

A. Limited Assignment Distribution Procedure

A Member may delegate its ARC responsibilities if the Member executes an agreement with a Limited Assignment Distribution Company (LADC) to service its quota share and to receive additional assignments of the Member's assigned risk business. Nothing in these Rules shall be construed to relieve a Member of its responsibility of ensuring that any LADC with which it has a contract to service its private passenger motor vehicle insurance risks complies with all CAR Rules, state laws and regulations. If at any time a LADC fails to maintain these requirements, the Governing Committee or the Commissioner may move to terminate the LADC.

B. Calculation of Initial Quota Share

For the purposes of calculating a Member's initial Quota Share, the Member's voluntary market share will be the ratio of each company's written exposures for the twelve month period ending June 30, 2007 with CAR ID codes 0 or 1 over the industry written exposures for the twelve month period ending June 30, 2007 with CAR ID 0 or 1.

C. Assignment of Applications

The MAIP shall randomly assign applications that are eligible for coverage based on each Member's individual quota share. A Member's quota share shall reflect that Member's proportion of private passenger motor vehicle MAIP premiums that its respective voluntary private passenger property damage liability direct written exposures bears to the statewide total of voluntary private passenger property damage liability direct written exposures of all companies in the state.

1. For the purpose of such distribution as described above: (1) voluntary private passenger property damage liability direct written exposures; and (2) private passenger MAIP premiums shall be defined as below:

- a. “Voluntary private passenger property damage liability direct written exposures” shall be the number of private passenger property damage liability car years written by the company for the most recent twelve (12) months, regardless of the type of motor vehicle insurance policy under which such property damage liability car years are written, excluding private passenger liability car years written through the MAIP.
- b. “Private passenger motor vehicle MAIP premiums” shall mean the total of: 20/40 bodily injury (including guest), \$100,000 property damage liability, and \$8,000 personal injury protection manual premiums (excluding the Commissioner’s subsidies) adjusted for SDIP points for private passenger motor vehicle MAIP insureds and any risk voluntarily insured that is eligible for premium credits allowed under this rule.

D. Quota Share Adjustment

The MAIP shall adjust the assigned premium quota share of each ARC monthly, in order to correct for the amount of previously assigned MAIP premium which was less than or in excess of each ARC’s appropriate share of total MAIP premium, for the amount of premium connected with reversed assignments due to non-payment or insufficient funds, and for the amount of premium associated with MAIP risks moving to the voluntary market or adjustments for any applicable credits. On a monthly basis, the MAIP shall notify each ARC of its market share and quota share (premium) adjustments.

Until April 1, 2009, the premium quota share of each ARC shall be based on the voluntary exposure market share described in B, above. Thereafter, monthly adjustments will be made to each ARC’s premium based quota share to reflect the latest rolling twelve (12) month voluntary exposure based market share.

E. Assignment Period

An Eligible Risk shall be assigned to a designated ARC for a period of three (3) consecutive years. The designated ARC may offer to continue an Eligible Risk’s assignment beyond the period of three (3) consecutive years by offering to write a third or subsequent renewal.

If an Eligible Risk is unable to obtain insurance in the voluntary market at the end of the consecutive three (3) year period, notwithstanding CAR's obligations under Rule 26A to notify all Members of the risk's information if requested to do so by such risk as provided for in Rule 26.A, or is unable to obtain an extension by the designated ARC or LADC, reapplication for coverage may be made to the MAIP. Such reapplication shall be considered a new application and the Eligible Risk shall be assigned to a different ARC or LADC than previously designated.

In the case of nonresident military personnel, as described under Rule 26.A.1.c, the designated ARC need not renew if at the time of the renewal the policyholder is stationed in another state and his motor vehicle is not registered in Massachusetts.

F. Credit Programs

All credits for each rate year shall be reviewed annually and submitted to the Commissioner for his/her approval. Any premium credited under this Rule that in aggregate exceeds one-hundred percent (100%) of the overall quota may not be credited against the quota.

1. Voluntary Credit

- a. Each Member shall receive a credit for each policy presently in the MAIP that it voluntarily writes at the policy's expiration date, through the producer of record or through the Member's own producer.
- b. Each Member shall receive a credit for each policy voluntarily insured in the territory and operator classes listed under section F.2 below.
- c. Credit shall be applied to the Member's quota share in Rule 29.D for the appropriate premiums as defined under section F.2 below.

2. Amount of Credits

The amount of credit for rate year 2008 will be as follows:

One-hundred percent (100%) of the annual private passenger MAIP premiums defined in C.1.b. that would have been charged if the risk had been written through the MAIP for any of the following risks. No more than one such credit can be issued.

- a. Inexperienced Operator: Designated inexperienced operator classes having a higher proportion of MAIP risks. The MAIP shall at least annually circulate to Members a list of the inexperienced operator classes for credit;
- b. Senior Citizen: Any operator of the auto aged sixty-five (65) or over residing in the household; or
- c. Territorial: Designated rating territories having a higher proportion of MAIP risks. The MAIP shall at least annually circulate to Members a list of the rating territories qualifying for territorial credit.

The initial listing of credit eligible operator classes and rating territories are indicated by an 'X' in the table below:

Territory	Operator Class							
	10	15	17	18	20	21	25	26
1					X		X	
2					X		X	
3					X		X	
4					X		X	
5					X		X	
6					X		X	
7					X		X	
8					X		X	
9					X		X	
10					X		X	
11					X		X	
12					X		X	
13					X		X	
14					X	X	X	X
15	X	X	X		X	X	X	X
16	X	X	X	X	X	X	X	X
17					X		X	
18	X	X			X		X	
19	X	X	X		X		X	
20	X	X	X		X		X	
21	X	X	X	X	X	X	X	X
22	X	X	X	X	X	X	X	X
23			X		X		X	
24					X		X	
25					X	X	X	X
26			X		X	X	X	X
27					X		X	

d. To qualify for credit, all of the following requirements must be met:

(1) The Member must provide proper notification prior to the expiration of the policy;

(2) The policy must be in effect for at least ninety (90) days;

(3) The kinds and amounts of coverage to be offered as a voluntary risk shall at least equal those in the policy being replaced, and the premium for such coverage shall not exceed the Commissioner's fix-and-establish premium for the equivalent coverages; and

(4) The Member shall be required to submit an approved reporting form to the MAIP monthly for all policies qualifying during the month and agrees to submit supporting data to the MAIP upon request.

e. The Member shall, if requested by the MAIP, agree to a physical audit of its records to substantiate the credits and exposures stated in the monthly report. The executed request for credit form must be submitted to the MAIP by the last day of the fourth month following the effective date of the policy.

G. Distribution Restrictions

Distribution shall be made on the basis that any applicant within the foregoing definitions eligible for assignment, shall be assigned or reassigned to any Member with a quota share, subject to the following restrictions:

1. No risk shall be assigned to more than one Member.
2. Household Procedure

If voluntary motor vehicle insurance coverage is in force on a motor vehicle owned by a Household Member at the time of the application to the MAIP, the applicant shall be assigned to the company providing the voluntary insurance unless the applicant specifically requests an individual policy separate from the existing policy, provided that the following requirements are met:

- a. The applicant is eligible under the rules of the MAIP;
- b. A copy of the Declarations page for the policy providing motor vehicle insurance coverage for a vehicle owned by a Household Member is submitted with the application;
- c. The limits and coverages requested are available from the assigned household company; and
- d. An assignment to any company under the provisions of the household procedure will be factored into such company's quota share. Any assignment to any company under the provisions of the household procedure that is contrary to the above provisions shall be returned to the MAIP promptly for reassignment.

3. Reassignment to Prior Member

In the case where an applicant or policyholder has been cancelled for nonpayment of premium, or has an outstanding premium balance due a company and is otherwise eligible for placement in the MAIP pursuant to M.G.L. c. 175, Section 113H, the applicant or policyholder is ineligible for assignment to another Member, and will be assigned to that same Member company such that the policy premium deposit will be applied first to the outstanding premium due, and, if the outstanding premium is satisfied, any remaining deposit balance will be applied to the new policy.

H. Accruing, Buying, Selling or Transferring Credits

1. Members may accrue excess credits.
2. As of April 1, 2008, Members may sell, transfer, or buy excess credits to or from other Members in accordance with systems and procedures to be developed by CAR.
3. Members shall report to CAR within 30 days all transactions relating to the purchase, transfer or sale of excess credits.

I. Credits Relating to Clean-in-Three Risks

Not later than April 1, 2009, CAR shall develop a credit mechanism designed to encourage carriers to insure and retain on a voluntary basis those consumers who are Clean-in-Three Risks and who meet the following criteria:

1. The applicant or any person who usually drives the motor vehicle has not failed to pay an insurance company any motor vehicle insurance premiums due or contracted during the preceding twelve (12) months; and
2. Any person who usually drives the motor vehicle holds or is eligible to obtain an operator's license.

Such credit will be available to carriers as of April 1, 2011, when the transitional constraint on non-renewal of Clean-in-Three risks as provided for in Rule 21.C has ended.