



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110
www.commauto.com 617-338-4000

ADDITIONAL INFORMATION

TO MEMBERS OF THE COMPLIANCE AND OPERATIONS COMMITTEE

FOR THE MEETING OF:

Wednesday, September 3, 2025, at 10:00 a.m.

COPC

25.12 Amendments to Rule 14 and 31 – ERP and ARP Requirements – Service Fees

New regulations issued by the Attorney General relative to unfair and deceptive fees take effect on September 2, 2025. Proposed amendments to Rules 14 and 31 emphasizing the producer's responsibility to be compliant with the disclosure of fees, are attached for the Committee's consideration (Docket #COPC25.12, Exhibit #1).

WENDY BROWNE
Vice President – Business Operations

Attachment

Boston, Massachusetts
August 29, 2025

CAR | **Rules of Operation**
Rule 14 | **Exclusive Representative Producer Requirements**
Revision Date | **2019.03.29 Draft 2025.09.03**
Page | **8 of 11**

| Months after Appointment | Minimum Volume Requirement (Total Written Premium) |
|--------------------------|---|
| 12 | \$10,000 |
| 24 | \$20,000 |
| 36 | \$30,000 |
| Subsequent Evaluations | \$30,000 |

An ERP's book of business will be evaluated on an annual basis by the Servicing Carrier with a copy of the evaluation provided to the ERP and to CAR within 15 days of the evaluation date.

The effective date of termination shall be one year after the evaluation date on which the ERP failed to develop or maintain the applicable minimum book of business. If, during that year, the ERP obtains and maintains the applicable minimum book of business, the termination process shall be suspended but the ERP shall continue to be subject to annual evaluations.

2. An ERP terminated under the provisions of Section C. shall be ineligible for appointment to a Servicing Carrier for a period of two years commencing on the effective date of the termination.

The term ERP, for purposes of this paragraph, includes any licensed producer and any other newly emerging producer with whom or which the terminated ERP has a direct or indirect material and continuing proprietary or management interest.

D. Service Fees

1. G.L. c. 175, §182, in part, prohibits producers and others in connection with the placing or negotiation of insurance policies or the continuance or renewal thereof from selling or offering to sell anything of value whatsoever not specified in the policy of insurance. See also G.L. c. 176D, §3(8). The following acts and practices are prohibited:
 - a. Charging a fee in addition to the premium for certifying a registration on behalf of a Servicing Carrier;
 - b. Charging a fee in addition to the premium for acting as a producer and placing the applicant's Motor Vehicle Insurance business with a Servicing Carrier;

| | |
|---|--|
| CAR Rule 14 Revision Date Page | Rules of Operation Exclusive Representative Producer Requirements <u>2019.03.29</u> <u>Draft 2025.09.03</u> 9 of 11 |
|---|--|

- c. Charging a fee in addition to the premium for providing assistance to the insured in the completion of forms which are completed in order for the insured to procure or to continue Motor Vehicle Insurance; and
 - d. Charging a fee in addition to the premium for the sale of a service contract which provides for service or advice relating to the issuance, continuance, or renewal of an insured's Motor Vehicle Insurance policy.
- 2. Nothing set forth in the provisions of Section D.1. is intended to prohibit producers from charging courier fees and other non-insurance related fees if the following requirements are met;
 - a. The producer provides to the applicant a complete description of the non-insurance related services for which the fee, in addition to the premium rate, is being charged;
 - b. The producer advises the applicant that there is no obligation to purchase the non-insurance related service and that the insured may obtain Motor Vehicle Insurance through the producer, notwithstanding the insured's decision not to purchase the non-insurance related services;
 - c. The applicant, after having been apprised of the information set forth in Sections D.2.a. and D.2.b., agrees to pay the fee; ~~and~~
 - d. The fee for the services provided is reasonable, and;
 - e. The disclosure of any fee is compliant with all state laws and regulations, including 940 CMR 38.00.
- 3. The producer may enter into a contract with the applicant pursuant to which the producer provides non-insurance related services to the applicant if the producer complies with all of the requirements of Sections D.1. and D.2. In the event the producer and applicant execute such a service contract, the producer shall give the applicant an executed copy of the contract and shall retain an executed copy in his file which shall be made available to the Servicing Carrier, Division of Insurance and CAR upon request.

| | |
|---|--|
| CAR Rule 31 Revision Date Page | Rules of Operation Assigned Risk Producer Requirements <u>2019.07.23</u> <u>Draft 2025.09.03</u> 6 of 8 |
|---|--|

to an accident to any glass, repair or rental facility, or to any legal or medical provider.

18. ARPs shall provide referral information to consumers consistent with company practices under regulations relating to motor vehicle repairs.
19. The ARP must return uncontested unearned commission within 45 calendar days from the date the producer receives notice from the insurer that such commission is due.

C. Service Fees

1. G.L. c. 175, § 182, in part, prohibits producers and others in connection with the placing or negotiation of insurance policies or the continuance or renewal thereof from selling or offering to sell anything of value whatsoever not specified in the policy of insurance. See also G.L. c. 176D, § 3(8). The following acts and practices are prohibited:
 - a. Charging a fee in addition to the premium for certifying a registration on behalf of an ARC;
 - b. Charging a fee in addition to the premium for acting as a producer and placing the applicant's Motor Vehicle Insurance business with an ARC;
 - c. Charging a fee in addition to the premium for providing assistance to the insured in the completion of forms which are required to procure or to continue Motor Vehicle Insurance; and
 - d. Charging a fee in addition to the premium for the sale of a service contract which provides for service or advice relating to the issuance, continuance, or renewal of an insured's Motor Vehicle Insurance policy.
2. Nothing set forth in the provisions of Section C.1. is intended to prohibit producers from charging courier fees and other non-insurance related fees if the following requirements are met:
 - a. The producer provides to the applicant a complete description of the non-insurance related services for which the fee, in addition to the premium rate, is being charged;
 - b. The producer advises the applicant that there is no obligation to

CAR
Rule 31
Revision Date
Page

Rules of Operation
Assigned Risk Producer Requirements
2019.07.23**Draft 2025.09.03**
7 of 8

purchase the non-insurance related service and that the insured may obtain Motor Vehicle Insurance through the producer, notwithstanding the insured's decision not to purchase the non-insurance related services;

c. The applicant, after having been apprised of the information in Sections C.2.a. and C.2.b., agrees to pay the fee; ~~and~~

d. The fee for the services provided is reasonable, and -

e. The disclosure of any fee is compliant with all state laws and regulations, including 940 CMR 38.00.

3. The producer may enter into a contract with the applicant, pursuant to which the producer provides non-insurance related services to the applicant if the producer complies with all of the requirements identified in C.1. and C.2. In the event the producer and applicant execute such a service contract, the producer shall give to the applicant an executed copy of the contract and shall retain an executed copy in the producer's file that shall be made available to the ARC, Division of Insurance and the MAIP upon request.

D. Certification Ineligibility

1. Grounds for revoking the certification of an ARP shall be pursuant to Rules 30 and 31. Any licensed property or casualty producer who, within the preceding 24-month period, has had an ARP certification revoked with the said revocation not having been reversed by the Governing Committee, the Division of Insurance, or court of competent jurisdiction, shall be ineligible to place business through the MAIP.
2. For purposes of this Section, the term Assigned Risk Producer includes any licensed producer with whom the ARP whose certification has been revoked has a direct or indirect material and continuing proprietary or management interest.

An ARP whose certification is revoked in conjunction with these Rules must return all MAIP forms, manuals and certification stamp(s) as well as any materials supplied by an ARC at such time as the revocation becomes effective. The ARP may appeal the revocation in accordance with the procedures pursuant to Rule 40.

3. If an Exclusive Representative Producer's (ERP's) appointment has been terminated by a Servicing Carrier for violations of any