

**A. Submitting an Application to the MAIP**

To obtain MAIP coverage for an Eligible Risk an ARP must submit an electronic application for private passenger motor vehicle insurance coverage to the MAIP.

Assigned Risk Producers must assure that the application for insurance through the MAIP is submitted on the prescribed form and that each application is completed accurately and thoroughly. An incomplete or incorrect application will be returned to the producer for remedy. Once the application for coverage through the MAIP is received and all required information for issuance of the policy is provided, the MAIP will assign a certification number to the application.

**B. Assignment of Application to a Member**

An application with a certification number will be randomly assigned to an ARC based on quota share as specified in Rule 29 – Assignment Process. The MAIP will notify the ARC of the policy assignment. The MAIP will notify the ARP of the ARC to which the policy is assigned and the effective date of the coverage.

Once the policy has been assigned to an ARC, the ARP is responsible for providing the ARC with the following items within two (2) working days as specified in Rule 31.B.2:

1. The original application form, signed by the applicant and the ARP; and
2. The required deposit premium as specified below.

**C. Premium Deposit and Payment Options**

1. Amount of Deposit

A deposit of at least the amount noted below shall accompany the application for MAIP coverage. The deposit shall be in the form of a personal check, certified check, bank check, money order, premium finance company check or ARP's check made payable to the ARC or LADC. In the event that an ARP submits a dishonored check, issued either by the agency or by the ARP individually, on one or more occasions during a one-year period, future payments must be submitted by certified check, bank check, or money order.

- a. For a new business policy, a deposit of thirty percent (30%) is required.
- b. For a renewal policy, a deposit of twenty percent (20%) is required.

However, if the Eligible Risk has previously had a policy cancelled for non-payment, a premium deposit of one hundred percent (100%) will be required in addition to the outstanding balance of any earned premium, consistent with Massachusetts law. The Eligible Risk must complete a new application and the ARP must verify that the Eligible Risk has no earned premium outstanding within the last twelve (12) months.

Upon receipt of the deposit accompanying an application for insurance, the ARC or LADC may deduct from such deposit any unpaid balance or earned premium owed to that ARC or LADC. If any outstanding balance is not paid within the time permitted by the MAIP, the ARC or LADC shall be entitled to cancel the insurance.

All deposit, installment and additional premium payments shall be submitted gross of any commissions. Commission to the ARP will be paid in accordance with Rule 37 – Commissions.

## 2. Installment Plan

Each installment bill will consist of one-tenth of the remainder of the policy premium, subject to a minimum amount due of \$20 (to which any outstanding balance of less than \$20 is to be added), plus an installment charge of \$4 on each installment. If there has been a lapse in coverage of more than one day at any time during the past twelve (12) months, the installment charge may be equal to an Annual Percentage Rate (APR) of fifteen percent (15%). If the policyholder elects to pay the outstanding balance at any point during the installment billing period, the installment charge for the current bill would apply.

- a. 1<sup>st</sup> installment – 1 month after the effective date of the policy;
- b. 2<sup>nd</sup> installment – 2 months after the effective date of the policy;
- c. 3<sup>rd</sup> installment – 3 months after the effective date of the policy;
- d. 4<sup>th</sup> installment – 4 months after the effective date of the policy;
- e. 5<sup>th</sup> installment – 5 months after the effective date of the policy;
- f. 6<sup>th</sup> installment – 6 months after the effective date of the policy;
- g. 7<sup>th</sup> installment – 7 months after the effective date of the policy;
- h. 8<sup>th</sup> installment – 8 months after the effective date of the policy;
- i. 9<sup>th</sup> installment – 9 months after the effective date of the policy; and
- j. 10<sup>th</sup> installment – 10 months after the effective date of the policy.

The first installment bill shall reflect the current annual policy premium plus the total installment charge, minus the deposit. Each installment bill shall display the status of the account and is to be released to the insured.

Additional premium, less the deposit premium resulting from changes to the policy, shall be spread over the remaining installments, if any, or will be billed immediately as a separate transaction if there are no remaining installments.

Return premium resulting from changes to the policy may be used to reduce the outstanding balance, or if the outstanding balance is eliminated, any amount remaining will be returned immediately. If an outstanding balance remains, the number and amounts of the remaining installments will be adjusted accordingly.

The return premium check shall be sent to the insured. In instances where the premium is financed and a power of attorney is on file with the assigned company, the return premium check shall be sent to the premium finance company.

3. Insufficient Funds Charge

An applicant or policyholder that issues a check that is returned for insufficient funds will be charged a fee of \$25.

4. Late Fee or Cancellation Fee

A policyholder that fails to pay an installment premium by the applicable due date will be charged a late fee of \$15.

5. Reinstatement on Non-Payment Cancellations

No grace period shall be allowed for the reinstatement of a policy cancelled for non-payment.

6. Agency Acceptance of Payments

Acceptance of payment by the ARP shall be viewed as a payment to the ARC or LADC. To avoid policy cancellation, a payment must be received on or before the policy cancellation date.

7. Premium Financed Policies

The standards pertaining to premium financing for policies issued through the MAIP must be consistent with state laws and regulations.