



COMMONWEALTH AUTOMOBILE REINSURERS

225 Franklin Street Boston, Massachusetts 02110

www.commauto.com

617-338-4000

RALPH A. IANACO
PRESIDENT

NOTICE OF MEETING

MARKET REVIEW COMMITTEE

A meeting of the Market Review Committee will be held at the offices of Commonwealth Automobile Reinsurers, 225 Franklin Street, Boston, on

TUESDAY, JANUARY 20, 2009 AT 11:00 A.M.

MEMBERS OF THE COMMITTEE

Mr. Richard P. Jones – Chairman
Leslie S. Ray Insurance Agency, Inc.

Mr. James D. Berry
Mr. David H. Cochrane
Ms. Paula W. Gold
Mr. Joseph P. Leahy
Mr. Douglas R. Long
Mr. James J. Moran, Jr.
Mr. John W. O'Donoghue, Jr.
Mr. M. John Olivieri, Jr.
Ms. Susan K. Scott
Mr. Joseph A. Vargas

Safety Insurance Company
The Commerce Insurance Company
Plymouth Rock Assurance Corporation
Leahy & Brown Insurance and Realty
Liberty Mutual Group
Quincy Mutual Fire Insurance Company
O'Donoghue Insurance Agency, Inc.
J.K. Olivieri Insurance Agency, Inc.
The Premier Insurance Company of Mass.
Vargas & Vargas Insurance

AGENDA

MR

08.01 Records of Previous Meeting

The Records of the Market Review Committee meeting of November 12, 2008 should be read and approved.

MR

08.05 Rules 13 and 14, CAR Rules of Operation

At its November 12, 2008 meeting the Committee continued its deliberations on segregating the language contained in CAR Rules 13 and 14 into separate sections of the Rules by line of business. The Committee focused on proposed amendments applicable to commercial automobile in Rule drafts identified as 13.B., Servicing Carrier Requirements and Rule 14.B., Exclusive Representative Producer Requirements. The Committee also requested that staff examine and recommend when regularly

MR

08.05 Rules 13 and 14, CAR Rules of Operation (continued)

scheduled reviews of the subscription levels may be best made to ensure equitable and proportional shares of the commercial residual market among all of the Servicing Carriers. The recommendations of the Committee have been included in amended Rules 13.B. and 14.B., which will be distributed as additional information.

MR

09.03 Richard R. Coscia Insurance Agency/Plymouth Rock Assurance Corporation

Attached is a Request for Review from Mr. Richard R. Coscia of the Richard R. Coscia Insurance Agency, requesting that his Exclusive Representative Producer appointment be reinstated until such time as he may be able to “negotiate with a new carrier.” Attorney Philip R. Boncore is representing the Agency.

Also attached is termination correspondence issued by the Plymouth Rock Assurance Corporation dated November 12 and December 23, 2008. The documentation cites the agency as being in violation of Rules 13 and 14 including: “the willful misappropriation of premium due a Servicing Carrier,” “the failure to remit payments on a timely basis,” “the failure to quote proper premiums based on information provided by the applicants,” and “the failure to conduct all monetary transactions with the insured and the Servicing Carrier as required by the Rules of Operation and the Exclusive Representative Producer contract.” (Docket #MR09.03, Exhibits #1 & 2)

Other Business

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

Executive Session

The Market Review Committee may convene in Executive Session in accordance with the provisions of G.L., c. 30A, § 11A1/2.

JOHN D. METCALFE
Sr. Director - Residual Market Services

Attachments

Boston, Massachusetts
January 9, 2009

REQUEST FOR REVIEW/RELIEF
(PURSUANT TO RULE 20, CAR RULES OF OPERATION/RULE 40 MAIP RULES OF OPERATION)

COMMONWEALTH AUTOMOBILE REINSURERS

Requestor's Name/Title: **RICHARD COSCIA**
Signature: _____ Date: **12/09/2008**
Agency or Company Name: **RICHARD COSCIA INSURANCE**
Address: **157 VETERANS ROAD, PO BOX 520399**
City/Town: **WINTHROP** State: **MA** ZIP Code: **02152**
Tel. #: **617 846 8991** Fax #: **617 846 9995** email: **INSURANCERCI@COMCAST.NET**

IF REPRESENTED BY COUNSEL OR OTHER PARTY, PLEASE COMPLETE THE FOLLOWING:
(Representation by counsel is not required)

Name of Rep: **PHILIP R. BONCORE**
Firm: **BONCORE LAW OFFICE**
Address: **1140 SARATOGA ST**
City/Town/St/ZIP: **EAST BOSTON MA 02128**
Tel. #: **617 561 0999** Fax #: **617 561 8385** email: _____

Reason For Review: A. Concisely summarize the reason(s) for your request for review identifying the nature of your grievance or request for relief.
B. Identify the specific relief sought.

A. PLYMOUTH ROCK IS TERMINATING MY CONTRACT AND HAS DEMANDED MY ENDORSEMENT STAMPS BACK, WHICH IS NOT ALLOWING ME TO SERVICE MY ONE THOUSAND CLIENTS, AND IS PUTTING ME OUT OF BUSINESS.

B. I WISH TO BE REINSTATED UNTIL I CAN NEGOTIATE WITH A NEW CARRIER. TO PROTECT MY CLIENTS, MANY OF WHICH I HAVE REPRESENTED FOR THIRTY YEARS.

RECEIVED

DEC 11 2009

**COMMONWEALTH
AUTOMOBILE REINSURERS**

2

Details of Aggrievement(s): Provide specific detail for each reason cited above including references to violations of CAR or MAIP Rules, the agency contract, or established practices of CAR, MAIP or one of its members. Include historical reference, where appropriate. (Attach supporting documentation.)

PLYMOUTH ROCK HAS CLAIMED BREACHES OF RULES 13.B.6 AND 14.B.1 WITHOUT GIVING ME SPECIFIC DETAILS WHICH I CAN EXPLAIN OR DEFEND. I AM AWAITING DISCOVERY AND WILL RESPOND WHEN THEY SPECIFY PROBLEMS.

3

Action(s) Taken to Date to Resolve the Matter: Cite when you first became aware of each item/issue being contested and the steps taken to mitigate the matter prior to this request for a formal review. (Attach supporting documentation.)

ON NOVEMBER 12, 2008 PLYMOUTH ROCK SENT ME A HAND DELIVERED LETTER TERMINATING MY CONTRACT AND MY ABILITY TO WRITE NEW OR RENEWAL CONTRACTS. THEY REFUSE TO GIVE ME SPECIFIC DETAILS OF THEIR ACCUSATIONS AND HAVE NOT RESPONDED TO ME.

I HAVE HIRED A LAWYER TO DELIVER THEIR ENDORSEMENT STAMPS AND ATTEMPT TO GET SPECIFIC DETAILS SO I MAY DEFEND MY AGENCY AND MYSELF.

Scheduling of Review

Upon receipt of a completed Request for Review Form, a hearing date will be established within 15 business days. Once a date has been confirmed, CAR will issue a written notification to all affected parties. Any parties wishing to present written exhibits to be considered at the Committee meeting will be required to submit them to CAR's Docket Clerk no later than 5 business days prior to the scheduled meeting date. Written exhibits submitted to CAR within 5 business days of the scheduled meeting date will not be entered on the docket but must be petitioned for consideration directly to the Committee. It will be the Committee's determination as to whether these exhibits will be considered in their deliberations. In addition, parties submitting exhibits directly to the Committee are expected to be prepared to provide a minimum of 25 copies. Parties should provide copies of ALL exhibits and documentation that they wish considered in the matter to the opposing party in concert with their submissions to CAR and/or the Committee. A request for a continuance on a review of the matter will be granted upon the agreement of all parties. All other requests for continuances must be physically presented to the assigned Committee for approval.

INITIAL IF WAIVING THE NEED FOR A REVIEW WITHIN 15 BUSINESS DAYS

I waive the 15 business day review while retaining rights to a review: (Initial): _____

PLEASE NOTE: THIS FORM MUST BE COMPLETED AND RETURNED TO CAR PRIOR TO THE INITIATION OF A FORMAL REVIEW PURSUANT TO RULE 20, CAR RULES OF OPERATION/RULE 40 MAIP RULES OF OPERATION

FOR COMPLETION BY CAR OFFICE - DO NOT WRITE BELOW

4	Assigned Docket Number:
5	Related Docket Number(s):
6	Assigned Review Forum: CAR COMMITTEE: _____ Scheduled Review Date: _____
7	Disposition:

Print



November 12, 2008

BY HAND DELIVERY

Mr. Richard Coscia
Richard R. Coscia Insurance Agency
157 Veterans Road
Winthrop, MA 02152

Re: Notice of Termination of Exclusive Representative Producer Contract

Dear Mr. Coscia:

This is notice that we are hereby terminating your contract with Plymouth Rock Assurance Corporation to act as an Exclusive Representative Producer in accordance with the terms of your contract and the Rules of Operation of Commonwealth Automobile Reinsurers ("CAR"). This termination is based upon the following CAR Rules:

1. Rule 13.B.6.h(1)(b): willful misappropriation of premium due a Servicing Carrier;
2. Rule 13.B.6.h(2)(a): failure to remit payments to a Servicing Carrier on a timely basis;
3. Rule 13.B.6.h(2)(d): violations of the conditions set forth in the Servicing Carrier contract;
4. Rule 14.B.1: failure to continue to fulfill the eligibility criteria in Rule 14.A.2.e.
5. Rule 14.B.1.f: failure to remit payments on a timely basis in accordance with the provisions set forth in the contract between the Servicing Carrier and the Exclusive Representative Producer;
6. Rule 14.B.1.k: failure to quote proper premiums based on information provided by the applicants for the coverage desired;
7. Rule 14.B.1.l: failure to conduct all monetary transactions with the insured and the Servicing Carrier as required by the Rules of Operation and the Exclusive Representative Producer contract.

The first reason stated above (misappropriation of premium) entitles Plymouth Rock to an immediate termination for both new and renewal business in accordance with CAR Rule 13.B.6.h. With respect to numbers 2 through 7 above, in accordance with CAR Rule 13.B.6.h, the termination takes effect thirty (30) days after notice. Plymouth Rock's position is that this termination is effective *immediately* upon your receipt of this letter due to the first reason stated above – willful misappropriation of premium.

Plymouth Rock Assurance Corporation

695 Atlantic Avenue, Boston, Massachusetts 02111 tel: (617) 720-1620 fax: (617) 951-1513 www.plymouthrock.com

These CAR Rule violations were discovered by our Special Investigation Unit (“SIU”), after we received a routine call from a policyholder that resulted in troubling questions regarding the handling of their policy by your agency. SIU subsequently discovered multiple instances where your agency has changed the garaging address or license date on a policy without the knowledge of the policyholders, resulting in a reduction in premium. The agency subsequently continued to collect the premium from the policyholders based upon the original (higher) premium, but did not pay the excess to Plymouth Rock and did not (according to the policyholders we contacted) refund the excess to the policyholders. In these cases, the mailing address was also changed without the knowledge of the policyholders (to non-existent addresses or Post Office boxes) so that the policyholders would not receive any notice of the reduction in premium. Prior to the next renewal, the agency would change the garaging address or license date and the mailing address back to the correct addresses or date, so that the policyholders would be unaware of the changes to their policies when they received their renewal packages. Therefore, the policyholders paid the agency the amount that should have been paid to Plymouth Rock had the policy information not been improperly changed, but the agency paid Plymouth Rock only the smaller amount due that resulted from the agency’s unauthorized and intentional manipulation of the policy information.

In summary, the pattern discovered by our SIU was as follows:

- The policy would issue or renew;
- The agency would change the mailing address to a non-owned/non-existent address;
- A premium credit would be created through the garaging or date license change made by the agency;
- The Coverage Selections Page generated by the change would go to the incorrect address;
- The mail would be returned from the incorrect address and be received by Plymouth Rock;
- The Plymouth Rock mailroom would forward the returned mail to the agency for correction; and
- The agency would change the policy back to the correct garaging/mail address/date licensed at or around renewal so the insured would be unaware of the changes and premium credits.

As a result of these improprieties, our Underwriting Operations Department reviewed payment records with respect to policies produced by your agency and discovered another practice that has resulted in Plymouth Rock not receiving premiums that had been paid by your customers. We discovered more than ten accounts with multiple instances where the agency apparently accepted payments from customers but when calling-in an electronic payment, provided Plymouth Rock with incorrect bank account information. The result was that the system accepted the initial payment, but subsequently received a notice from our bank that the account did not exist. Our system

then would adjust the payment record to show that the payment did not come through. The system would generate a cancellation notice that would be sent to a nonexistent address (because the agency would have changed the customer's mailing address without the knowledge of the customer). The cancellation notice would be returned to Plymouth Rock, and Plymouth Rock would send it to your agency. The agency would then call-in another electronic payment, providing false bank account information. This entry would be enough to prevent the policy from canceling, and then the pattern would be repeated. Eventually the policy would expire with an unpaid balance. After the account information provided by the agency was entered into the system, the process was entirely automated. While our current system would flag these errors for our operations employees, the prior system did not. This pattern was identified only after we investigated the agency and looked at individual policy payment records. While it is possible that in a few cases, the agency could have provided incorrect bank account information by mistake, there have been a sufficient number of these occurrences that it is not possible that they could all be honest mistakes.

An Exclusive Representative Producer terminated pursuant to CAR rules may request that the termination be reviewed by CAR pursuant to the provisions of CAR Rule 20. As required by the CAR Rules, enclosed with this letter is the "Request For Review" form that must be completed by you and submitted to CAR within thirty (30) calendar days of the delivery to you of this letter in order for you to have the termination reviewed by CAR. Also as required by the CAR Rules, enclosed is a copy of CAR Rule 13.B.6.h, entitled "Termination" which describes your rights to request a review by CAR.

While the rule violations identified in this letter are more than sufficient to justify termination of your ERP appointment, our investigation has not been completed. We are continuing to review our policy records in an effort to identify all policyholders who may have been affected by the patterns of conduct described above and to quantify the total premium that has been misappropriated by the Agency.

Very truly yours,



Michael J. Cesinger
Vice President

cc: John D. Metcalfe, Director of Administration
and Market Relations, CAR

COMMONWEALTH AUTOMOBILE REINSURERS

REQUEST FOR REVIEW/RELIEF (pursuant to Rule 20, CAR Rules of Operation)

Please complete in type or print ink.

Requestor's Name/Title:

Signature:

Date:

Agency or Company Name:

Address:

City/Town:

State:

ZIP Code:

Telephone #:

Fax #:

Name of Rep:

Firm:

Address:

City/Town/St/ZIP:

Telephone #:

Fax #:

Summarize the reason(s) for your request for review/relief. Identify the specific relief sought.

	<p>Detail on Advantage(s) Provide specific detail for each reason cited above including a summary of the findings. Attach the money contract established by courts of law. If the contract is not available, provide the contract number (AVIAD) identifying the contract.</p>

	<p>Continue on Form DA-102 of the Mirror (also when you first became aware of each contract item, contract number and whether you began to inquire the maintenance of the contract at that time.)</p>

Completion of this form requires a completed Request for Review Form a date will be established for the review pursuant to CAR Rule 20. Once a date has been confirmed, CAR will issue a written order for the review. Any party wishing to present written exhibits to be considered at the hearing must submit them to CAR's Docket Clerk no later than 5 business days prior to the scheduled hearing date. Written exhibits submitted to CAR within 5 business days of the scheduled hearing date will not be entered on the docket but must be directly to the Committee at the meeting itself. It will be left to the determination of the Committee as to whether these exhibits will be considered in their deliberations. In addition, parties submitting exhibits directly to the Committee are expected to be prepared to provide a minimum of 25 copies. Parties should provide copies of ALL exhibits and documentation that will be considered in the matter to the opposing party in concert with their submission to CAR and to the Committee. A request for a continuance on a review of the matter will be granted only in exceptional cases. All other requests for continuances must be physically presented to the assigned committee for approval.

15 Day Waiver (CAR Rule 20): Initial if waiving the need for a review within 15 days:

I waive the 15 day review window pursuant to CAR Rule 20: (Initial): _____

PLEASE NOTE: THIS FORM MUST BE COMPLETED AND RETURNED TO CAR PRIOR TO THE SCHEDULING OF A REVIEW PURSUANT TO RULE 20, CAR RULES OF OPERATION.

FOR COMPLETION BY CAR OFFICE - DO NOT WRITE BELOW	
4	Assigned Docket Number:
5	Related Docket Number(s):
6	Assigned Review Forum: CAR COMMITTEE: _____ Scheduled Review Date: _____
7	Disposition:

CAR | **Rules of Operation**
Rule 13 | **Servicing Carrier Requirements**
Revision Date | **2006.12.13**
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- d. Assure that a policy has been issued for each RMV-1 and/or RMV-3 certificate and that the policy effective date and the certification date are the same.
- e. Adopt procedures designed to assure that all assigned Exclusive Representative Producers comply with all provisions of the contract between the Servicing Carrier and the producer.
- f. Implement procedures to assure collection of premiums billed.
- g. 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.
- h. Termination

Servicing Carriers shall be entitled to immediately terminate an Exclusive Representative Producer's contract to bind coverage on behalf of the Servicing Carrier when any of the conditions listed below exist or upon failure of the Exclusive Representative Producer to meet the requirements/definition of Exclusive Representative Producer as defined in Rule 2 of the Rules of Operation.

- (1) Those conditions deemed to be cause for immediate termination of an Exclusive Representative Producer contract and authority to bind coverage shall include:
 - (a) Failure to maintain a valid agents/brokers license as issued by the Division of Insurance.
 - (b) Willful misappropriation of premium due a Servicing Carrier in accordance with the provisions of CAR Rules of Operation.
 - (c) 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.

CAR Rule 13 Revision Date Page	Rules of Operation Servicing Carrier Requirements 2006.12.13 7 of 19
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- (2) The following conditions shall be cause for a Servicing Carrier to terminate an Exclusive Representative Producer's authority to bind coverage on behalf of a Servicing Carrier with said Exclusive Representative Producer being entitled to a thirty day written notice of termination:
- (a) Failure to remit payments to a Servicing Carrier on a timely basis in accordance with CAR's Rules of Operation.
 - (b) Failure to notify the Servicing Carrier 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.
 - (c) Failure to assist the Servicing Carrier during any audit or investigation.
 - (d) Violations of the conditions set forth in the Servicing Carrier contract.
 - (e) Failure to report all coverages bound within two working days of the effective date of coverage.
 - (f) Failure to comply with reasonable procedures as supplied by the Servicing Carrier for processing claims, remitting premiums, and requesting coverages.
 - (g) Failure to adhere to a directive issued by the Commissioner relative to the charging of Service Fees.
 - (h) Failure to provide a reasonable and good faith effort to verify the information provided by the applicant, including rating and licensing data.
 - (i) Failure to comply with applicable agency requirements and procedures, as prescribed in the CAR Rules of Operation.
 - (j) Failure to refrain from brokering private passenger business, as defined in Rule 14.B.1.r.

CAR	Rules of Operation
Rule 13	Servicing Carrier Requirements
Revision Date	2006.12.13
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- (3) All Exclusive Representative Producer terminations issued by a Servicing Carrier, both immediate and thirty (30) day terminations, shall:
- (a) Be in writing.
 - (b) State the specific CAR Rule provision(s) that constitute the basis for the termination.
 - (c) Include a copy of the CAR Request for Review form, and a copy of the section of Rule 13 entitled "Termination", to advise the ERP of its right to request a review of the termination by CAR.
 - (d) Be hand delivered or mailed by a method that provides proof of mail to the ERP's principal place of business, with a copy of the termination notice sent to CAR concurrently.
 - (e) Define changes in operational procedures, if any, that the Servicing Carrier intends to implement concurrent with the ERP's termination effective date.

It shall be the responsibility of each Member of CAR to so notify CAR of any change in the status of any of their producers so that this information may be communicated to the remaining Servicing Carriers. It shall also be the responsibility of each Member to so notify CAR of any Exclusive Representative Producer which defaults on premium payments.

Any Exclusive Representative Producer terminated pursuant to this Rule may request that the termination be reviewed by CAR pursuant to the provisions of Rule 20. A complete "Request For Review" form must be received by CAR within thirty (30) calendar days of the delivery of the termination notice, with a copy of this Rule and a copy of the "Request For Review" form, to the ERP's principal place of business. A review by the Market Review Committee of CAR will be held within fifteen (15) business days of the date of CAR's receipt of the completed "Request For Review" form.

CAR | **Rules of Operation**
Rule 13 | **Servicing Carrier Requirements**
Revision Date | **2006.12.13**
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If the termination is upheld by the Market Review Committee, the terminating Servicing Carrier may commence issuance of non-renewal notices as of the date of the Committee's decision, unless the ERP requests, and is granted, a stay of non-renewal notifications. The request for a stay must be made before the adjournment of the Market Review Committee meeting at which the termination has been sustained. The request for stay must be made in conjunction with the ERP's stated intent to have the Committee's action reviewed by the Governing Committee Review Panel, pursuant to Rule 20. The Market Review Committee has the discretion to grant such a stay only if it deems such action is appropriate.

At the time a termination notice is issued, the Servicing Carrier will continue to service the ERP's in-force business, until all of the policies have been legally cancelled or non-renewed. Such service will include additions, deletions and changes of vehicles and coverages on in-force policies. The Servicing Carrier may define changes in operational procedures, as are necessary to effectively service the in-force policies. If the changes in procedures are to be implemented as of the termination effective date, the Servicing Carrier will provide written explanations of those procedures at the time of the notice of termination. The ERP may request a review of any such changes in the Servicing Carrier's operational procedures.

- i. Report immediately to CAR and the Division of Insurance any termination of an Exclusive Representative Producer's contract and initiate procedures in a timely manner, including litigation if necessary, to administer a controlled run off of the business from an Exclusive Representative Producer whose agreement has been terminated.
- j. Maintain effective communication with Exclusive Representative Producers by scheduling meetings when necessary and conducting whatever educational/training sessions as may be required to assure that Exclusive Representative Producers provide quality service to the motoring public.



December 23, 2008

BY HAND

Commonwealth Automobile Reinsurers
225 Franklin Street, 13th Floor
Boston, MA 02110

Attention: John D. Metcalfe
Senior Director of Residual Market Services

Re: Market Review Committee Meeting on January 20, 2009

Dear John:

Enclosed is a memorandum with supporting documentation from Plymouth Rock Assurance Corporation. As you will see, these materials relate to the appeal of the Richard R. Coscia Insurance Agency. Please distribute the materials to the members of the Market Review Committee in your usual manner.

Thank you for your assistance. Please call me if you have any questions.

Very truly yours,

A handwritten signature in black ink, appearing to read "K. T. Willis".

Kenneth T. Willis
Corporate Counsel
(617) 951-1507
kwillis@prac.com

cc: Philip R. Boncore, Esq.
Boncore Law Office
1140 Saratoga Street
East Boston, MA 02128
(by overnight delivery; with enclosures)

MEMORANDUM

December 23, 2008

TO: CAR Market Review Committee

FROM: Plymouth Rock Assurance Corporation

CC: Philip R. Boncore, Esq. (Attorney for Coscia Insurance Agency)

RE: Richard R. Coscia Insurance Agency – Appeal of ERP Termination

For your consideration in advance of the Committee's January 20, 2009 meeting, this memorandum contains some examples of the activity that was described in Plymouth Rock's November 12, 2008 letter to the Richard R. Coscia Insurance Agency, terminating the Agency's contract to act as an ERP of Plymouth Rock.

This memorandum is simultaneously being sent to the Coscia Agency's attorney, Philip R. Boncore. Although the Coscia Agency claimed in its Request for Review form that Plymouth Rock has terminated the Agency "without giving me specific details which I can explain or defend," and that Plymouth Rock "refuse[s] to give me specific details of their accusations and have not responded to me," Plymouth Rock has, in fact, provided specific details to the Coscia Agency. In addition to the information contained in this memorandum, the termination letter that the Coscia Agency received on November 12 contained a detailed description of the activity that forms the basis for the termination. Plymouth Rock's counsel also met with Mr. Boncore on December 3 (six days before the date on his Request for Review) and provided details on five of the affected policies and advised that if he had any questions, he should call. As of today, we have received no further questions from Mr. Boncore or the Coscia Agency.

Before describing specific cases, we wish to advise the Committee of the following additional information:

Company Stamps

When Plymouth Rock delivered the termination letter to the Coscia Agency on November 12, 2008, we requested that Mr. Richard Coscia, Sr. turn over the two Plymouth Rock stamps that had been provided to the Agency. Our contract with the Coscia Agency requires that it return all company stamps on demand. Mr. Coscia refused to return the stamps, stating that they had been lost. Although it is possible that other agents have lost our stamps before, we cannot recall any specific instance. To the extent that it happens, it is very rare, and for an Agency to lose our stamps shortly before receiving a termination letter from us seems to be highly unlikely. On December 3, 2008 – 21 days after we first demanded the return of the stamps – Mr. Coscia's attorney

delivered the stamps to us. We have confirmed that at least one of the Plymouth Rock stamps was used as late as October 24, 2008.

E-mail from Coscia Customer

On December 13, 2008, Plymouth Rock received an unsolicited e-mail from a client of the Coscia Agency. A copy of the e-mail, which provides a third-party's view of how the Agency manages its business, is attached. As you will see, the customer (whose name is blocked out to preserve their privacy), stated in part: *"We write to advise you that our current insurance agent, Richard R. Coscia Insurance Associates has been providing extremely poor service for at least 6 months now. It is nearly impossible to reach him by phone and he hasn't been returning any of our calls. I am not sure that he has been truthful in many of the things he has told us. We believe he has basically been giving us the run around making excuses for why he hasn't been able to get things done."*

Privacy

Because the information provided to the CAR Market Review Committee is posted on the CAR website, in the interest of protecting the privacy of our policyholders and in complying with the spirit of Massachusetts' security breach regulations (that are going into effect May 1, 2009), and other privacy laws and regulations, we are not providing the names of policyholders or bank account numbers. The copies of signed statements from policyholders that are attached to this memorandum have been redacted. However, this memo does contain sufficient information for the Coscia Agency to identify the policyholders.

Changes to License Dates, Mailing Addresses and Garaging Addresses:

The following are examples of improper changes that the Coscia Agency made to license dates, mailing addresses and garaging addresses in order to generate credits. As we described in our November 12, 2008 termination letter, the policyholders who were affected generally paid their premiums to the Coscia Agency rather than paying directly to Plymouth Rock. The Coscia Agency issued the policies using the correct mail/garaging address and/or date first licensed. Subsequent to policy issuance, however, the Coscia Agency made changes to the mail/garaging addresses and/or date first licensed in order to generate credits, without informing the policyholder. The policyholders would continue to pay their premiums to the Coscia Agency at the original, higher amount, but the Coscia Agency would pay Plymouth Rock at the lower rate (taking into account the credits). This way, the Coscia Agency could keep some of the cash paid to it by its customers (equal to the amount of the credits that it had generated by making false changes to the policies), thereby perpetrating a fraud against Plymouth Rock and the Coscia Agency's own customers.

The Coscia Agency made these changes via our Agent Web system. We note that our Information Technology Department has been able to confirm that approximately

90% of the changes described below were made by someone using the user name and password of Richard Coscia. With respect to the remaining 10% (four of the changes), while we have no doubt that they were also made by someone at the Agency (because these types of changes are made by our agents and not by our own customer service representatives), due to a recent system conversion we have been unable (so far) to confirm the user name and password associated with them.

For the following policies, the date licensed was altered to create an Experienced Operator credit:

1. Policy# PRA00001016943 – Policy issue date: 9/24/07
 - Actual date first licensed 1/19/06 (confirmed with Mass. RMV records).
 - Date first licensed changed to 9/1/04 on 10/4/07, effective 9/24/07 – **Credit \$794**
 - Date first licensed changed back to 1/19/06 on 10/12/07 when insured added comp and collision
 - Policy canceled 12/13/07

2. Policy# AMA6843111 – Policy issue date: 6/8/05
 - Actual date first licensed 8/1/02 (confirmed with Mass. RMV records).
 - Driver training - No
 - Policy renewed, 6/8/06 and 6/8/07
 - Date first licensed changed to 10/1/00 on 8/24/07, effective 8/22/07 – **Credit \$530** (policyholder would have been less than 16 ½ years old on 10/1/00)
 - Driver training changed to – Yes
 - Plymouth Rock received a signed statement from the policyholder stating that the policyholder never gave the Coscia Agency a license date other than 8/1/02 (copy attached).

For the following policies, the date licensed was altered to create an Experienced Operator credit and the Mail/Garaging location was changed to a fictitious address:

3. Policy # AMA6823503 – Policy issue date: 5/23/05
 - Policyholder improperly deferred as driver on his own policy – **Credit \$983**
 - Actual date first licensed 9/23/02 (confirmed with RMV records).
 - Date first licensed changed to 9/23/01 on 7/7/06 – **Credit \$201**
 - Renewal date 5/23/06
 - Mail/Garaging address changed on 7/7/06 to 12 Upland Rd, Melrose – **Credit \$513**
 - Mail changed back to original address on 10/26/06 effective 11/1/06

- Renewal date 5/23/07 with Melrose still garaging location
- Garaging location changed on 6/4/07 back to original location effective 6/1/07
- Confirmed on 6/18/08 that 12 Upland Rd, Melrose does not exist (numbers on even side street begin at #22)

4. Policy # AMA3840116 – Policy issued 3/5/07

- Mail/Garaging address changed on 1/2/08 effective 12/21/07 from a Boston address to 1050 Winthrop Ave, Revere
- Investigation confirmed that 1050 Winthrop Ave, Revere does not exist.
- Changed date licensed from 11/16/06 to 11/16/04 -- **Credit \$90**
- Confirmed with Mass. RMV records that the actual date first licensed was 11/16/06.
- Plymouth Rock received a signed statement from the policyholder that he never lived at 1050 Winthrop Avenue and that he never provided the Coscia Agency with a license date other than 11/16/06 (copy attached).
- Plymouth Rock also received a recorded statement from the policyholder that he never lived in an apartment at 1050 Winthrop Ave. in Revere and that he pays the Coscia Agency in cash.

For the following policy, the date licensed was altered to create an Experienced Operator credit and the Mail address was changed to a P.O. Box not rented to the insured:

5. Policy # AMA3782435 – Policy issue date: 12/26/06

- Actual date first licensed **10/10/01** (confirmed with Mass. RMV records).
- Date first licensed changed to **2/1/01** on 2/8/07 effective 2/1/07 – **Credit \$729**
- Mail address changed from a Winthrop address to P.O. Box 459, Boston on 1/17/07
- Policyholder contacted PRAC on 3/13/08 and after learning of the change to the mailing address, requested change back to original mailing address.
- Policyholder advised Plymouth Rock that she paid the Coscia Agency monthly in cash. These payments were not forwarded to PRAC on time or in full by the Coscia Agency.
- Policyholder said she was never told by the Coscia Agency that cancellation notices were sent. She said she never received cancellation notices.
- Plymouth Rock received a signed statement from the policyholder that she never rented a Post Office box, that she never gave the Coscia Agency a Post Office box as her address, that she never gave the Coscia Agency a date first licensed other than 10/10/01, and that she never received a refund or credit for the policy period of 12/13/06 through 12/13/07 (copy attached). Policyholder also provided a detailed recorded statement to the same effect.

For the following policies, the Mail/Garaging location was changed to a fictitious address:

6. Policy # PRA0001016970 – Policy issued 10/2/07
 - Mail/Garaging address changed on 11/28/07 to 29 Charles St, Danvers – **Credit \$209**
 - 29 Charles St, Danvers does not exist (numbers only reach as high as #26)
 - Mail/Garaging location changed back to original location on 8/18/08
 - Policy renewed 10/2/08

7. Policy # AMA3848577 – Policy issued 3/14/07
 - Mailing address changed on 8/10/07 to 69 Layton St, Lynn and garaging location changed to Lynnfield– **Credit \$497**
 - Investigation confirmed that Layton St, Lynn does not exist
 - Mail address changed back to original location on 4/14/08
 - Garaging location changed back to original garaging location 9/26/08
 - Policy renewed 3/14/08
 - * Electronic payments issue also (see below for details).

8. Policy # AMA7033685 – Policy issued 12/8/05
 - Policy renewed 12/8/06 and 12/8/07
 - Mailing address changed on 1/30/07 effective 1/27/07 to 11 Overlook Ridge, Saugus
 - Mailing/garaging address changed on 4/6/07 effective 4/4/07 to 11 Overlook Ridge, Newburyport – **Credit \$1,150**
 - Confirmed that 11 Overlook Ridge, Saugus and 11 Overlook Ridge, Newburyport do not exist
 - Mailing/garaging location changed back to original location on 11/8/07 effective 11/1/07
 - Plymouth Rock received a signed statement from the policyholder stating that he lives in Winthrop, that he never gave the Coscia Agency the Saugus or Newburyport addresses, and that he never authorized the Coscia Agency to make electronic withdrawals from his checking account to pay premiums (copy attached).
 - * Electronic payments issue also (see below for details).

For the following policy, the Mail/Garaging location was changed to a fictitious address and the full premium paid was not applied to the policy:

9. Policy # AMA3848539 – Policy issue date: 3/13/07
- Mailing address changed on 5/4/07 to 175 Rice Ave, Saugus – **Credit \$223**
 - Investigation confirmed that 175 Rice Ave, Saugus does not exist (there is no Rice Ave in Saugus and Rice Street only reaches #20)
 - Renewal Date 3/13/08
 - Mailing address changed 4/11/08 back to original address
 - Policy canceled 9/12/08
 - Policyholder confirmed that 175 Rice Ave, Saugus address was never provided to the Coscia Agency. Policyholder represented that they paid the policy in full at inception. The full amount was never applied to policy by the Coscia Agency.
- * Electronic payments issue also (see below for details).

For the following policy, the Mail/Garaging location was changed to an address that exists, but the insured claims they never resided there:

10. Policy # AMA3911479 – Policy issue date: 5/25/07
- Mailing address/garaging location changed on 9/28/07 effective 10/1/07 to 302 Commercial St, Braintree
 - Mailing address/garaging location changed on 2/7/08 effective 2/18/08 to 230 Mountain Ave Revere – net **Credit \$244**
 - Mailing address/garaging location changed on 3/7/08 effective 3/6/08 back to original address
 - 302 Commercial St, Braintree and 230 Mountain Ave, Revere do exist, but Plymouth Rock received a signed statement from the policyholder stating that she has lived in Revere her entire life and that she never gave the Coscia Agency the Braintree address or an address at 230 Mountain Ave., Revere

For the following policy, the original Mail/Garaging location was a fictitious address:

11. Policy # AMA7316030 – Policy issue date: 3/6/06
- Address on policy was 25 Short St, Melrose

- Confirmed that 25 Short St., Melrose does not exist (numbers only reach as high as #7).
- Policyholder confirmed they never lived in Melrose and never provided Melrose address to Coscia Agency
- Policy cancelled 7/26/06
- New policy issued 10/2/06 with correct address and garaging location
- Policyholder was unaware that policy had been cancelled and was re-written (client pays monthly in cash to the Coscia Agency) – **Credit \$261**

For the following policies, the Mail address was changed to a P.O. Box not rented to the insured and the garaging location was changed:

12. Policy # AMA7373826 – Policy renewal date: 4/28/07

- Mailing address changed on 8/7/07 effective 8/1/07 to P.O. Box 347, Winthrop and garaging location changed to Gloucester – **Credit - \$205**
- Policy renewed on 4/28/08
- Garaging location changed back to original location on 7/15/08
- Confirmed with policyholder on 7/16/08 that policyholder never had a P.O. Box and never requested garaging location change
- Mailing address corrected on 7/18/08

13. Policy # PRA10006942750 – Policy renewal date: 7/13/06

- Mailing address/garaging location changed on 11/1/06 to PO Box 255, Danvers – **Credit - \$294**
- Policy renewed 7/13/07 – **Premium difference - \$464**
- Policy renewed 7/13/08
- Mailing address/garaging location changed on 7/23/08 back to original policy address
- Plymouth Rock received a signed statement from the policyholder that since moving to Massachusetts he has always lived in Winthrop, that he never had a Post Office box, that he never told the Coscia Agency that he had a Post Office box, and that he never represented that his vehicle was garaged in Danvers.

Missing Funds:

14. Policy # AMA3782435 - Policyholder provided copy of a money order given to the Coscia Agency, but the funds were never applied to the policy by the Agency.
15. Policy # PRA00001009862 – Policyholder provided a recorded statement to Plymouth Rock indicating that even though they paid monthly to the Coscia

Agency in cash, the account fell 2 months in arrears and they received a cancellation notice. Policyholder said the Coscia Agency told them that a payment to Plymouth Rock must have been lost in the mail. Policyholder said they subsequently made an additional payment (to replace the payment that was "lost in the mail").

Incorrect Bank Account Information Provided for Electronic Payments:

The Coscia Agency requested electronic withdrawals from alleged policyholder checking accounts to pay premiums for the policies described below. In each of these cases, attempts by Plymouth Rock's billing system to process the alleged authorized withdrawals were rejected because the bank account and/or routing number provided to Plymouth Rock by the Coscia Agency was incorrect. Because Plymouth Rock's prior billing system did not notify Customer Service when an electronic payment was rejected, some amounts were never received by Plymouth Rock (as set forth below). This would not happen with the current billing system.

Please note that the Coscia Agency's ability to order electronic payments via our Agent Web system had been shut off when most, if not all, of the payments described below were ordered. In those cases, in order for the Coscia Agency to order an electronic withdrawal the Coscia Agency had to call our customer service representatives and provide the bank account information and routing number and other required information, whereupon our customer service representatives would enter the information in the system to process the request. Of course, when incorrect information was provided to our customer service representatives, payments were not completed.

In most cases, the bank account and/or routing number provided by the Coscia Agency for the same policyholder was not the same every time. In other cases, the same bank account and/or routing number was used for different policyholders. Given the large number of these occurrences it is extremely unlikely, and statistically, virtually impossible, that these occurrences could be the result of policyholders giving incorrect information to the Coscia Agency – especially where the same false bank account and/or routing numbers were used for different policyholders. Also, due to the large number of these occurrences (and considering that the same false account information was provided for different policyholders), it is highly unlikely that they could be the result of Plymouth Rock customer services representatives taking down the information incorrectly.

When a payment failed to process, the system would have generated a cancellation notice, so the Coscia Agency would have been on notice that the payment had not processed. If a subsequent payment was made, even using incorrect account information, that would void the cancellation. A second cancellation notice would be produced if the second payment also failed to process, and the pattern could be repeated

For three of the policies listed below, Plymouth Rock subsequently received a signed statement from the policyholder that they did not authorize the Coscia Agency to initiate electronic withdrawals from their bank accounts.

Policy#	Date of electronic Withdrawal Attempt	Amount of attempted withdrawal	Remaining Balance on Policy Never Collected
16. AMA7194681	8/6/2007	\$638.00	\$588.58
	10/1/2007	\$1,095.00	
	10/9/2007	\$1,095.00	
	12/17/2007	\$1,350.00	
	2/5/2008	\$17.98	
17. AMA6843111	2/25/2008	\$540.00	\$560.00
	4/14/2008	\$560.00	
18. *AMA3921816	3/3/2008	\$777.60	\$527.00
	4/28/2008	\$527.00	
19. *AMA7033685 00	9/19/2006	\$1,148.62	\$0.00
	11/13/2006	\$1,168.62	
20. *AMA7033685 01	2/10/2007	\$1,805.00	\$1,749.00
	7/23/2007	\$1,075.52	
	9/17/2007	\$1,795.00	
	11/13/2007	\$1,815.00	
21. AMA3848577	6/4/2007	\$311.94	\$206.00
	6/13/2007	\$311.94	
	10/15/2007	\$290.00	
	12/3/2007	\$604.00	
	1/28/2008	\$624.00	
22. AMA6722412	11/8/2007	\$443.00	\$449.00
	1/2/2008	\$463.00	
23. AMA6659620	7/30/2007	\$1,067.00	\$1,107.00
	8/8/2007	\$1,067.00	
	10/1/2007	\$1,107.00	
24. AMA6781121	8/6/2007	\$620.00	\$914.17
	12/17/2007	\$262.00	
	1/17/2008	\$262.00	

25. AMA3848539	8/27/2007	\$608.00	\$1,240.00
	10/29/2007	\$899.98	
	12/17/2007	\$1,220.00	
	2/4/2008	\$1,050.00	
26. *AMA5872403 00	10/20/2006	\$904.67	\$0.00
	12/11/2006	\$1,750.92	
	1/29/2007	\$2,214.17	
27. *AMA5872403 01	5/21/2007	\$2,300.00	\$2,866.27
	10/22/2007	\$1,500.00	
	2/21/2008	\$2,866.27	

* Indicates that Plymouth Rock received a signed statement from the policyholder that they did not authorize the Coscia Agency to initiate electronic payments from their bank account (copies are attached).

Attachments:

- Copy of redacted e-mail from Coscia client
- Copies of redacted signed statements from Coscia clients

From: True Service
Sent: Tuesday, December 16, 2008 4:55 PM
To: Willis, Ken
Subject: FW: Plymouth Rock Agent Richard R. Coscia Insurance Associates

From: [REDACTED]
Sent: Saturday, December 13, 2008 8:53 AM
To: True Service
Subject: Plymouth Rock Agent Richard R. Coscia Insurance Associates

Dear Hal,

Thank you for your letter which was enclosed with my husband's renewal auto policy with Plymouth Rock. We write to advise you that our current insurance agent, Richard R. Coscia Insurance Associates has been providing extremely poor service for at least the last 6 months now. It is nearly impossible to reach him by phone and he hasn't been returning any of our calls. I am not sure that he has been truthful in many of the things he has told us. We believe he has basically been giving us the run around making excuses for why he hasn't been able to get things done.

We are planning to find another insurance agent who writes Plymouth Rock policies since we have been happy with service from Plymouth Rock and it is just the agent who is the problem.

We suggest that you do not recommend Richard Coscia's agency to any customers who are looking for an agent in the Winthrop Massachusetts area.

Sincerely,

[REDACTED]

12/16/2008

② AMAG84311

My name is [REDACTED]
I live at 223 Central St, Saugus, MA 01906

My prior address was 7-B Auburn St, Saugus, Ma 01906 for 3 yrs

I did not reside at 232 or 233 Central St, Saugus at anytime and did not provide these addresses to my Insurance Agent at the Richard R. Coscia Insurance Agency.

I was first licensed to drive on 8/1/02 and never provided a different date to my agent.

[REDACTED] did allow the Richard R. Coscia Insurance Agency to authorize an electronic withdrawal from his checking account in the amount of \$540 on or about 2/25/08, to pay my insurance premiums, but did not provide an Account number of [REDACTED] with a Route number [REDACTED]

On or about 4/14/08 we were notified that payment did not go through and again [REDACTED] did allow the Richard R. Coscia Insurance Agency to authorize an electronic withdrawal from his checking account in the amount of \$560 on or about 4/14/08, to pay my insurance premiums, but did not provide an Account number of [REDACTED] with a Route number [REDACTED]

Signed: [REDACTED] Date: 10/22/08
10-22-08

Witness: [Signature] Date: 10-22-08

④ AMA 3840116

My name is [REDACTED]
I live at 1107 Winthrop Ave, Revere, MA 02151

My prior address was 1050 Tremont St, Boston, Ma 02120 for 3 yrs

I did not reside at 1050 Winthrop Ave, Revere at anytime and did not provide this address to my Insurance Agent at the Richard R. Coscia Insurance Agency.

I was first licensed to drive on 11/16/06 and never provided a different date to my agent.

Signed: [REDACTED]

Date: 10/17/08

Witness: [Signature]

Date: 10-17-08

⑤ AMA 378293

My name is [REDACTED]
I live at 60 Johnson Ave, Winthrop MA and have lived here for 5 years

I have never rented a PO Box and never provided PO Box 459, Boston, MA as a mailing address to my Insurance Agent at the Richard R. Coscia Insurance Agency.

I was first licensed to drive on 10/10/2001 and never provided any other date to the Richard R. Coscia Insurance Agency.

I first applied for an auto policy with the Richard R. Coscia Insurance Agency on 12/13/06. I gave them a deposit in the amount of \$680.00 and paid a minimum of \$200 per month thereafter. I never received a refund or credit on my insurance premiums at anytime during the policy period of 12/13/06 – 12/13/07.

Signed: [REDACTED] Date: 10-27-08

Witness: [Signature] Date: 10-29-08

⑧ AMA 703 3685
⑪

My name is [REDACTED]
I live at 200 Governors Drive, Apt# [REDACTED], Winthrop Ma. and have lived here for ___ years

My prior address was 800 Governors Drive, Apt# [REDACTED] Winthrop

I never provided 11 Overlook Ridge, Saugus or 11 Overlook Ridge Newburyport as a mail address or garaging location to my Insurance Agent at the Richard R. Coscia Insurance Agency. I never indicated at anytime to my agent that my vehicle was principally garaged in Saugus or Newburyport

I have ^{not} authorized the Richard R. Coscia to process electronic withdrawals from my checking account on ___ occasions to pay my insurance premiums.

Signed: [REDACTED] Date: 10/29/08

Witness: [Signature] Date: 10/12/08

I have not authorized the Richard R. Coscia to process from my checking account.

[REDACTED]

⑩ AMA 3911479

My name is [REDACTED]
I live at 16 Thorndike St, Revere, MA and have lived here my entire life.

I did not reside at 302 Commercial St, Braintree, Ma or 230 Mountain Ave, Revere, Ma
at anytime and did not provide these addresses to my Insurance Agent at the Richard R.
Coscia Insurance Agency.

Signed: [REDACTED] Date: 10/29/08

Witness: [Signature] Date: 10/29/08

⑬ PRA10006942750

My name is [REDACTED]

I live at 34 Trident Ave, apt# 7, Winthrop Ma and have lived here for ___ years

Since moving to Massachusetts, I have always lived in Winthrop

I never rented a Post office box and specifically did not rent PO Box 255, Danvers at anytime and did not provide this as a mail address to my Insurance Agent at the Richard R. Coscia Insurance Agency. I never indicated at anytime to my agent that my vehicle was principally garaged in Danvers

Signed: _____

[REDACTED SIGNATURE]

Date: 10-29-08

Witness: _____

[Handwritten Signature]

Date: 10/29/08

①8 Policy AMA3921816

My name is [REDACTED]
I live at 20 Nancia St, Boston, Ma and have lived here for 6 1/2 years

I have authorized the Richard R. Coscia to process electronic withdrawals from my checking account on 0 occasions to pay my insurance premiums.

Signed: [REDACTED] Date: 10/31/08

Witness: William B. Cunniff Date: 10/31/08

(26) Policy
(27) AMA 5872403

My name is [REDACTED]
I live at ~~21 Falls Ave~~, Winthrop, Ma for 6 years

500 GOVERNORS AVE #518
W

I have authorized the Richard R. Coscia to process electronic withdrawals from my checking account on 6 occasions to pay my insurance premiums.

Signed: [REDACTED] Date: 10-31-08

Witness: Hellen B Connors Date: 10/31/08