



NATALIE A. HUBLEY  
PRESIDENT

## COMMONWEALTH AUTOMOBILE REINSURERS

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### NOTICE OF MEETING

#### COMPLIANCE AND OPERATIONS COMMITTEE

A meeting of the Compliance and Operations Committee will be held virtually via Zoom video conferencing software on

**WEDNESDAY, JANUARY 28, 2026, AT 10:00 A.M.**

If you plan to attend this meeting and are not a member of this Committee, please RSVP by completing the Visitor Security Form located in the Contact Us/Visitor Information section of CAR's website. CAR will then forward to you, via email, meeting access information. Please do not share access information provided by CAR, but refer others wishing to attend the meeting to CAR's Visitor Security Form.

#### MEMBERS OF THE COMMITTEE

Ms. Erin Cummings– Chair  
Norfolk and Dedham Group

Mr. Cory Hanson  
Ms. Annmarie Hassan  
Ms. Nicole Martorana  
Ms. Sharon Murphy  
Mr. Henry Risman  
Mr. Barry Tagen  
Ms. Brenda Williams

The Hanover Insurance Group  
Arbella Insurance Group  
FBInsure, LLC  
Acadia Insurance Company  
Risman Insurance Agency, Inc.  
Pilgrim Insurance Company  
MAPFRE U.S.A. Corporation

#### AGENDA

##### COPC

##### **25.01 Records of Previous Meeting**

The Records of the Compliance and Operations Committee meeting of September 3, 2025 should be read and approved.

**COPC**

**26.03 CAR Conflict of Interest Policy**

The Chair will read a statement relative to CAR's Conflict of Interest Policy.

**COPC**

**26.04 Informational Items**

The Chair will report on any Governing Committee actions that impact the Compliance and Operations Committee.

**COPC**

**26.05 Compliance Audit Program**

Staff will present a status report regarding ongoing audits conducted in accordance with the Compliance Audit Program, as well as an update on company reporting problems being monitored due to issues identified through CAR's data quality program.

**COPC**

**22.09 Merit Rating Reporting**

Staff will present results of the follow-up audit on one of the two remaining companies identified in the 2022 merit rating audits as having a higher-than-average error rate.

**COPC**

**26.06 Operational Reports**

The 2<sup>nd</sup> Quarter 2025 Operational Reports were posted to CAR's website in October 2025. The 3<sup>rd</sup> Quarter 2025 Operational Reports will be posted to CAR's website in February 2026. Questions or comments regarding these reports will be discussed at the meeting.

**COPC**

**26.07 Amendments to Rules 13 and 30 – Servicing Carrier and Assigned Risk Company Requirements – Service Fees**

The Office of the Attorney General has issued regulations concerning unfair or deceptive fees in the purchase, lease, or rental of products by Massachusetts consumers. The regulation took effect on September 2, 2025. The Committee should be prepared to discuss proposed updates to Rule 13 (Docket #COPC26.07, Exhibit #1) and Rule 30 (Docket #COPC26.07, Exhibit #2) which emphasize the Servicing Carrier & Assigned Risk Company's responsibility to be compliant in the disclosure of fees.

**Other Business**

To transact any other business that may properly come before this Committee.

**Executive Session**

The Compliance and Operations Committee may convene in Executive Session in accordance with the provisions of G.L. c. 30A, § 21.

MATTHEW HIRSH  
Compliance Audit Supervisor

Attachments

Boston, Massachusetts  
January 15, 2026

<b>CAR</b> <b>Rule 13</b> <b>Revision Date</b> <b>Page</b>	<b>Rules of Operation</b> <b>Servicing Carrier Requirements</b> <b><u>2020.07.20Draft 2026.01.28</u></b> <b>Page 2 of 7</b>
---------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------

- e. Maintain a Special Investigative Unit to investigate suspicious or questionable Motor Vehicle Insurance claims for the purpose of eliminating fraud, and to assist in the verification of garaging and policy facts on a representative sample of policies.
- f. Report all required information to CAR in an accurate and timely manner.
- g. Adopt and maintain a plan approved by the Commissioner providing for direct payment by the insurer to the insured under collision, limited collision, comprehensive, and fire and theft coverages.

**B. Servicing Carrier Responsibilities**

- 1. A Servicing Carrier that has contracted with a third party for performing any of its Servicing Carrier responsibilities guarantees the third party's performance.
- 2. A Servicing Carrier must provide quality service to CAR policyholders by maintaining the standards established as a condition of appointment under Section A.3.
- 3. A Servicing Carrier shall provide the same level of service to ceded policies as it provides to policies issued voluntarily.
- 4. Policies and other forms mailed to policyholders shall be those specifically referenced in CAR's Manual of Administrative Procedures.
- 5. General Duties

A Servicing Carrier shall perform the following general duties:

- a. Provide a contract signed by an authorized company representative with terms consistent with the Rules of Operation to a qualified newly appointed or reappointed ERP within 15 business days of the Servicing Carrier's receipt of the appointment by CAR. If the Servicing Carrier determines that the appointed or reappointed ERP is not duly qualified, the Servicing Carrier will notify CAR within two business days of that determination.

<b>CAR</b> <b>Rule 13</b> <b>Revision Date</b> <b>Page</b>	<b>Rules of Operation</b> <b>Servicing Carrier Requirements</b> <b><u>2020.07.20 Draft 2026.01.28</u></b> <b>Page 3 of 7</b>
---------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------

- b. Verify that information contained in the application for insurance is accurate as to classification, garaging, discounts, credits, vehicle use, vehicle description and experience for those risks eligible to be experience rated.
- c. Assure that a policy has been issued for each Registration and Title Application (RTA) and that the policy effective date and the certification date are the same.
- d. Adopt procedures designed to assure that all assigned ERPs comply with all provisions of the contract between the Servicing Carrier and the producer.
- e. Implement procedures to assure collection of premiums billed.
- f. Comply with the terms and conditions of premium finance notes and/or agreements submitted to the Servicing Carrier, on behalf of applicants for insurance, by the producer or by a premium finance company licensed under the laws of the Commonwealth of Massachusetts.
- g. Ensure that the disclosure of any fee is compliant with all state laws and regulations, including 940 CMR 38.00.
- gh. Maintain effective communication with ERPs by scheduling meetings when necessary and conducting educational or training sessions as may be necessary to assure that ERPs provide quality service to the motoring public.
- hi. Verify, prior to contracting and on an ongoing basis, producer eligibility for appointment to a Servicing Carrier as required by G.L. c. 175, §113H.
- ij. Provide ERPs with all information and procedures required for them to effectively service policies ceded to CAR.
- jk. Comply with all of the provisions of the Plan and Rules of Operation and the Manual of Administrative Procedures.
- kl. Maintain records of infractions of the Rules of Operation by ERPs and report such infractions as appropriate.

**CAR**  
**Rule 13**  
**Revision Date**  
**Page**

**Rules of Operation**  
**Servicing Carrier Requirements**  
**2020.07.20Draft 2026.01.28**  
**Page 4 of 7**

**lm.** Provide ERPs with necessary information from the policy declaration page, in a usable format and medium, to support the servicing of their insureds.

**mn.** Provide producers with a list of approved inspection services for conducting pre-inspections.

**no.** Provide ERPs with premium, production, and experience data on their business, at least quarterly.

**op.** On an annual basis, provide CAR with information relative to each ERP's affiliation status for commercial Motor Vehicle Insurance. Identify any contractual relationship or membership in a producer cluster or network that the ERP may have or whether the ERP has a direct or indirect material and continuing proprietary or management interest in another agency or brokerage firm having an ERP appointment to another Servicing Carrier. Include any new agency affiliations or changes in affiliated agency relationships.

**pq.** Offer training on claim reporting and fraud recognition to producers and their customer service representatives.

**qr.** On an annual basis, evaluate an ERP's book of business to assure that minimum commercial Motor Vehicle Insurance written premium volume requirements are met pursuant to the provisions of Rule 14.C.1. Provide a copy of the evaluation to the ERP and to CAR within 15 days of the evaluation date.

**rs.** Terminate an ERP's contract to bind coverage in accordance with Section B.6.

**6. Termination of ERP Contracts**

a. A Servicing Carrier may terminate an ERP's contract and authority to bind coverage upon failure of the ERP to meet the eligibility requirements and/or definition of ERP as provided by the Rules of Operation or upon failure of the ERP to fulfill any of the requirements of Rule 14.B.1.

(1) A Servicing Carrier shall have cause to immediately terminate an ERP's contract and the authority to bind coverage pursuant to the provisions of Rule 14.B.2.a.

**CAR** | **Rules of Operation**  
**Rule 30** | **Assigned Risk Company Requirements**  
**Revision Date** | **2024.10.18 Draft 2026.01.28**  
**Page** | **4 of 9**

any factual errors; and 2) obtain the insured's consent before issuing a notice of adjustment to the down payment and/or total premium. If the inquiry is made directly to the applicant, the producer of record shall be furnished a copy.

If the resolution of an apparent inconsistency results in a change to information used to calculate premium, the ARC shall charge an appropriate premium based upon the additional or corrected information, and adjust the applicant's next bill accordingly. If, however, the applicant is unwilling to consent to the modification, and the ARC has independent evidence that the applicant had the actual intent to deceive or the material misrepresentation increases the ARC's risk of loss, the ARC may cancel the policy as provided by Massachusetts law.

4. No companies within an insurer group under the same management or ownership or both may provide a different level of service through a company within the group that is not an ARC than is provided to policyholders insured by a company with the group that is an ARC.
5. General Duties

ARCs shall perform the following general duties.

- a. Confirm operator driving licenses and records in order to administer the MAIP merit rating plan and its own merit rating plan accurately;
- b. Verify eligibility criteria;
- c. Verify that information contained in the application for insurance and any supplemental information is accurate as to classification, garaging, discounts, credits, vehicle use, vehicle description, and, to the extent verifiable, other rating factors;
- d. Assure that a policy has been issued for each Registration and Title Application (RTA) and that the policy effective date and the certification date are the same;
- e. Implement procedures to assure collection of premiums billed;
- f. Comply with the terms and conditions of premium finance notes and/or agreements submitted to the ARC on behalf of applicants for

<b>CAR</b> <b>Rule 30</b> <b>Revision Date</b> <b>Page</b>	<b>Rules of Operation</b> <b>Assigned Risk Company Requirements</b> <b><u>2024.10.18Draft 2026.01.28</u></b> <b>5 of 9</b>
---------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------

insurance, by the producer or by a premium finance company licensed under the laws of the Commonwealth of Massachusetts;

~~f.g.~~ Ensure that the disclosure of any fee is compliant with all state laws and regulations, including 940 CMR 38.00;

~~g.h.~~ Ensure that there is communication among the ARC's Underwriting, Claims, and SIU Departments and that any discrepancies in information are shared promptly among the departments and documented;

~~h.i.~~ Maintain and forward to the MAIP a copy of all written complaints filed with the ARC regarding the service provided by the ARC or any ARP; and

~~i.j.~~ Monitoring of Assigned Risk Producers

ARCs will be responsible for notifying the MAIP of ARP infractions that may result in the revocation of the ARP's MAIP certification as follows:

- (1) Failure to maintain a valid producer's license as issued by the Division of Insurance;
- (2) Willful misappropriation of premium due an ARC in accordance with the provisions of the MAIP Rules of Operation;
- (3) The entry of a finding, by a court of competent jurisdiction that the producer has engaged in fraudulent activity in connection with the business of motor vehicle insurance;
- (4) Failure to forward premium payments to an ARC within two business days in accordance with the MAIP Rules of Operation;
- (5) Failure to notify the ARC of any suspected fraud in the application for insurance or in the underwriting or rating process or in the payment of premium obligations or surrounding a loss;
- (6) Failure to assist the ARC during any audit or investigation;