - 40.9%	2.00
8	41.0% - 46.9%	2.25
9	47.0% - 100.0%	2.50

3. Credit Factors

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

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 through March 31, 2013.

Operator Class										
Territory	10	15	17	18	20	21	25	26	30	M/M*
01					1.00					
02					1.00					
03					1.00					
04					1.00					
05			1.00		1.00	1.00				
06					1.00					
07			1.00		1.25	1.00				
08			1.00		1.25					
09			1.00		1.25	1.00	1.00			
10			1.00		1.25	1.00				
11			1.00		1.25	1.00	1.00			
12			1.00		1.25	1.00	1.00			
13			1.00		1.50	1.00	1.00			1.00
14			1.00		1.25	1.00	1.00			1.00
15	1.00		1.00	1.00	1.75	1.00	1.00			1.00
16	1.00		1.25	1.00	2.25	1.00	1.50	1.00	1.00	1.00
17			1.00		1.25		1.00			
18	1.00		1.25		1.75	1.00	1.00		1.00	1.00
19			1.00	1.00	1.75	1.00	1.00			1.00
20	1.00		1.00	1.00	1.75	1.00	1.00	1.00		1.00
21	1.00	1.00	1.25	1.00	2.00	1.00	1.00		1.00	1.00
22	1.00	1.00	1.25	1.00	2.00	1.00	1.00	1.00		1.00
23			1.00		2.00	1.00	1.00			1.00
24			1.00		1.25	1.00	1.00			
25			1.00		1.25	1.00	1.00			
26	1.00		1.00	1.00	2.00	1.00	1.00			1.00
27					1.00					
40	1.00		1.25	1.00	2.50	1.50	1.00			1.00
41	1.00		1.00	1.00	1.50	1.00	1.00			1.00
42	1.00		1.25	1.00	1.75	1.25	1.00			1.00
43	1.00		1.00	1.00	2.00	1.00	1.00			1.00
44	1.00		1.00	1.00	1.50	1.00	1.00	1.00	1.00	1.00
45	1.00		1.25	1.00	2.00	1.00	1.00		1.00	1.00
99										

* Motorcycle and Miscellaneous Classes

The following factors are applicable for policies with effective dates of April 1, 2013 and subsequent.

Operator Class										
Territory	10	15	17	18	20	21	25	26	30	M/M*
01					1.00					
02					1.00					
03					1.00					
04					1.00					
05					1.00	1.00				
06					1.00					
07			1.00		1.00	1.00				
08			1.00		1.00	1.00				
09			1.00		1.00	1.00				
10			1.00		1.00	1.00				
11			1.00		1.00	1.00				
12			1.00		1.00	1.00	1.00			
13			1.00	1.00	1.25	1.00	1.00			1.00
14			1.00		1.25	1.00	1.00			1.00
15	1.00		1.00	1.00	1.75	1.00	1.00			1.00
16	1.00		1.25	1.00	2.00	1.00	1.00		1.00	1.00
17			1.00		1.00		1.00			
18	1.00		1.25	1.00	1.75	1.25	1.00		1.00	
19			1.00	1.00	1.50	1.00	1.00			
20	1.00		1.00	1.00	1.75	1.00	1.00	1.00		1.00
21	1.00	1.00	1.25	1.00	2.00	1.00	1.00		1.00	1.00
22	1.00	1.00	1.00	1.00	2.00	1.00	1.00	1.00	1.00	1.00
23			1.00		1.50	1.00	1.00			1.00
24			1.00		1.00	1.00	1.00			
25			1.00		1.25		1.00			1.00
26	1.00		1.00	1.00	1.75	1.00	1.00			1.00
27					1.00					
40	1.00		1.25	1.00	2.00	1.50	1.00			1.00
41	1.00		1.00	1.00	1.50	1.00	1.00			1.00
42	1.00		1.00	1.00	1.50	1.00	1.00			1.00
43	1.00		1.00		1.75	1.00	1.00			1.00
44	1.00		1.00	1.00	1.50	1.00	1.00		1.00	1.00
45	1.00		1.25	1.00	2.00	1.00	1.00		1.00	1.00
99					1.00					

* Motorcycle and Miscellaneous Classes

4. 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., 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.

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.

Part 11 - Towing and Labor

This coverage will pay up to \$50 or up to \$100 for towing and labor costs for each auto disablement. It is available only for private passenger motor vehicles, as defined in Rule 27, and motorcycles.

Part 12 - Bodily Injury Caused By an Underinsured Auto

The basic limits are \$20,000 each person and \$40,000 each accident. Increased limits are available. The limits may not exceed the limits of Part 5, or if Part 5 is not purchased, Part 1 of this policy. This coverage is excess over Personal Injury Protection.

Other Coverages Available Are For:

Fire, Theft and Combined Additional Coverage subject to a basic deductible of \$500; higher deductibles are available at the option of the insured.

Theft coverage may be granted only in connection with Fire Coverage, and for a like amount in both cases.

These coverages are written on an actual cash value basis or stated amount basis.

Endorsement MPY-0031-S, titled Other Optional Insurance – Combined Additional Coverage, must be issued with the policy when this coverage is afforded.

Endorsement MPY-0028-S, titled Other Optional Insurance – Fire, Lightning and Transportation, must be issued with the policy when this coverage is afforded.

Endorsement MPY-0029-S, titled Other Optional Insurance – Theft, must be issued with the policy when this coverage is afforded.

RULE 3. COVERAGE AVAILABILITY

Massachusetts law and the provisions of Rule 27 of the MAIP Rules of Operation require insurers to make the following levels of coverage available at the insured's request for policies assigned through the MAIP:

1. Limits up to \$250,000 each person and \$500,000 each accident for Parts 3, 5 and 12. Limits above \$250,000 each person and \$500,000 each accident may be provided at the option of the insurer.
2. \$8,000 each person for Part 2
3. \$25,000 each person for Part 6.
4. Actual cash value subject to a \$500 deductible for Parts 7, 8 and 9, including fire, theft, and combined additional coverage.

Insurers must charge an extra-risk rate or refuse Collision and Comprehensive coverages under certain circumstances as required by law. Refer to Rule 24 for extra-risk rating procedures.

RULE 4. STANDARD PROCEDURES

A. Renewals

1. The insurer must mail the coverage selections page not less than thirty days prior to policy expiration. The coverage selections page may be accompanied by the Massachusetts renewal form.

If the Massachusetts renewal form is sent to the policyholder, it is not necessary for the policyholder to return this form to the producer or company representative unless the information contained on the coverage selections page or the Massachusetts renewal form is inaccurate or obsolete.

2. The insurer may elect to secure payment of a deposit premium. The premium quotation shall be based on the latest classification information and premium charges established for the renewal policy.
3. Failure to pay the deposit premium may result in cancellation of the policy. The specific reason for cancellation is non-payment of any required premium.

The Cancellation Notice must also contain the following statement:

"This cancellation will not take effect if the full amount due shown above is paid on or prior to the effective date of cancellation."

B. ~~Non-Renewal~~ Expiration of Assignment

1. An insurer may refuse to renew a policy assigned to it through the MAIP only at the expiration of the ~~third or subsequent second~~ renewal as described in Rule 29 of the MAIP Rules of Operation. If the producer fails to replace coverage for the expiring policy as provided in Rule 29.D.2 of the Rules of Operation, the insurer shall issue a Notice of Expiration of Policy Assignment form MP 00 02 to the named insured at least 45 days and no sooner than 59 days prior to the policy expiration date with a copy sent to the producer. No insurer shall refuse to renew a policy unless written notice is provided to the insured, or the producer or broker producing the business, at least forty five days prior to the expiration of the policy.
- a. The insurer's notice of the assignment's expiration stating its intent not to renew the policy should be electronically transmitted in accordance with procedures prescribed by the Registry of Motor Vehicles.
- b. ~~If the notice is sent by the company to the producer or broker producing the business, such producer or broker shall, within fifteen days of receiving such notice, send a copy to the insured if the producer or broker is unable to secure replacement coverage for the policyholder.~~

C. New Business

1. The producer is required to submit a new business application for the applicant
2. The producer must verify that there is no automobile insurance premium owed to the former insurer or producer.
3. The producer of record must provide the information necessary for an insurer to transmit data to the Registry of Motor Vehicles for each vehicle insured.

In addition to reporting the necessary information to the insurer, the producer shall prepare an RMV-3 form, accompanied by the appropriate fee, for processing by the Registry of Motor Vehicles.

4. At the same time this information is provided to the assigned insurer, the producer of record shall notify the former producer of record, if known, and the former insurer, that a certificate of coverage has been issued for the policy. The notice must meet the following minimum standards:

The notice must be signed by the producer of record for the newly assigned policy or issued on the assigned insurer's letterhead; and

The notice must bear the registry stamp of the new insurer. The stamp may be in electronic format.

Such notice may be made in hard copy or electronic format, and copies are acceptable.

5. Upon receipt of the notice of coverage, the former insurer, if any, shall:
 - a. Notify the Registry that coverage has been discontinued as of the date shown in the notice;
 - b. Compute the return premium, if any, as of the date shown on the notice in accordance with Massachusetts law.

D. Cancellation

1. Cancellation must be given in accordance with Massachusetts law and the MAIP Rules of Operation. Any notice of cancellation shall include the specific reason(s) for cancellation. Any return premium owed the policyholder shall be made in accordance with provisions of Rule 18 of this manual. The insurer must electronically notify the Registry of Motor Vehicles in accordance with the procedures established by the Registry.