



DANIEL R. JUDSON  
PRESIDENT

# COMMONWEALTH AUTOMOBILE REINSURERS

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## SPECIAL NOTICE

### Commission Compensation - October 1, 2012

The private passenger residual market rates effective October 1, 2012 include commission provisions for assigned risk business. The following procedures shall apply relating to commission payments for new and renewal assigned risk business with an effective date of October 1, 2012 or subsequent:

1. If the Assigned Risk Producer (ARP) has a voluntary contract with the Assigned Risk Company (ARC) receiving the assignment the terms of the contract relating to commission payments apply regardless of the rate (voluntary or MAIP) used to issue the policy.
2. If the ARP does not have a voluntary contract with the ARC receiving the assignment the following MAIP commission schedule applies regardless of the rate (voluntary or MAIP) used to issue the policy.

<u>Merit Rating Codes for Rated Operator(s)</u>	<u>Base Commission Percentage</u>
All Rated Operators have Merit Rating Code = 99	13.0%
All Rated Operators have Merit Rating Code = 0, 98, or 99	12.0%
At Least One Rated Operator has Merit Rating Code = 1-4	10.0%
At Least One Rated Operator has Merit Rating Code = 5 or more	10.0%

- a. The commission rate is determined at the time the new business or renewal policy is issued.
- b. Endorsements with an effective date the same as the policy effective date which impact the commission percentage require an adjustment to the commission compensation.
- c. A commission adjustment should not be processed for a mid-term policy endorsement.
- d. The commission rate is 13% for Motorcycles and is found in the Rate Section of CAR's Private Passenger Automobile Insurance Manual on page R-49.
- e. For all other Miscellaneous Vehicle Types (such as motor homes, low speed vehicles, campers), if merit rating status applies use the MAIP commission schedule. If merit rating status does not apply to the vehicle type then a commission rate of 11.7% applies.

Please note that modifications to Rule 37 – Commissions of CAR's Rules of Operation will be addressed by the Actuarial Committee with a recommendation for consideration by the Governing Committee at its September 19, 2012 meeting.

PAMELA WALLACE  
Vice President Residual Market Services and Secretary