

A. General Provisions

The Massachusetts Automobile Insurance Plan (the “MAIP”) has been created to provide private passenger motor vehicle insurance to eligible risks, as defined by Rule 22, who seek and are unable to obtain such insurance through the voluntary market, and to assure that the risks written through the MAIP are distributed equitably based upon the quota share of each Member, both as defined by Rule 22.

The Rules of Operation of the MAIP are adopted in accordance with the CAR Plan of Operation in order to implement the MAIP and shall be effective July 16, 2007, subject to the Provisions for the Phase-In of Placements in the MAIP set out in Rule 21.B below and the constraints identified in Rule 21.C below.

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

In order to achieve a smooth transition from the reinsurance facility administered by Commonwealth Automobile Reinsurers (“the CAR pool”) to the MAIP, the placement of eligible risks in the MAIP will not begin until April 1, 2008 (see Rule 21.B.2 below) and will, at first, be limited to new business. The placement of all other business in the MAIP will be subject to a gradual process. The first, limited category of risks that must be placed in the MAIP if declined in the voluntary market will also begin for policies effective on or after April 1, 2008 (see Rule 21.B.3 below). Only as of April 1, 2009 must all risks that are declined in the voluntary market be placed in MAIP (see Rule 21.B.4 below). Additionally, constraints on business that cannot be non-renewed are imposed for a three-year transition period (see Rule 21.C below). This measured approach is necessary to ensure that the MAIP is not overwhelmed in its initial operation and to allow CAR time to implement the administrative framework of the MAIP. To achieve these benefits, the following rules apply to eligibility for ceding to the CAR pool and to eligibility for placement in the MAIP on or after July 16, 2007:

1. Beginning on July 16, 2007, the MAIP Rules become effective, but no business can be placed in the MAIP until April 1, 2008. Members who are eligible to cede under the CAR Rules may continue to cede to the CAR pool new or other private passenger motor vehicle insurance business, including renewal business, with policy effective dates from July 16, 2007 through March 31, 2008.
2. All new business, as defined by Rule 22, with policy effective dates on or after April 1, 2008, must either be written voluntarily or be declined and referred for placement in the MAIP. These declined risks can no longer be ceded to the CAR pool as of April 1, 2008.
3. All private passenger motor vehicle insurance business, including renewal business, with policy effective dates on or after April 1, 2008 that has 10 or more Safe Driver Insurance Points ("S.D.I.P."), must either be written voluntarily or declined and referred for placement in the MAIP. These risks can no longer be ceded to the CAR pool as of April 1, 2008.

All private passenger motor vehicle insurance business with policy effective dates on or after April 1, 2009, must either be written voluntarily or be declined and referred for placement in the MAIP. These risks can no longer be ceded to the CAR pool as of April 1, 2009.

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

C. Constraints on Placement in the MAIP During the Transition Period

All Clean-in-Three risks, as defined in Rule 22, with renewal dates during the period April 1, 2008 through March 31, 2011, cannot be non-renewed by a Member unless:

1. The insured, at his own initiative, chooses not to renew his policy with such Member;

2. The producer terminates his relationship with a Member and the producer transfers his book of business, which includes such Clean-in-Three risk, from that Member to a new Member; or
3. The Member terminates his relationship with a producer and the producer transfers his book of business, which includes such Clean-in-Three risk, from that Member to a new Member.

D. Responsibility of CAR During the Transition Period

CAR is directed to submit to the Commissioner, by December 15, 2009, proposed rules that will ensure continued control of the size of the residual market after April 1, 2011. In developing such rules, CAR is to consider market-based strategies as well as other methodologies.