

**COMMONWEALTH AUTOMOBILE
REINSURERS**

**ASSIGNED RISK COMPANY
PROCEDURES MANUAL**

2026

REVISED THROUGH APRIL 14, 2026

**101 ARCH STREET, SUITE 400
BOSTON, MA 02110**

A. Introduction

The Assigned Risk Company Procedures Manual provides Assigned Risk Companies (ARCs) with the detailed instructions and information needed to assure the successful operation of the Massachusetts Automobile Insurance Plan (MAIP).

The Assigned Risk Company Procedures Manual supplements CAR's Plan of Operation and CAR's Rules of Operation but does not add any requirements beyond those contained in the Plan and the Rules. Although the information contained in the Assigned Risk Company Procedures Manual is most pertinent to ARCs, it can also be utilized by Assigned Risk Producers (ARPs) to supplement the Assigned Risk Producer Procedures Manual.

B. Organization of the Assigned Risk Company Procedures Manual

The Assigned Risk Company Procedures Manual is organized into Chapters that deal with specific subjects that are applicable to the various operations of the MAIP. The Chapters included are as follows:

- Chapter I – Overview
- Chapter II – General Responsibilities
- Chapter III – Assigned Risk Company Responsibilities
- Chapter IV – Limited Assignment Distribution Agreement Procedures
- Chapter V – Assigned Risk Company Performance Standards Compliance
- Chapter VI – MAIP Eligibility Requirements
- Chapter VII – Application Process
- Chapter VIII – Assignment Process
- Chapter IX – MAIP Placement Record Reporting Requirements and
Correction Procedures
- Chapter X – Quota Share and Credit Programs
- Chapter XI – Compliance Audit

C. Other Useful Information

In conjunction with the instructions set forth in this Manual, there are several other manuals and informational guides that may be referenced for additional information. The Massachusetts Automobile Private Passenger Statistical Plan provides the details necessary to statistically code and report private passenger premium and loss records to the Commonwealth Automobile Reinsurers (CAR). The Assigned Risk Producer Procedures Manual details an ARP's MAIP responsibilities and provides ARPs with

instructions relative to the placement of a risk through the MAIP. The CAR Massachusetts Private Passenger Automobile Insurance Manual provides information relative to the classification and premium rating of private passenger vehicles. Each of these documents is available on the MAIP Company page of CAR's website under the Manuals link. A MAIP Consumer Guide published by the Massachusetts Division of Insurance provides consumers with information relative to the Massachusetts Automobile Insurance Plan and addresses specific questions that consumers may have relative to their assignment to an ARC through the MAIP. This document is available on the Massachusetts Division of Insurance's website at www.mass.gov.

A. Commonwealth Automobile Reinsurers' Responsibilities Relative to the Massachusetts Automobile Insurance Plan

Commonwealth Automobile Reinsurers (CAR) is responsible for administering the Massachusetts Automobile Insurance Plan (MAIP). It is necessary for the following functions to be performed in order to assure that Assigned Risk Companies (ARCs) and Assigned Risk Producers (ARPs) of the MAIP are provided with the resources to successfully perform their MAIP obligations. As such, CAR shall be responsible for the following MAIP related functions:

1. Provide ARPs with an online MAIP Policy Application system for the submission of policy applications for assignment to an ARC.
2. Assure that all property and casualty producers have fulfilled the producer requirements specified in Rule 31 – Assigned Risk Producer Requirements of CAR's Rules of Operation and certify such producers as ARPs. Assure that all ARPs continue to maintain the established requirements in order to remain certified as an ARP.
3. Assign a MAIP agency number to each ARP for use in reporting policies assigned through the MAIP.
4. Distribute to each ARP office location, MAIP stamps for certifying registrations of assigned risk applicants.
5. Provide an online system that will allow designated agency Security Administrators to request User IDs for office personnel requiring access to the MAIP Policy Application.
6. Assure that MAIP application data received from ARPs via the MAIP Policy Application has been submitted properly and that all reported information is entered completely and accurately.
7. Assign complete and accurate applications to an ARC based upon the Quota Share calculation detailed in Rule 29 – Assignment Process of CAR's Rules of Operation and in Chapter X – Quota Share and Credit Programs of this Manual.
8. Assign a certification number to each complete and accurate MAIP application. The certification number will consist of the assigned ARC's company number, the MAIP agency number and a MAIP sequence number.

9. Notify the ARP of the ARC to which the policy is assigned and the assigned ARC's contact information.
10. Transmit to each ARC, either on a nightly basis or by immediate transfer, application data for each policy assigned to the ARC that business day.
11. Establish and administer the process by which a policyholder may request reassignment to another ARC under limited circumstances, as specified in Rule 26.B. – Policyholder Rights and Responsibilities of CAR's Rules of Operation, and assure that the policyholder has provided the appropriate documentation in a timely manner.
12. Assure that MAIP Placement Records are accurately reported on a timely basis.
13. Monitor three year assignment period expirations. Assure that an assignment after the three year period is not made to the company to which the policy was originally assigned.
14. On a monthly basis, collect and verify for accuracy, all company statistics relative to premiums written, losses paid and allowable expenses as required by the Massachusetts Private Passenger Automobile Statistical Plan.
15. In an accurate and timely manner, collect any other data as required for the successful operation of MAIP.
16. Review Limited Assignment Distribution Agreements (LADAs) received to assure that the ARC applying for the LADA meets the operating and eligibility requirements contained in Rule 36 – Limited Assignment Distribution Agreements and the requirements of Rule 30 – Assigned Risk Company Requirements of CAR's Rules of Operation.
17. Monitor MAIP Quota Share premium volume in order to establish the LADA assignment volume limitation as specified in Rule 36 – Limited Assignment Distribution Agreements of CAR's Rules of Operation.
18. Accumulate and monitor the reporting of MAIP credit premium including voluntary credits and take-out credits and adjustments to accumulated credits including adjustments to Rule 29 credit premium and the sale and transfer of excess credits.

19. Maintain a database of ARC and ARP violations. Review documentation provided by ARCs and ARPs to determine validity of the reported violation and determine whether further remedial action is required. Assure that responses regarding the validity of the alleged violation are received within the appropriate timeframe and apply appropriate penalties, if applicable.
20. Audit premium and loss ARC data and ARP files, as necessary, to assure that reported data, which is used for ratemaking, to develop Quota Share, determine credits, and assess penalties is complete and accurate. This includes the Hybrid Audit Plan which examines company adherence to statutory requirements and CAR's Rules of Operation.
21. Bill and collect CAR operating expenses relative to MAIP business on a quarterly basis.
22. Hear company appeals relative to assessments, late payments, damages, and expenses.
23. Assess penalties as specified in CAR's Rules of Operation and the Massachusetts Private Passenger Automobile Statistical Plan.

B. Assigned Risk Company Responsibilities

In order to successfully perform its MAIP obligations, an ARC is responsible for performing the functions specified in Rule 30 – Assigned Risk Company Requirements of CAR's Rules of Operation and Chapter III – Assigned Risk Company Responsibilities of this Manual.

C. Assigned Risk Producer Responsibilities

In order to successfully perform its MAIP obligations, and to be eligible to submit private passenger business to CAR for an assignment to an ARC through MAIP, an ARP is responsible for performing the following general functions. For more specific information relative to ARP certification requirements and responsibilities, reference Rule 31 – Assigned Risk Producer Requirements of CAR's Rules of Operation and the Assigned Risk Producer Procedures Manual which is available on the MAIP Company page of CAR's website, under Manuals.

1. In order to obtain access to the online MAIP Policy Application for the purpose of placing business through the MAIP, fulfill and maintain all established producer certification requirements.
2. Based upon the MAIP placement provisions specified in Rule 21. – General Provisions and the MAIP eligibility requirements outlined in Rule 26.A. – Policyholder Rights and responsibilities of CAR’s Rules of Operation, assure that all applications submitted for MAIP placement meet the established MAIP placement and eligibility criteria.
3. Assure that MAIP application information is submitted properly and that each application and any additional or supplemental information required by the assigned ARC is submitted accurately and completely. Assure that all verification procedures relative to the submission of this information are performed in accordance with CAR’s Rules of Operation and the Assigned Risk Producer Procedures Manual.
4. Confirm the driving record of each licensed Massachusetts operator listed, obtain a copy of the driver’s license of any listed operator with an out-of-state or foreign driver’s license and verify out-of-state or foreign driving experience, quote the proper MAIP premium based upon information provided by the risk and verify whether the risk has any outstanding owed premium or a policy that has been cancelled for non-payment of premium within the preceding 24 months.
5. Within two business days of a MAIP application being certified by CAR and assigned to an ARC, provide the ARC with the original application, signed by the applicant and the ARP, the required deposit premium, any required supplemental application, forms or certificates, a photocopy of out-of-state or foreign driver’s license, if applicable, a copy of the voluntary premium quote or voluntary premium quote identification number as provided by the ARC, if applicable, and any other required additional or supplemental information required by the ARC to produce the voluntary quote. All coverages bound, including modification in coverage or additional coverage and all registrations and/or titles certified must also be reported to the ARC within two business days.
6. Inform the applicant that once the application, deposit premium and any additional or supplemental information are submitted to the assigned company, the ARC will recalculate the premium based upon the company’s applicable voluntary rate. The applicant’s deposit

payment will be applied to the lower of the resultant premium amount or the initially calculated premium based upon the MAIP rates.

7. Notify CAR and the ARC of suspected fraud in the application for insurance, in the underwriting or rating process, in the payment of premium obligations or surrounding a loss.
8. Cooperate with the ARC and CAR personnel during all audits and investigations of MAIP business.

A. Appointment of Assigned Risk Companies

CAR's Governing Committee will appoint Assigned Risk Companies (ARCs) in accordance with the eligibility requirements specified in CAR's Plan of Operation and Rule 30 – Assigned Risk Company Requirements of CAR's Rules of Operation. For purposes of determining eligibility, groups of companies under the same ownership and management will be treated as a single Member. Groups of companies under either the same ownership or management, but not both, may elect to be treated either separately or as a single Member.

A Newly Writing Company will be eligible for appointment as an ARC as of the effective date of its initial rates and rate manual. The ARC will be required to accept assignments through the MAIP on the date that MAIP processes the ARC's initial summary data submission as specified in Rule 29.B.2. – Assignment Process of CAR's Rules of Operation.

An eligible Member may be excused from its responsibilities for servicing the business assigned to it through the MAIP if the Member executes a Limited Assignment Distribution Agreement (LADA) with an ARC. Refer to Chapter IV – Limited Assignment Distribution Agreement Procedures of this Manual for additional information regarding the eligibility requirements for a Member to be excused from its Servicing Carrier obligations and details relative to the LADA contract.

B. Assigned Risk Company Responsibilities

In accordance with CAR's Rules of Operation, a Member in its capacity as an ARC has responsibilities relative to rates and policy issuance, data reporting, Assigned Risk Producers (ARPs), Quota Share and sharing in MAIP operating costs. Additionally, ARCs must adhere to all practices and procedures as required by established ARC performance standards. These responsibilities are described below.

1. General Responsibilities

Nothing in the Plan of Operation, Rules of Operation or this Manual prohibits a Member from entering into a contractual agreement with a third party for the purpose of servicing its voluntary business.

2. Rates and Policy Issuance Responsibilities

- a. An ARC must charge the assigned risk the lower of the approved MAIP rates on file with the Commissioner or its own rates applicable to that policy as if the ARC had issued the policy voluntarily. An ARC must issue the policy on its own company paper.
- b. CAR's online MAIP Policy Application system will calculate the premium of policies assigned through the MAIP based upon information contained in the application. In order to accurately calculate the policy premium once in receipt of the assignment, the ARC must assure that any additional or supplemental information requirements are kept up to date. The required supplemental information must be submitted to the ARC with the application within two business days.
- c. Upon request from an ARP, provide a voluntary rate quote on a risk assigned through the MAIP for purposes of calculating the down payment. The ARC's voluntary rate must be made available to the ARP either through a direct link to the company's rating software, through a third-party comparative rating vendor, or through a dedicated toll-free telephone rating service. The quote must be provided within the same timeframe as the ARC's voluntary market quotes and in all cases within 48 hours of receiving from the ARP any additional or supplemental information required to calculate the risk's voluntary premium.

If an ARC's voluntary rate is made available to an ARP via a direct link to the company's rating software, the quote must be returned to the ARP in a printable format. If a toll-free telephone service is provided, respond with a voluntary premium quote and provide the ARP with an identification number which will be used to match the quote to the new business application upon receipt by the ARC.

If an ARP has elected to obtain a voluntary rate quote from the assigned ARC, 30% of the lower of either the assigned company's voluntary premium or the MAIP premium, rather than 25% of the MAIP premium, must be collected as a down payment.

- d. If during the underwriting process an ARC discovers third-party information that appears inconsistent with the information provided on the application for insurance or is inconsistent with any

supplemental information, the ARC shall: 1) initiate an inquiry either directly with the insured or through the producer of record to resolve any factual errors; and 2) obtain the insured's consent before issuing a notice of adjustment to the down payment and/or total premium. If the inquiry is made directly to the applicant, the producer of record shall be furnished a copy.

If the resolution of an apparent inconsistency results in a change to the information used to calculate premium, the ARC shall charge an appropriate premium based upon the additional or corrected information and adjust the applicant's next bill accordingly. If, however, the applicant is unwilling to consent to the modification, and the ARC has independent evidence that the applicant had the actual intent to deceive or the material misrepresentation increases the ARC's risk of loss, the ARC may cancel the policy as provided by Massachusetts law.

- e. An ARC must provide the same level of service to its assigned MAIP policies as it provides to policies that the company issues voluntarily. At a minimum, the ARC must provide timely access to billing and claim information which will reflect current premium due, payments made, and if applicable, cancellation status and effective date, claim status and claim payments made.
- f. An ARC must assure that all risks assigned to it through the MAIP meet the established MAIP placement provisions specified in Rule 21. – General Provisions and the MAIP eligibility criteria specified in Rule 26.A. – Policyholder Rights and Responsibilities of CAR's Rules of Operation. Additionally, an ARC must assure that information contained in the application for insurance and any supplemental information is accurate relative to classification, garaging, discounts, credits, merit rating, vehicle use and vehicle description.
- g. Policies and other forms provided to the policyholder for a policy assigned through the MAIP must be the same as those filed by CAR and approved by the Commissioner for private passenger residual market business. However, an ARC should also attach those Policyholder Notifications addressing the Negative Option Feature requirements of 940 CMR 38.00 on file for their voluntary business to their MAIP policies.

3. Responsibilities Relative to Non-Renewal of a MAIP Risk after the Three-Year Assignment Period

As specified in Rule 29.C.2. of CAR's Rules of Operation, specific non-renewal and billing procedures apply for a policy that an ARC intends to non-renew at the end of its three-year assignment period.

On or about the first business day of each month, an ARC must distribute to the ARP a list of policies that the ARC does not intend to renew and which will expire during the month at least 120 days from the distribution date. This will provide the ARP an opportunity to seek replacement coverage for the risk in the voluntary market.

Note that if the ARP is unable to obtain replacement coverage for the risk in the voluntary market, the ARP will submit the risk's application for coverage through the MAIP and the application will be assigned to a different ARC.

If the assignment is made at least 60 days prior to the policy expiration date, the ARP will submit a Notice of Transfer of Insurer to the risk's former ARC identifying the newly designated ARC. The ARP will not be required to collect a down payment from the risk at the time of assignment. However, upon receipt of the risk's application, the newly designated ARC must bill the risk for 20% of the premium to be charged, which will be the lower of the MAIP premium or the voluntary premium for which the risk qualifies. Additionally, the newly designated ARC must waive the pre-inspection requirement provided that the vehicle(s) to be insured is the same as the vehicle(s) insured under the previous policy.

If the assignment is made 60 days or less from the policy expiration date, the ARP will collect the required down payment as specified in Section A.2. of Chapter VII – Application Process of this Manual and in accordance with Rule 28 – Application Process of CAR's Rules of Operation and will forward it to the ARC along with the signed application and any other required additional or supplemental information within two business days from the date of assignment.

If the designated ARC does not receive a Notice of Transfer of Insurer, the ARC must issue a Notice of Expiration of Policy Assignment to the risk at least 45 days prior to the policy's expiration date with a copy sent to the ARP.

Upon receipt of the Notice of Expiration of Policy Assignment, the risk may reapply for coverage through the MAIP. This reapplication will be considered a new application and CAR will assign the applicant to a different ARC than the previously assigned ARC, in accordance with the provisions of Rule 29 – Assignment Process of CAR’s Rules of Operation.

4. Data Reporting Responsibilities

An ARC is responsible for reporting all premiums written, losses paid, allowable expenses, MAIP Placement Records and any other information that may be required by the Plan and Rules of Operation, the Assigned Risk Company Procedures Manual, the Massachusetts Private Passenger Automobile Statistical Plan or as requested by CAR’s Governing Committee or the Division of Insurance. This information must be reported to CAR on an individual company basis, using the company code number as assigned by CAR. An ARC that has executed a LADA with a Member company will be provided with a company code number under which the policies assigned to that Member must be issued and under which the ARC must report its data.

In accordance with Rule 29 – Assignment Process of CAR’s Rules of Operation, a Newly Writing Company that is not yet reporting statistical data to CAR is required to report interim summary data to CAR. The initial submission of interim summary data must be reported no later than 45 days after the close of the month of the Member’s initial Private Passenger Motor Vehicle Insurance rates and rate manual effective date and then must be reported on a monthly basis thereafter until the Member commences reporting statistical data to CAR.

The due date is the same date as the monthly statistical submission, which is generally the first CAR business day 45 days after the close of each accounting month. CAR will notify the industry on a yearly basis of the specific submission due dates. Failure to report an interim summary submission by the due date will result in the assessment of \$500. Failure to report a second interim summary submission by the due date in an accounting year will result in the assessment of \$1,250. Failure to report any subsequent interim summary submissions by the monthly due date in a given accounting year will result in the assessment of \$3,000 for each submission thereafter.

The Interim Summary Data Upload function is located on the Reports page of CAR's website, under the Data Transfers link. Refer to Chapter X – Quota Share and Credit Programs of this Manual for additional information.

Once assigned a MAIP policy and upon any change in status of the policy, ARCs are responsible for submitting a MAIP Placement Record (MPR) to CAR to indicate MAIP coverage. For additional information regarding reporting timeframes and data requirements for MAIP Placement Records, refer to Chapter IX – MAIP Placement Record Reporting Requirements and Correction Procedures of this Manual.

An ARC must comply with all premium and claim statistical audit, claims performance standards and SIU review requirements and cooperate with CAR in the investigation of any data quality or other reporting irregularities. These responsibilities also include the quarterly upload of SIU Activity Log information using the Compliance Audit Reports link on the Reports page of CAR's website. For additional information, refer to the SIU Quarter Log Help Manual which is located on the Compliance Audit Reports page of CAR's website and Appendix A – CAR Special Investigative Unit Standards of the Private Passenger Claims Performance Standards which is located on the Manuals page of CAR's website.

5. Responsibilities Relative to Assigned Risk Producers
 - a. Producer Violation Reporting Requirements

ARCs are responsible for notifying CAR of any of the ARP infractions specified in Rule 30.B.5. – Assigned Risk Company Requirements and Rule 31.B. – Assigned Risk Producer Requirements of CAR's Rules of Operation that may result in the revocation of the ARP's MAIP certification. ARCs should report alleged producer performance violations to CAR online using the ARP Violations link which is located on the MAIP Company page of CAR's website, under the Non-Compliance link (refer to Exhibits III-B-1 and III-B-2). The violation report will also be forwarded to the ARP. The ARP has 20 calendar days to respond to CAR regarding the validity of the alleged violation, using the ARP Violations link. A copy of the ARP's response will also be forwarded to the ARC. CAR will validate the ARP's response and determine if further action is required.

b. Commission Payment Requirements

Commission must be paid to an ARP no less frequently than monthly and must be paid within 15 calendar days after the close of the month in which the commission was credited to the producer’s account. Each payment must include a commission statement that contains the policy number, named insured and amount of premium on which the commission has been calculated.

(1) Commission Compensation

If the ARP has a private passenger automobile contractual relationship with the 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.

If the ARP does not have a private passenger automobile contractual relationship with the ARC receiving the assignment, the MAIP commission schedule applies regardless of the rate, voluntary or MAIP, used to issue the policy. Merit rating codes are as defined in the Massachusetts Private Passenger Residual Market Automobile Insurance Manual.

MAIP Commission Schedule	
Merit Rating Codes for Rated Operator(s)	Base Commission Percentage
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%

The following additional provisions apply:

- a. The commission rate is determined at the time a new business or renewal policy is issued.

- b. A commission rate adjustment shall be made as a result of an endorsement with an effective date the same as the policy effective date if such endorsement affects the commission percentage.
- c. A commission rate adjustment shall not be made as a result of a mid-term policy endorsement.
- d. Refer to the Rate Section of the Massachusetts Private Passenger Residual Market Automobile Insurance Manual for the commission rate for Motorcycles.
- e. For all other Miscellaneous Vehicle Types such as motor homes, low speed vehicles and campers, if merit rating status applies, use the MAIP commission schedule. If merit rating status is not applicable to the vehicle type, a commission rate of 11.7% applies.

(2) Voluntary Writing of Former MAIP Risks

An ARC who writes a policy on a voluntary basis that it previously insured through the MAIP must pay a commission to the producer of record in accordance with its commission structure for business written at voluntary rates in the voluntary market, regardless of whether there is a contract between the ARC and the producer of record.

6. Quota Share Responsibilities

A Quota Share is developed for each Member appointed as an ARC in accordance with Rule 29 – Assignment Process of CAR’s Rules of Operation. Applications will be assigned to the most undersubscribed Member based on the most recent Quota Share calculation. For assignment purposes, a Member that has executed a LADA with an ARC will maintain its own Quota Share. Quota Share is adjusted after each MAIP assignment.

For additional information relative to the development of a Member’s Quota Share, refer to Rule 29, Chapter VIII – Assignment Process and Chapter X – Quota Share and Credit Programs of this Manual.

7. Responsibilities Relative to Sharing in MAIP Operating Costs

On a quarterly basis or as frequently as the Governing Committee deems necessary, ARCs will share in MAIP expenses as defined in Rule 35 – Assessments of CAR’s Rules of Operation. These expenses will be included on the company’s quarterly Settlement of Balances Report. A detailed explanation of the calculation of each Member’s share in CAR’s operating expenses, including its expenses relating to CAR’s statistical agent function, may be found in Chapter VII – Participation of CAR’s Manual of Administrative Procedures on the Manuals page of CAR’s website under the Administrative Procedures link.

8. ARC Performance Standards Responsibilities

ARCs must adhere to all practices and procedures as required by the established ARC Performance Standards. ARPs will report an ARC’s alleged non-compliance with the ARC Performance Standards to CAR and CAR will review the complaint to determine the validity of the reported violation and what course of remedial action may be necessary. For additional details regarding the ARC Performance Standards, including CAR’s violation review process and applicable non-compliance penalties, refer to Chapter V – Assigned Risk Company Performance Standards Compliance of this Manual.

C. Take-Out/Credits

At policy expiration, an ARC may choose to voluntarily write a policy that is currently in the MAIP, subject to specific requirements in accordance with Rule 29 – Assignment Process of CAR’s Rules of Operation and identified in this Section. The policy may currently be assigned to the ARC or may be written by another ARC. If the voluntary policy has been in effect for at least 90 days, the policy may qualify for a take-out credit as further defined in Chapter IX – MAIP Placement Record Reporting Requirements and Chapter X – Quota Share and Credit Programs of this Manual.

1. Offer to Write

The kinds and amounts of coverage to be offered for the voluntary policy must be at least equal to those afforded by the MAIP policy being replaced and the premium for such coverage must be provided at the company’s voluntary rate for which the risk qualifies.

2. Notification to the Producer of Record

The ARC must provide both the ARP and policyholder with notice of intent to offer voluntary coverage prior to the expiration of the policy. The producer of record must be mailed notification of such offer, including the premium quote, 90 days prior to expiration and the policyholder must be mailed the offer for voluntary coverage 45 days prior to expiration, with a copy to the producer. Refer to Rule 30.C. – Assigned Risk Company Requirements of CAR’s Rules of Operations for specific notification requirements.

3. Take-Out Obligations

a. Reporting of Transaction Code 6 MAIP Placement Record

To indicate that a policy is being taken out of the MAIP and will be insured on a voluntary basis, a Transaction Code 6 (Business Taken out of MAIP) MAIP Placement Record must be submitted within 120 days of the policy’s effective date. For each submitted Transaction Code 6 record, there must be an existing Transaction Code 1 (New Business) record or 2 (Renewal Business) record and the policy must not have been cancelled by a Transaction Code 4 (Policy Not Taken or Cancelled) record. The policy effective date of the Transaction Code 6 record must match the policy expiration date of the Transaction Code 1 record or Transaction Code 2 record. The ARC must agree to submit supporting documentation to CAR upon request.

It is required that the MAIP Certification Number originally assigned to the policy during the application assignment process must be reported on the MPR Transaction Code 6 record. In order to identify the MAIP Certification Number for a particular risk, a look-up tool is available on CAR’s website. Refer to Chapter IX – MAIP Placement Record Reporting of this Manual, for additional details regarding the submission of MAIP Placement Records as they pertain to take-out credits.

b. Physical Audit

If requested, the ARC must agree to a physical audit of its records to substantiate the credits and related exposures.

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Exhibit III-B-1



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999 - ANY INSURANCE COMPANY

Submit Violations

Start an ARP violation by selecting the associated assignment from the list below. The range of assignments can be filtered by changing the Start and End dates below.

Selection Criteria

Company
 999 - Any Insurance Company (CAR use only)

Assignment Date
 Start: Jun 1 2019 End: Jun 2 2019

Retrieve Data

Assigned Applications

The list below shows MAIP assignments during the date range specified above. The certification number is the combination of company number, agency number, and MAIP ID. Results are limited to 1000 records. Create a violation by double-clicking a row or by selecting a row and then clicking the button below the list.

2 Records

Cert. No	Agency Name	Applicant	Policy ID	Pol. Eff. Date	Assign. Date	Violation
999-09999-1	ANY AGENCY	Applicant1	12345	6/1/2019	6/1/2019	
999-09999-2	ANY AGENCY	Applicant2	23456	6/1/2019	6/1/2019	

Create Violation

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999 - ANY INSURANCE COMPANY

Submit Violation

Complete the following information. A copy of this violation will be sent to CAR and to the Assigned Risk Producer (ARP). The ARP will have an opportunity to respond to this violation. The ARP's response will be forwarded to the email supplied at the bottom of this form. Once the ARP has responded, CAR will close the violation and respond with any action or comments required.

Assignment

Assigned Risk Producer
 09999 - ANY INSURANCE AGENCY

Named Insured (MAIP Policy)
 Applicant1

MAIP Application Certification No.
 999-09999-1

Assigned Risk Company Policy No.
 12345

Violation(s)

Select one or more of the following

- Application and/or required down payment submitted more than two business days from date of assignment.
- Insufficient down payment submitted as specified in CAR Rule 28.
- Applicant not eligible for coverage.
- Information on the application for insurance coverage misrepresented.
- Application missing documentation as required by CAR Rule 31 (including lack of insured or producer signature(s), Supplemental Application, if required).
- Failed to verify that the applicant, at the time of application, owes any motor vehicle premium that was due in the preceding 12 months, and failed to collect said premium.
- Principal operator does not hold a valid license or insufficient license information (i.e. no translation for foreign license, copy of license not forwarded, etc.)
- Failed to report all coverages bound and all registrations/titles certified to the Assigned Risk Company within two business days after binding coverage or certifying a registration.
- Failed to remit payment on a timely basis and/or check or money order not made directly payable to the Assigned Risk Company.
- Failed to return uncontested unearned commission (please attach copies of all demand correspondence sent to the ARP.)
- Other (note below)

Please provide any detail on the above violation(s)

Detail any company action taken

Company Attachments

File: No file chosen

Company Representative submitting the violation

Name
 Company Representative

Email for all responses regarding this violation

A completed copy of this violation will be sent to the Assigned Risk Producer for a response as to the validity of the alleged violation. The email on file for this ARP is 'agent@agent.com'.

A. Limited Assignment Distribution Agreement

A Member may enter into a Limited Assignment Distribution Agreement (LADA) with an Assigned Risk Company (ARC), under which the Member transfers to the ARC, its obligation to provide private passenger motor vehicle insurance policies to risks assigned through the MAIP. To ensure clarity of terms, an ARC approved to assume such obligations is referred to as a LADA Provider in this Chapter.

A LADA must provide that the LADA Provider will assume liability for and directly service all of a Member's MAIP assignments and will receive additional MAIP assignments on behalf of the Member in exchange for a negotiated fee. The LADA Provider must offer the same premiums and provide the same level of service to the Member's MAIP assignments as it does to its own MAIP assignments.

For additional information relative to Limited Assignment Distribution Agreements, refer to Rule 36 – Limited Assignment Distribution Agreements of CAR's Rules of Operation.

B. Application Process for Approval of an ARC to Enter into LADAs and On-going Requirements

To be eligible to enter into a LADA with another Member, an ARC must initially submit an application letter to CAR with a copy to the Commissioner of Insurance. The application letter must demonstrate that the ARC meets the eligibility requirements set forth in CAR Rule of Operation 36.B., Eligibility Requirements for ARCs Entering into LADAs. CAR will verify that the company writes at least 1% of the Massachusetts voluntary private passenger property damage liability direct written exposures, as defined in Rule 29.A. and that the ARC satisfies the responsibilities and requirements contained in Rule 30 – Assigned Risk Company Requirements. CAR will report its findings to the Governing Committee, and upon Governing Committee approval, CAR will submit the ARC's application to the Commissioner of Insurance for consideration.

Note that the Commissioner may also consider a LADA application from a company that does not meet the established market share and premium to surplus ratio requirements specified in Rule 36.

If, at any time, an ARC fails to meet one or more of the eligibility requirements, the ARC must immediately notify CAR. If it is verified that an ARC no longer meets one or more of the eligibility requirements, CAR will provide written notification to the ARC and the Commissioner of Insurance. CAR's Governing Committee may take action as it deems necessary, such as providing the ARC with a period of time to remedy the cause of ineligibility or recommending termination of the ARC's ability to serve as a LADA Provider.

C. Approval of Limited Assignment Distribution Agreements

CAR will review all LADA contracts to ensure:

1. that the provisions of the LADA are consistent with all CAR Rules of Operation including but not limited to Rule 36.A, I and J.
2. that approval of the LADA is not anticipated to result in the ARC exceeding the Assignment Volume Limitation as defined in Rule 36.C.

Upon approval of the LADA by the Governing Committee, all assignments with effective dates specified in the LADA for the Member will be made to the LADA Provider.

D. Calculation of Assignment Volume Limitation

When the MAIP quota share premium is greater than \$5 million, each LADA Provider will be subject to a limitation on the additional MAIP assigned exposures it may write on behalf of other Members. The limitation represents the maximum percentage of the total MAIP assignments that a LADA Provider may service through LADAs. This limitation is calculated monthly as follows:

1. For each Member, determine voluntary market share, as specified in Chapter X.A.1. – Quota Share and Credit Programs of this Manual for the most recently available 12 policy effective months. Refer to Exhibit IV-D-1, Columns (A) and (B).
2. Identify the voluntary market share of those Members eligible to enter into LADAs, i.e. those with less than or equal to 5% voluntary market share and those granted a waiver of the market share criteria

by the Commissioner of Insurance. Refer to Exhibit IV-D-1, Column (C), and Row (1).

3. Identify the number of ARCs actively receiving assignments through LADAs, including only those ARCs having a market share of at least 10% of all MAIP assignments made under LADAs. Refer to Exhibit IV-D-1, Columns (E), (F) and (G) and Row (2).
4. Calculate the assignment volume limitation percentage by dividing the market share of Members eligible to enter into LADAs as calculated in Section D.2. by the number of active LADA Providers receiving assignments through LADAs as identified in Section D.3. and then add 10%. Refer to Exhibit IV-D-1, Row (3).
5. Calculate the maximum assignment volume of quota share premium that can be written by a LADA Provider through LADAs as the assignment limitation percentage as determined in Section D.4. times the total MAIP quota share premium from the current Quota Share Report and described in Chapter X.A.2. of this Manual. Refer to Exhibit IV-D-1, Rows (3), (4) and (5).
6. For each LADA Provider receiving assignments through LADAs, identify the volume of assignments received through LADAs. Refer to Exhibit IV-D-1, Column (D) and Row (6).

E. Eligibility Requirements for a Member to be Excused from its Servicing Carrier Obligations

A Member may be excused from its Servicing Carrier obligations and be eligible to enter into a LADA with an ARC if the Member has a MAIP Quota Share and writes five percent or less of the Massachusetts voluntary private passenger direct property damage liability written car years of exposure as defined in Rule 29.A.1. – Assignment Process of CAR’s Rules of Operation and in Section A.1. of Chapter X – Quota Share and Credit Programs of this Manual.

Members with a market share of five percent or greater may apply to the Commissioner of Insurance to waive the market share requirement. Members requesting the market share waiver must submit a request letter to the Commissioner of Insurance with copy to CAR. The letter should describe how approval of the waiver will serve in the best interest of the residual market.

F. Monitoring a LADA Provider's Assignment Volume Limitation

The Limited Assignment Distribution Agreement (LADA) Volume Limitation report is posted to the MAIP website monthly.

CAR will review the volume of MAIP assignments written by LADA Providers under LADAs on a monthly basis in order to determine the LADA Provider's capacity to continue to accept MAIP assignments under LADAs.

If a LADA Provider servicing MAIP assignments exceeds or is expected to exceed the established assignment volume limitation, CAR will notify the LADA Provider and the Governing Committee. The LADA Provider will be provided with at least 20 days advance written notice of the Governing Committee meeting at which the matter will be discussed. The Governing Committee will consider remedies as described in Rule 36F. During the period between notification to the LADA Provider and the date of the Governing Committee meeting, the LADA Provider may continue to accept assignments under its LADAs.

G. Annual LADA Review Procedures

CAR will annually monitor the continued eligibility of each ARC serving as a LADA Provider, the eligibility of each Member that has been excused from its Servicing Carrier obligations, and existing market share waivers that have been approved by the Commissioner of Insurance. The procedures described below will ensure that Members and LADA Providers are notified by June 30 that a LADA will terminate as of December 31 of that calendar year in the event a Member's market share waiver is revoked by the Commissioner of Insurance, or a Member is otherwise no longer eligible to be excused from its Servicing Carrier obligations, or the LADA Provider is no longer eligible to provide LADA services.

1. No later than January 1, CAR will confirm the eligibility of ARCs serving as LADA Providers pursuant to the eligibility requirements set forth in Rule 36.B and C. CAR will also solicit confirmation from the LADA Providers that all existing LADA contracts have been renewed for the upcoming year. Finally, CAR will confirm the quality of the LADA Providers' data reporting, policy processing,

and claims handling pursuant to the ARC responsibilities outlined in Rule 30.

If it is verified that a LADA Provider no longer meets one or more of the eligibility requirements to provide LADA services, CAR will issue written notification to the LADA Provider and the Commissioner of Insurance. CAR's Governing Committee may take action as it deems necessary, such as providing the LADA Provider with a period of time to remedy the cause of ineligibility or recommending termination of the ARC's ability to serve as a LADA Provider.

2. No later than March 1, Members with market share waivers must notify the Commissioner whether they request a continued waiver or if they intend to assume direct responsibility for MAIP assignments. Members wishing to renew the waiver should describe why doing so would be in the best interest of the residual market and include any other supporting information it considers appropriate for consideration.
3. No later than April 1, CAR will forward to the Commissioner a March quota share report updated with January statistical data, reflecting the market shares of all Members, including those requesting continued market share waivers. CAR will also forward the most recent LADA Volume Limitation Report, demonstrating the capacity for MAIP business to be written by each LADA provider.
4. Upon receipt of the Commissioner's decision, if the waiver(s) are continued, no further action is needed. If the waiver(s) are revoked, the Member must prepare to service MAIP assignments directly for policies effective the following January 1 and later, including satisfying all obligations described in Rule 30.

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Commonwealth Automobile Reinsurers
Limited Assignment Distribution Agreement (LADA) Volume Limitation
Based on the March 2019 Quota Share Report (April 2018 - March 2019)

	A	B	C	D	E	F
	Voluntary Exposures	Voluntary Market Share	Members Eligible LADAs Market Share	Members Eligible for LADAs Credit Adjusted Quota Share	Active ARC LADAs MAIP Prem	LADA Quota Share
Allstate Insurance Company	71,730	1.57%	1.57%	1.57%	0.00%	
Amica Mutual Insurance Company	148,375	3.26%	3.26%	3.26%	9.31%	
Arbella Mutual Insurance Company	363,648	7.99%				
Commerce Insurance Company	1,094,839	24.04%				
Esurance Insurance Company	10,246	0.22%	0.22%	0.22%	0.00%	
Government Employees Insurance Company	570,969	12.54%				
Hanover Insurance Company	143,069	3.14%	3.14%	3.14%	0.00%	
Integon National Insurance Company	15,533	0.34%	0.34%	0.34%	0.00%	
Liberty Mutual Insurance Company	408,002	8.96%				
Metropolitan Property and Casualty Ins Co	158,594	3.48%	3.48%	3.48%	1.41%	
NGM Insurance Company	45,006	0.99%	0.99%	0.99%	3.57%	
Norfolk & Dedham Mutual Fire Insurance Company	53,673	1.18%	1.18%	1.18%	3.33%	
Occidental Fire & Casualty	25,838	0.57%	0.57%	0.57%	0.00%	
Plymouth Rock Assurance Corporation	279,238	6.13%				
Quincy Mutual Fire Insurance Company	75,589	1.66%	1.66%	1.66%	2.53%	
Safety Insurance Company	396,751	8.71%				
The Cincinnati Insurance Company	659	0.01%	0.01%	0.01%	0.00%	
				20.16%		
Pilgrim Insurance Company LADAs						
AIG Property Casualty Company	3,528	0.08%	0.08%	0.32%	\$326,366	1.68%
Bankers Standard Insurance Company	12,148	0.27%	0.27%	1.10%	\$1,108,259	5.71%
Electric Insurance Company	11,408	0.25%	0.25%	0.34%	\$373,089	1.92%
Farm Family Casualty Insurance Company	7,557	0.17%	0.17%	0.33%	\$336,118	1.73%
Green Mountain Insurance Company	13,972	0.31%	0.31%	0.00%	\$0	0.00%
Harleysville Worcester Group	2,148	0.05%	0.05%	0.18%	\$198,046	1.02%
IDS Property & Casualty	11,683	0.26%	0.26%	0.53%	\$530,884	2.73%
Preferred Mutual Ins Co	30,486	0.67%	0.67%	0.00%	\$0	0.00%
Privilege Underwriters Reciprocal Exchange (PURE)	6,768	0.15%	0.15%	0.52%	\$553,940	2.85%
State Farm Mutual Automobile Insurance Company	20,227	0.44%	0.44%	1.32%	\$1,458,471	7.51%
The Premier Insurance Company of Massachusetts	155,788	3.42%	3.42%	3.97%	\$4,387,027	22.80%
United Services Automobile Association	164,127	3.60%	3.60%	7.36%	\$8,002,436	41.22%
Vermont Mutual Ins Co	53,066	1.17%	1.17%	1.92%	\$2,140,520	11.02%
				17.89%	\$19,415,156	100.00%
Safety LADAs						
Progressive Direct Ins Company	199,662	4.38%	4.38%	0.00%	\$0	0.00%
				0.00%	\$0	0.00%
Total	4,554,547	100.00%	31.64%	38.05%	\$19,415,156	100.00%

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Commonwealth Automobile Reinsurers
Limited Assignment Distribution Agreement (LADA) Volume Limitation
Based on the March 2019 Quota Share Report (April 2018 - March 2019)

(1) Determine the Market Share of Members Eligible to Enter into LADAs (per Rule 36.D: Members with market share less than 5% and those granted a waiver by COI)		
Column C: Voluntary Market Share	31.64%	
(2) Determine the Number of Active ARCs Receiving Assignments through LADAs		
(a) Percent of MAIP Assignments Written through LADAs (Column F Group Subtotal)		
Pilgrim Insurance Company LADAs	100.00%	
Safety LADAs	0.00%	
(b) Number of Active ARCs with LADAs (# > 10%)	1	
(3) Calculate Limitation: $[(1) / (2b)] + 10\%$	41.64%	
(4) Total MAIP Premium	\$108,413,682	
(5) MAIP Premium Limitation For each ARC $[(3) * (4)]$	\$45,143,457	
(6) Identify Current ARC Volume of Assignments Received through LADAs (Column D and Column E Group Subtotal)		
Pilgrim Insurance Company LADAs	17.89%	= \$19,415,156
Safety LADAs	0.00%	= \$0

*Each active LAD carrier can write up to \$45.1 million of MAIP Premium through its LAD Agreements.

ARCs must adhere to all practices and procedures as required by the established ARC Performance Standards. The ARC Performance Standards ensure that, within specified timeframes, policies are issued, policy endorsements are processed and return premium checks are issued upon policy cancellation or endorsement. The ARC Performance Standards also insure that commissions are paid to ARPs on a timely basis, copies of cancellation notices and policy changes are furnished to the producer of record, premium disputes are responded to within the established timeframes and that policy cancellations are handled appropriately. For a complete description of the ARC Performance Standards, refer to Exhibit V-1.

1. Non-Compliance Reporting

ARPs will report an ARC's alleged non-compliance with the established ARC Performance Standards to CAR using the ARC Complaints link which is located on the MAIP Producer page of CAR's website. Refer to Exhibits V-2 and V-3. The non-compliance report will be forwarded to the ARC. The ARC will be provided with 5 business days to respond to CAR regarding the complaint. The ARC's response will also be forwarded to the ARP.

2. Violation Review

Once the ARC's response is received, CAR will review the complaint and any supporting documentation to determine the validity of the reported violation and what course of remedial action may be necessary.

If CAR determines the ARP complaint to be valid, or such complaint remains outstanding, CAR shall notify the ARC of the failure to comply with the approved performance standard(s) and request that the ARC institute corrective measures. The ARC will be required to notify CAR of corrective action in writing within 5 business days and may be required to address remedial action in a meeting with staff and/or a committee of CAR.

3. Penalty Provisions

CAR will perform an analysis of each ARC's compliance with both Category I and Category II ARC Performance Standards on a monthly basis. Refer to Exhibit V-1.

a. Category I

A flat penalty of \$10,000 will be assessed for any validated infraction, or combined infractions.

b. Category II

If the number of validated infractions exceeds 2% of the ARC's in-force MAIP assigned policies based on the current 12-month rolling total of assignments, and there exists a minimum of 10 validated infractions, a \$5,000 penalty will be assessed.

Penalties will continue to accrue for validated infractions of both Category I and Category II ARC Performance Standards newly identified in each month subsequent to the initial assessment, except that the validated infractions relating to the Commissions performance standard will be assessed a Category I penalty for infractions occurring during the 12-month period subsequent to the initial assessment.

Subsequent and repeated non-compliance with the performance standards by an ARC will result in notification of such non-compliance to the Commissioner of Insurance.

Exhibit V-1
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ASSIGNED RISK COMPANY PERFORMANCE STANDARDS

Category I

A. Claims Performance

Claim adjustment practices and procedures shall be in accordance with the established Performance Standards and shall correspond with those followed for voluntarily written business.

B. Certificates of Insurance

The Assigned Risk Company (ARC) shall, at the request of the named insured or producer of record, issue certificates of insurance, which shall include SR-22 filings. Such certificates or filings must be provided within four business days after receipt of a request for same.

C. Cancellation – Insufficient Down Payment

The ARC may not cancel a policy for non-payment of premium if such premium deficiency is the result of an insufficient down payment. The ARC shall bill the policyholder for the amount of the deficiency, or otherwise incorporate the amount in future premium installments. If the policyholder fails to pay the minimum amount due, then the ARC may issue a statutory notice of cancellation for non-payment of premium.

D. Cancellation - Misrepresentation

To prevent wrongful cancellation, if during the underwriting process an ARC discovers third-party information that appears inconsistent with the information provided on the application for insurance, the ARC shall 1) initiate an inquiry either directly with the insured or through the producer of record to resolve any factual errors; and 2) obtain the insured's consent before issuing a notice of adjustment to the down payment and/or total premium. If the inquiry is made directly to the applicant the producer of record shall be furnished a copy.

If the resolution of an apparent inconsistency results in a change to information used to calculate premium, the ARC shall charge an appropriate premium based upon the additional or corrected information, and adjust the applicant's next bill accordingly. If however, the applicant is unwilling to consent to the modification, and the ARC has independent evidence that the applicant had the actual intent to deceive or the material misrepresentation increases the ARC's risk of loss, the ARC may cancel the policy as provided by Massachusetts law.

E. Reinstatement

If the reason for a cancellation or non-renewal has been remedied prior to the effective date, then the ARC shall reinstate the policy or issue the renewal.

F. Disputed Premium Recalculation

The ARC shall issue an endorsement recalculating premium within 15 days from the receipt of a determination validating an incorrect premium charge identified as a result of a complaint filed in accordance with ARC Performance Standard K – Premium Disputes.

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Category II

G. Policy Issuance

The ARC must issue a policy within 15 calendar days of the receipt of a completed application and any supplemental information needed to verify and appropriately calculate the premium for the coverages requested.

H. Endorsements

Any endorsement to an assigned policy, which includes all information necessary for processing, shall be issued within 15 calendar days of receipt.

I. Return Premiums

Return premium checks must be mailed within 30 calendar days of the effective date of the cancellation or endorsement generating the return.

J. Policy Changes

If policy changes are mailed directly to the insured, copies must be furnished to the Assigned Risk Producer.

K. Premium Disputes

The ARC shall reply within 15 calendar days to letters disputing the premium charged.

L. Commissions

Commission shall be paid no less frequently than monthly and shall be paid within 15 calendar days after the close of the month in which the commission was credited to the producer's account. Each payment will include a commission statement that contains the policy number, named insured, and amount of premium on which the commission has been calculated.

M. Cancellation Notices

A copy of each cancellation notice issued by an ARC shall be furnished to the producer of record.

Exhibit V-2



COMMONWEALTH AUTOMOBILE REINSURERS

999 - ANY INSURANCE AGENCY

Submit Complaints

Start an ARC complaint by selecting the associated assignment from the list below. The range of assignments can be filtered by changing the Start and End dates below.

Selection Criteria

Assignment Date

Start

Feb 18 2011

End

Mar 4 2011

Retrieve Data

Assigned Applications

The list below shows MAIP assignments during the date range specified above. The certification number is the combination of company number, agency number, and MAIP ID. Results are limited to 1000 records. Create a complaint report by double-clicking a row or by selecting a row and then clicking the button below the list.

1 Records

Cert. No.	Company Name	Applicant	Policy ID	Pol.Eff.Date	Assign Date	Complaint
999-00999-9	Insurance Company	Applicant	12345	2/22/2011	2/22/2011	

Report Complaint

Exhibit V-3



COMMONWEALTH AUTOMOBILE REINSURERS

999 - ANY INSURANCE AGENCY

Submit Complaint

Complete the following information. A copy of this complaint will be sent to CAR and to the Assigned Risk Company (ARC). Response from the ARC must be issued within 5 days of receipt of complaint. The ARC's response will be forwarded to the email supplied below. Once the ARC has responded, CAR will close the complaint and respond with any action or comments required. Multiple complaints may be submitted, each one identified by the complaint date.

Complaint Date
3/4/2011

Assignment

Assigned Risk Company
999- Any Insurance Company

Named Insured (MAIP Policy)
Insured

MAIP Application Certification No.
999-00999-9

Assigned Risk Company Policy No.
12345

Complaint

Select one or more of the following

- Policy Processing Delay** (original policy or subsequent endorsement not issued within 15 calendar days of the receipt of the assigned application or endorsement request, including any supplemental information necessary to process the request, certificate of insurance within 4 business days of request)
- Return Premium** (within the 30 calendar days of the effective date of the cancellation or endorsement that results in a refund)
- Policy Changes** (copies must be furnished to the ARP if furnished to the policy holder)
- Premium Dispute** (failure to respond within 15 days of receipt of the complaint, or failure to recalculate premium)
- Claims Performance** (provide details below)
- Commissioning** (no less frequently than monthly and within 15 days after the close of the month in which the commission is credited to the producer's account)
- Invalid, Improper, or Unreasonable Cancellation** (insufficient down payment, material misrepresentation, provide details below)
- Cancellation Notices** (copies must be furnished to the ARP)
- Reinstatement** (failure to reinstate if the reason for cancellation or non-renewal has been remedied prior to the effective date)
- Other** (note below and provide details of complaint)

Complaint Details

A completed copy of this complaint will be sent to the Assigned Risk Company for which they may submit a response. The email on file for this ARC is company@company.com.

Submit Complaint

An Eligible Risk as defined in Rule 22 – Definitions of CAR’s Rules of Operation is any person who qualifies for a Private Passenger Motor Vehicle Insurance policy under the provisions of G.L. c.175, §113H, excluding vehicles defined as antique motor vehicles. All private passenger motor vehicle insurance business must either be written voluntarily by a company or be declined and referred for placement through the MAIP, subject to the non-eligibility requirements described in Section C. of this Chapter.

As specified in the Assigned Risk Producer Procedures Manual and Chapter VII – Application Process of this Manual, prior to submitting a private passenger automobile insurance application for MAIP placement, an Assigned Risk Producer (ARP) will verify through the Registry of Motor Vehicles (RMV) Inquiry System, the driver’s license for each listed operator that holds a Massachusetts driver’s license. The ARP will verify the driving history of the applicant and determine whether the applicant had previously been cancelled for non-payment of premium and has an outstanding premium balance due on a prior policy.

The ARP is also responsible for verifying all other information available to assure that the risk to be insured meets all established MAIP placement requirements. Eligibility details are described below and in Rule 21 – General Provisions and Rule 26 – Eligibility Requirements of CAR’s Rules of Operation.

Once an application is assigned to an Assigned Risk Company (ARC), it is also necessary for the company to verify that the policy has met the MAIP placement requirements.

A. Applicants Eligible for MAIP Coverage

Coverage through MAIP is available to residents and non-residents of the state of Massachusetts only with respect to motor vehicles that are registered or will be registered in the state of Massachusetts within 15 days. If the motor vehicle is owned by a non-resident member of the United States military forces who is stationed in the state of Massachusetts at the time of application and is otherwise eligible for insurance, the vehicle may be registered in another state.

An applicant must first attempt to obtain motor vehicle insurance in the voluntary market. If the applicant is unable to secure a voluntary insurance policy, the applicant is eligible for placement through MAIP. An application submitted to CAR by an ARP through the

MAIP Policy Application system and signed by the applicant will be considered certification that the applicant has attempted, but was unable to obtain motor vehicle insurance in the voluntary market.

An application for MAIP placement shall be considered in good faith as long as the applicant reports all information of a material nature, does not make incorrect or misleading statements and is otherwise eligible for motor vehicle insurance and for MAIP placement.

B. Motor Vehicles Eligible for Assignment

Any motor vehicle that may be insured under the standard Massachusetts Private Passenger Automobile Insurance Policy and that meets the private passenger definition in the Massachusetts Private Passenger Automobile Insurance Manual is eligible for assignment to an ARC through MAIP.

C. Applicants Not Eligible for MAIP Coverage

1. An ARC is required to offer or to continue motor vehicle insurance for the three year assignment period to an applicant or insured except under the following circumstances:
 - a. If any person who usually drives the motor vehicle does not hold, is not eligible to obtain or fails to obtain a driver's license as required by law.
 - b. If the applicant or any person who usually drives the motor vehicle has failed to pay a company any premium due within the preceding 12 months.
 - c. If the applicant has failed to make the motor vehicle(s) available for inspection pursuant to 211 CMR 94, the applicant will not be entitled to physical damage insurance as defined in Rule 27 – Coverages of CAR's Rules of Operation and no ARC will be required to offer or continue to offer physical damage insurance to the applicant.
2. An applicant who is otherwise eligible for insurance coverage is not eligible for placement through the MAIP if the applicant is one of two or more entities, in each of which the same person or group of persons or corporations owns a majority interest. None of such entities will be eligible for insurance through the MAIP if any of

the entities have failed to meet its premium obligations as noted in Section C.1.b.

D. Re-Eligibility Criteria

An applicant that is denied or is not eligible for insurance coverage or that has had his insurance coverage cancelled as described in Rule 26 – Policyholder Rights and Responsibilities of CAR’s Rules of Operation may reapply for MAIP coverage once the cause of ineligibility has been resolved or the circumstances surrounding the ineligibility have changed. The application will be considered a new application and the applicant will be assigned to a Member in accordance with the Quota Share calculation described in Rule 29 – Assignment Process of CAR’s Rules of Operation.

If the applicant had a policy that had been previously cancelled for non-payment of premium and has an outstanding premium balance due a Member, the applicant will be reassigned to that Member in accordance with the distribution restrictions specified in Rule 29.E.2. The assigned application must be accompanied by the deposit premium as specified in Rule 28 – Application Process of CAR’s Rules of Operation and as further described in Chapter VIII – Assignment Process of this Manual. The policy premium deposit will be applied first to the outstanding premium due and any remaining deposit balance will be applied to the new policy.

A. Application Submission and Data Verification Process

To obtain private passenger motor vehicle insurance coverage through MAIP for an eligible risk, an Assigned Risk Producer (ARP) electronically submits an application to CAR via the online MAIP Policy Application system.

1. Submission of Policy Information

ARPs will submit application data either through the upload of policy information from the producer's agency management software or through the direct entry of data into the MAIP Policy Application. A policy will not be assigned to an Assigned Risk Company (ARC) until it is determined that all application information has been completed in its entirety and validated for accuracy.

It is the responsibility of the ARP to assure that the information contained in the application and any additional or supplemental information provided is accurate and complete and that Uninsured Motorist System (UMS) and merit rating data and all other available information is accessed to verify the driving and payment history of the applicant.

Once an application is assigned to an ARC, it is also important for the company to verify that the policy has met established MAIP placement requirements. If the ARC receives a risk that it identifies as ineligible for MAIP placement, the company should report this information to CAR via the Assigned Risk Producer Violation Form which is available on the MAIP Company page of CAR's website, under the Non-Compliance link (refer to Exhibits III-B-1 and III-B-2 in Chapter III of this Manual). Staff will validate the ARC's allegation and determine what corrective action, if any, is warranted.

2. Calculation of MAIP Policy Premium and Down Payment Amount

According to the limits and coverages selected, the MAIP Policy Application system will determine policy premium based upon the approved MAIP rates and the required deposit premium will accordingly be calculated.

For a new business policy, an ARP must collect a deposit equal to 25% of the quoted premium based on the MAIP rates or if a voluntary quote is obtained by the ARP, 30% of the lower of the ARC's voluntary

premium or the MAIP premium. The risk may choose to make a larger deposit premium payment.

For a renewal policy, a deposit of 20% is required. The risk may choose to make a larger renewal premium payment.

Note that there are several instances where modification to the premium collection procedures is required.

- a. For those policies that an ARC elected not to write on a voluntary basis at the end of the three year assignment period, if the notification and assignment requirements specified in Section B.3. of Chapter III – Assigned Risk Company Responsibilities of this Manual are met, the ARP is not required to collect a down payment from the risk at the time of assignment.
- b. If the ARP verifies that the applicant or policyholder had been issued a notice of cancellation for non-payment during the preceding 24 months which resulted in the cancellation of the policy, for a new business policy, the ARP must collect a premium deposit of 80% of the calculated MAIP premium or 100% of the ARC's voluntary premium, if known. For a renewal policy, an ARC may elect to require more than a 20% premium payment.

3. Collection of Outstanding Owed Premium

An ARP is not required to collect any outstanding owed premium. However, since the applicant is required to satisfy any outstanding debt occurring within the previous 12-month period prior to being eligible for MAIP placement, an ARP may assist the applicant in satisfying this requirement by collecting the unpaid premium and forwarding it to the company to which it is owed.

An ARC may deduct from the premium deposit received any unpaid balance of premium earned within the preceding 12 months that is owed to that ARC.

B. Assignment of Application to an ARC

As the ARP enters application data into the MAIP Policy Application system, a series of edits are performed to verify the reported information for compliance with field requirements. If the application information is incomplete or key fields are invalid, the MAIP Policy

Application will not allow the ARP to submit the application for assignment to an ARC.

Once the application information is complete, the MAIP Policy Application will allow the ARP to submit the application for assignment. CAR will assign the application to an ARC based upon the Quota Share calculation that is described in Rule 29 – Assignment Process of CAR’s Rules of Operation and in Chapter X – Quota Share and Credit Programs of this Manual. CAR will notify the ARP of the name and company number of the ARC to which the application is assigned and which will issue the policy.

Note that once the policy is assigned to an ARC, the ARP may no longer make modifications to the application data through the MAIP Policy Application. The ARP must contact the assigned company directly regarding policy modifications.

C. Certification Number Assignment

Once the assignment to an ARC is made, CAR assigns a MAIP certification number to the application and the ARP is notified of the MAIP certification number assigned.

The MAIP certification number consists of a combination of the assigned ARC’s company number, the producer’s MAIP Agency Number that has been assigned to the producer by CAR and a MAIP Sequence Number.

D. Notification of ARC Assignment

Upon policy assignment, an assignment checklist, including a mailing and a website address for the ARC to which the policy is assigned, is displayed for the ARP. The checklist also includes a list of tasks required to be performed in order to complete the assignment process and identifies additional required documentation, specific to the company assigned, including supplemental application information that must be submitted to the ARC and instructions for obtaining a voluntary rate quote from the ARC, if requested.

The ARP will notify the applicant of the MAIP company assignment made, the required deposit premium and any Installment Payment Plan requirements for the ARC to which the applicant has been

assigned. Refer to Chapter VIII – Assignment Process of this Manual for further information regarding the MAIP policy assignment process.

The ARP will also inform the applicant that once the application, additional or supplemental information and deposit premium are submitted to the assigned company, the ARC will recalculate the applicant's policy premium based upon the company's applicable voluntary rate. The applicant's deposit payment will be applied to the lower of the resultant premium amount or the premium based upon the MAIP rates.

E. Current Company Contact Information

To assure that an ARP has company information needed for the successful submission and maintenance of a policy, ARCs must provide CAR with company contact information relative to each Member's rates, underwriting, billing, claims and SIU operations, pre-inspection requirements and inspection sites, premium deposit payment information and billing remittance address and any other information that may be necessary. This information is available to ARPs via a company directory which is available from the MAIP Producer page of CAR's website. Members must assure that this contact information is updated, as needed.

A. Assignment of an Application to an Assigned Risk Company

Applications are assigned to an Assigned Risk Company (ARC) based on a company's Quota Share in accordance with Rule 29 – Assignment Process of CAR's Rules of Operation and as described in Chapter X – Quota Share and Credit Programs of this Manual. The assignment process is a sequential process with the next application assigned to the most undersubscribed ARC. However, an exception to the assignment of applications based upon company Quota Share exists. If the applicant has an outstanding premium balance resulting from an assigned risk policy due a company, the applicant will be assigned to the company to which premium is owed, rather than to the next most undersubscribed ARC. The policy premium deposit will be first applied to the outstanding premium due and any remaining deposit balance will be applied to the new policy.

After the policy is assigned to an ARC, the Assigned Risk Producer (ARP) that submitted the application for assignment is notified of the name and company number of the ARC that will issue the policy, the effective date of the policy and the MAIP certification number that has been assigned to the policy. The ARP is provided with mailing and website addresses, and an assignment checklist that contains a list of tasks required to complete the assignment process including any additional documentation or supplemental application information that must be submitted to the ARC.

If the ARP has requested that the ARC provide a voluntary rate quote for purposes of calculating the down payment, the ARC must make available to the ARP instructions for obtaining the quote.

The ARP will then notify the applicant of the MAIP company assignment, the required deposit premium, the Installment Payment Plan requirements for the ARC to which the applicant has been assigned and any supplemental forms or certificates that the applicant must provide to the ARC.

Once an application is assigned to an ARC, it is only under limited circumstances that the applicant may attempt to make a change to the assigned company. Reassignment to another ARC may only be requested for the specific reasons included in Rule 26.B. – Policyholder Rights and Responsibilities of CAR's Rules of Operation. Refer to Section H. of this Chapter for additional information relative to an applicant's right to request reassignment.

Any other attempt to change the assigned company, including multiple applications for MAIP assignment through any producer source, will result in the assignment always returning to the originally assigned ARC.

B. Length of Assignment Period

A MAIP risk is assigned to its designated ARC for a period of three consecutive years. At the expiration of the three year assignment period, the designated ARC may offer to write the policy on a voluntary basis, or may non-renew the policy. If the designated ARC intends to non-renew the policy at the end of the three year assignment period, refer to Section B.3. of Chapter III – Assigned Risk Company Responsibilities of this Manual.

During the three year assignment period, a company may only cancel an assigned policy for the reasons described in Rule 26 – Policyholder Rights and Responsibilities of CAR’s Rules of Operation.

C. Documents to be Provided to the ARC

Within two business days of policy assignment, the ARP is required to provide the ARC with the following:

1. Original Application

The original application must be printed and signed by the applicant and the ARP.

2. Premium Deposit

The required premium deposit must accompany the application for MAIP coverage. The deposit may be in the form of a personal check, certified check, bank check, money order, premium finance company check or an ARP’s check. All checks or money orders must be made payable to the assigned ARC.

Refer to Section A.2. of Chapter VII – Application Process of this Manual and Rule 28.C. – Application Process of CAR’s Rules of Operation for additional information relative to premium deposit requirements.

3. Supplemental Documents

The ARP is required to print and attach all supplemental forms and certificates required by the ARC to the original signed application. These documents may include an anti-theft device certificate, an approved driver training certificate, an out-of-state driver record, pre-insurance inspection forms, a copy of the prior policy coverage selections page for operator(s) listed on the application, a copy of the voluntary premium quote or voluntary premium quote identification number as provided by the ARC, if applicable, or any additional or supplemental information required by the ARC to accurately calculate policy premium. Company contact information and requirements are posted on the MAIP Producer page of CAR's website.

Each ARC must assure that information relative to its supplemental form and certificate requirements is accurate and is updated as necessary.

D. Additional ARP Responsibilities Relative to the Assignment Process

The ARP must also:

1. Verify Each Listed Operator's Driver's License

The ARP is required to verify through the Registry of Motor Vehicle Inquiry System, the driver's license for each listed operator who holds a Massachusetts driver's license. The ARP is required to submit a photocopy of the driver's license of any operator holding an out-of-state or a foreign driver's license with the new business application.

2. Provide Information Regarding the MAIP Installment Plan Option

The ARP is responsible for assuring that policyholders are aware of their option to utilize an installment payment plan for business written through MAIP. After the insured has paid the required new business or renewal deposit premium, the ARC will calculate the balance of the premium owed on the basis of the lower of the MAIP rates or the ARC's applicable voluntary rate. The insured must then pay the remaining premium balance over nine equal monthly installments. A flat fee per installment finance charge as specified in Rule 28.C.2. – Application Process of CAR's Rules of Operation will be charged until the balance is paid in full.

E. Company Contact Information

From the MAIP Producer page of CAR's website, ARPs are able to access a Company Directory link which provides access to company contact information. From the Company Directory, ARPs must be able to access company information relative to rates, billing, underwriting, claims and SIU operations, pre-inspection requirements and inspection sites, premium deposit payment information and billing remittance address, supplemental application information requirements, voluntary rate quote access information and any other information necessary for successful policy submission and maintenance. Accordingly, companies must assure that the correct link is provided to CAR and that the information contained on the linked company page is accurate and updated as necessary.

F. MAIP Stamp Information

In order to provide proof of insurance to the Registry of Motor Vehicles (RMV), an ARP is required to affix a MAIP stamp to all RMV forms. The MAIP stamp will contain the MAIP Agency number as assigned by CAR and will contain lines for the ARP's signature and for the name and company number of the ARC to which the policy has been assigned. In order for the stamped RMV form to be accepted at the Registry, the ARP must assure that the assigned company's name and number have been printed accurately and legibly. An ARP may not use a MAIP stamp as a courtesy to certify registration forms on behalf of another agency.

The use of a MAIP stamp is authorized by CAR specific to a particular agency and agency office location. The authorization is valid as long as the producer information on file at CAR remains unchanged, the agency license remains current and the producer maintains all certification requirements. Copying and unauthorized use of a MAIP stamp is prohibited and such action will result in the decertification of the producer and the inability to access the Policy Application system in order to place business through the MAIP.

G. Transmission of Application Data

CAR will transmit to each ARC, information for each policy assigned to the ARC that business day. The data transfer will contain the policy application and other information applicable to the policy assignment,

including the MAIP Certification Number associated with the policy. Companies may opt to receive the data transfer as follows:

1. On a nightly basis, via batch FTP in either ACORD XML or in a CAR proprietary XML format. Agency management system and rating system vendors should also utilize these layouts to export data for MAIP Policy Application upload. Note that a company must be a member of ACORD in order to receive the ACORD XML record layout. CAR's proprietary version is not restricted. A documentation packet for either version is available from CAR.
2. Via immediate data transfer. Using web services, CAR will post the application data to a company's server at the time of assignment. To utilize this technology, an ARC must provide CAR with its web service/WSDL address, credentials such as user ID and password that are needed for the transfer and the company's verification standards. Note that any application data not transferred during the day due to interruptions in service will be included in the nightly FTP transfer.

H. Right to Request Reassignment

An applicant may request reassignment to another ARC under limited circumstances as specified in Rule 26.B.1. – Policyholder Rights and Responsibilities of CAR's Rules of Operation. To request reassignment, the applicant is required to complete a Request for Reassignment of Assigned Risk Company form. The producer may obtain this form from the Assignments link on the MAIP Producer page of CAR's website and will provide it to the applicant. The applicant must complete the form and provide the required necessary documentation no later than 30 days following either the date of the initial assignment to an ARC or the annual policy renewal date. An applicant may not request reassignment to another ARC if an outstanding premium balance is owed to the ARC to which the applicant was initially assigned. Additionally, the applicant may not request reassignment to a specific company. The applicant will remain assigned to the originally assigned ARC until the resolution of the request.

If the request is granted, the subsequent reassignment process is also performed based upon the Quota Share calculation and the applicant will be reassigned to a company other than the ARC to which the request initially related. Refer to Rule 29 – Assignment Process of CAR's Rules of Operation and Chapter X – Quota Share and Credit

Programs of this Manual for specific details relative to the Quota Share calculation process.

CAR will notify the originally assigned ARC of a successful appeal. The ARC must then cancel the initial policy by either submitting Transaction 13 (Pro Rata or Short Rate) or Transaction 15 (Flat) cancellation premium transactions in a monthly reporting submission or via the submission of a Transaction 4 (Policy Not Taken or Cancelled) MAIP Placement record.

A. Reporting Requirements

1. General Information

In order to provide CAR with the ability to accurately match reported MAIP policy application data to reported statistical data, ARCs must report a MAIP Placement Record (MPR) for every policy assigned through the MAIP. MPRs may be submitted to CAR via File Transfer Protocol (FTP) electronic transmission or manually via the MAIP Placement reporting application that may be accessed from the MAIP Company page of CAR's website. Corrections to previously reported MAIP Placement records may only be made via CAR's online MAIP Placement application.

Among other fields, the MPR contains the assigned MAIP Certification Number. The MAIP Certification Number consists of the MAIP Agency Number, the MAIP Sequence Number, and the Company Number, and is used to verify that ARCs correctly receive a credit for each policy assigned through the MAIP that is voluntarily written at the policy's expiration.

A list of all MAIP Placement Records processed and accepted to CAR's permanent MPR database file may be viewed on the Accepted MAIP Placement Records report (refer to Exhibit IX-A-1) which may be accessed from the MAIP Company page of CAR's website, under MAIP Placement.

A list of assigned policies for which a MAIP Placement Record has not yet been received may be viewed on the Missing MAIP Placement Records report (refer to Exhibit IX-A-2) which may be accessed from the MAIP Company page of CAR's website, under MAIP Placement. The Missing MAIP Placement Records report lists those policies that have been assigned, but for which an acceptable Transaction Code 1 (New Business) MPR has not been received within the required reporting timeframes. Agency number and effective date selection criteria may be input to reduce the volume of records returned. This report, which is updated weekly, may also be sorted by MAIP Agency Number/Name, MAIP Sequence Number, Assignment Date, Policy Effective Date, Policy Expiration Date or Insured's Name.

Companies are also able to view two other informational reports. The MAIP Placement Records with No Premium report (refer to Exhibit IX-

A-3) provides a list of policies for which a MAIP Placement Record was submitted but for which no corresponding premium was reported. The MAIP Premium with No MAIP Placement Record report (refer to Exhibit IX-A-4) provides a list of policies for which MAIP premium was reported but no corresponding MAIP Placement Record has been submitted. Each of these reports is updated weekly and is located on the MAIP Company page of CAR's website, under MAIP Placement. The MAIP Placement Records with No Premium report may be sorted by policy number, effective date or agency number and the MAIP Premium with No MAIP Placement Record report may be sorted by either policy number or effective date.

For additional detailed information regarding the reporting and editing of MAIP Placement Records, refer to the MAIP Placement Record Edit Package which is located on the MAIP Company page of CAR's website, under Manuals.

2. Transaction Code Reporting

a. New Business – Transaction Code 1

When an ARC is assigned a new MAIP policy, a MPR with a Transaction Code 1 must be reported to CAR. The MPR must be reported to CAR within 30 days of the policy effective date.

b. Renewal Business – Transaction Code 2

At policy renewal, the ARC must report a MPR with a Transaction Code 2. The renewal MPR must be reported to CAR within 25 calendar days of the policy effective date. The policy effective date reported on the Transaction Code 2 MPR must match the policy expiration date of the policy from the prior policy term with the exception of motor homes, motorcycles, policies effective on February 29th of a leap year and policies written for a six-month term. The original MAIP Certification Number must continue to be reported on the renewal MPR for as long as the ARC renews the policy in MAIP.

c. Policy Not Taken or Cancelled – Transaction Code 4

If an ARC needs to cancel a MAIP policy flat, there are two ways in which the flat cancellation may be reported to CAR. To indicate a

flat cancellation via the MPR, a Transaction Code 4 MPR must be reported to CAR within 60 calendar days of the policy effective date. In order for a Transaction Code 4 record to be processed, there must be an existing Transaction Code 1 or 2 MPR record. The effective and expiration dates reported on the Transaction Code 4 record must be the same as those reported on the Transaction 1 or 2 MPR record. The ARC may also identify the flat cancellation by reporting flat cancellation premium transactions (Transaction Code 15) via the monthly statistical reporting process. In this case, a Transaction Code 4 record is also required to be reported.

If an ARC cancels a MAIP policy either pro rata or short rate, this cancellation may similarly be identified via the submission of a Transaction Code 4 MPR (with the expiration date equal to the effective date of the cancellation) within 40 calendar days of the effective date of cancellation or by reporting pro rata or short rate premium transactions (Transaction Code 13) via the monthly statistical reporting process. If cancellation records are reported as premium transactions via the statistical reporting process, a Transaction Code 4 record is not required to be reported.

When an ARC needs to cancel a policy that was never issued, because the risk either was erroneously submitted for MAIP coverage or the applicant declined coverage after MAIP assignment, and the application was not voided by the producer using the Void Assignment feature of the MAIP Policy Application, then one of the following actions should be taken:

- (1) If the ARC did not issue a Statutory Notice of Cancellation, the ARC must submit a Transaction Code 1 MPR with the policy number “policynottaken”. The ARC must then submit a Transaction Code 4 MPR in the same manner with “policynottaken” in the policy number field.
- (2) If the ARC issued a Statutory Notice of Cancellation to flat cancel the policy, the ARC must submit a Transaction Code 1 MPR with the policy number as assigned and report flat cancellation premium transactions (Transaction Code 15) via the monthly statistical reporting process. A Transaction Code 4 MPR must also be reported.

If the ARC is not able to submit a Transaction Code 4 MPR record within the applicable reporting timeframes, it will be necessary to send a backdate request to CAR.

d. Policy Reinstatement – Transaction Code 1 or 2

If an ARC reinstates a cancelled policy for any reason, a new Transaction Code 1 or 2 MPR must be reported to CAR. The new Transaction Code 1 or 2 MPR record should contain any modifications made to the policy including policy number or insured's name changes. However, the MAIP Certification Number must remain the same as reported on the original Transaction Code 1 or 2 record. Note that if an ARC had initially reported statistical premium transactions to indicate a flat or pro rata/short rate cancellation, premium transactions must also be used to identify that the policy has been reinstated.

e. Business Taken Out of MAIP/Take-Out Credit – Transaction Code 6

A Transaction Code 6 MPR must be submitted to CAR when the ARC decides to take a policy previously placed through the MAIP and write it as voluntary so as to receive a take-out credit. The Transaction Code 6 record must be reported to CAR no more than 120 calendar days after the policy effective date. If the ARC submits the Transaction Code 6 record subsequent to the 120-day time period, the record will be rejected and it will be necessary for the company to send a backdate request to CAR.

In order to receive a take-out credit, the policy previously insured through the MAIP must have been in force for either the entire previous policy period or in the case of a six-month policy, in force for the entire six-month period. If the MAIP policy had been cancelled, the Transaction Code 6 record will not be valid and the company will not be eligible for take-out credit. It is also required that the policy written voluntarily be in force for at least 90 days. Accordingly, Transaction Code 6 records that match to policies that have been flat cancelled or cancelled short rate or pro rata prior to the 90-day window will not be eligible for take-out credit. For each reported Transaction Code 6 record, there must be an existing Transaction Code 1 or 2 record and the policy must not have been cancelled by a Transaction Code 4 record. With the exception of motorcycle and motor homes, the policy effective date of the

Transaction Code 6 record must match the policy expiration date of the Transaction Code 1 record or Transaction Code 2 record.

In order to properly receive a take-out credit, the MAIP Sequence Number and MAIP Agency Number from the original application assignment must be reported on the Transaction Code 6 record. However, note that the Company Code reported on the Transaction Code 6 record must be the code of the company that is writing the policy as voluntary.

In the case where the company writing the policy as voluntary was not the company to receive the original MAIP assignment, CAR provides a look-up function that will allow a company to input the insured's license number to obtain the associated MAIP Certification Number (Company Number, MAIP Agency Number, and MAIP Sequence Number) of the original MAIP policy, including cancellation status and take-out credit eligibility. The Certification Number Look-Up function can be found on the MAIP Company page of CAR's website, under MAIP Placement, and located under the Research Tools heading. The original MAIP Agency Number and MAIP Sequence Number are required to verify the accuracy of the take-out credit. Those companies that fail to provide a MAIP Agency Number and MAIP Sequence Number on the Transaction Code 6 MPR will not receive the corresponding credit.

If the prior MAIP policy had multiple drivers or exposures, multiple Transaction Code 6 records will be accepted but duplicate voluntary policies with the same policy identification number will not be allowed. However, if any portion of the prior MAIP policy remains insured through the MAIP, take-out credits will not be granted for the portion of the policy that is written voluntarily.

Companies may view take-out credit requests that have been rejected due to failing the established take-out credit criteria. The Rejected MAIP Placement Records report (refer to Exhibit IX-A-5) is available on the MAIP Company page of CAR's website, under MAIP Placement. Choose Error Code 7 from the dropdown menu to view those Transaction Code 6 records with no matching Transaction Code 1 or 2 records.

Companies may view take-out credit requests that have been accepted via the Credits – All Months and the Credits – Rolling 12 Months

reports (refer to Exhibits IX-A-6 and IX-A-7) which are available on the MAIP Company page of CAR's website, under MAIP Placement.

If a Transaction Code 6 record is reported for a MAIP policy that was not in force for the entire previous policy period or that the ARC to which the policy was originally assigned had already renewed, companies may choose to delete the Transaction Code 6 record via the Delete Takeouts screen (refer to Exhibit IX-A-8) which is available on the MAIP Company page of CAR's website, under MAIP Placement.

If a Transaction Code 6 record is reported prior to its eligibility date, it will be flagged with a non-fatal Error Code 11 – Transaction Code 6 Received Prior to Cancellation Timeframe, and loaded to the MAIP error file. To view those records identified with this error code, the Error Code 11 Only box on the Rejected MAIP Placement Records report must be checked (refer to Exhibit IX-A-5). Once eligible, the Transaction Code 6 records will be automatically moved to the accepted MAIP Placement Record permanent database file. For additional information relative to non-fatal Error Code 11, refer to Section B.2.k. of this Chapter.

For additional take-out credit information, refer to Rule 29.D.4. of CAR's Rules of Operation and Chapter X – Quota Share and Credit Programs of this Manual.

3. Submission Methods

An ARC may not submit MAIP Placement Records more than 90 calendar days prior to the policy effective date. MPRs submitted outside that time period will be flagged with a fatal error and will not be accepted by CAR's system. MPRs may be reported to CAR using the following methods:

a. Reporting MAIP Placement Records Manually via CAR's Website

MAIP Placement Records may be manually reported through CAR's website. From the Company MAIP Access page (refer to Exhibit IX-A-9), click on the MAIP Placement reporting application. From the MAIP Placement page (refer to Exhibit IX-A-10) click on the Add MAIP Placement Record link to submit a new MPR.

If an ARC elects to report MPRs via the Add MAIP Placement screen (refer to Exhibit IX-A-11), each of the fields that appear on the screen must be entered. Note that the system does not allow for blank fields, except for the Producer Code field. If an ARC leaves a field blank, the system will provide a prompt to complete the record.

Additionally, the system will not allow ARCs to add MPRs that contain fatal or non-fatal errors, with the exception of a record flagged with Non-Fatal Error Code 4 – MAIP Agency and Sequence Number does Not Match Web Assignment File/Duplicate MPR. Records containing Non-Fatal Error Code 4 may be added to CAR’s permanent MPR database file using a bypass function. For additional information regarding the bypass function, refer to Section B.2.d. of this Chapter.

Refer to Sections B.1. and B.2. of this Chapter for a description of the fatal and non-fatal error codes. Any field that is in error will be highlighted and an error message indicating the error condition will be displayed in red. The error must be corrected in order for further processing to occur. Once the error condition is corrected, click Add. MAIP Placement records added through CAR’s website are immediately loaded to CAR’s permanent MPR database file.

Also note that records containing Non-Fatal Error Codes 11 – Transaction Code 6 Received Prior to Cancellation Timeframe and 13 – Transaction Code 1 Received Prior to Void Timeframe will be accepted and initially loaded to the MAIP error file and will remain there until the records have reached their respective eligibility dates. Once the eligibility dates have been reached, the records will be moved to CAR’s permanent MPR database file.

The following instructions apply:

- (1) MAIP Agency Number – Enter the five digit numeric agency code as assigned by CAR.
- (2) MAIP Sequence Number – Enter the nine digit numeric sequence number as assigned by CAR.
- (3) Transaction Code – From the dropdown menu, select the appropriate code. Acceptable codes are as follows:

1 – New Business or Reinstatement (if the reinstatement was new business prior to the cancel/reinstate)

2 – Renewal Business or Reinstatement (if the reinstatement was renewal business prior to the cancel/reinstate)

4 – Policy Not Taken or Cancelled (both flat and pro rata/short rate)

6 – Business Taken out of MAIP/Take-Out Credit

- (4) Policy Number – Enter the complete policy number consisting of 3 to 16 alphabetic and/or numeric characters. This number must be the same number and in the same format used to identify premium and loss transactions for the policy as reported in the monthly detail statistical shipments.
- (5) Effective Date – Enter the effective date of the policy. The effective date must be no later than the current date plus 90 calendar days.
- (6) Expiration Date – Enter the expiration date of the policy.
- (7) Insured's Name – Enter the last name first, followed by the first name. The name must be at least one and no more than sixteen alphabetic and/or numeric characters in length.
- (8) Producer Code – Enter the unique company assigned producer code number consisting of three to six alphabetic and/or numeric characters. May be left blank.
- (9) Rating Company Number – Enter the three digit company code of the company whose voluntary private passenger rate was used to rate the policy. If the MAIP rate was used, report 001. If the voluntary rate used to rate the policy is equal to the MAIP rate, report 002.
- (10) Risk Category – Enter the three character indicator for the rating category that was applied.

b. Reporting MAIP Placement Records via FTP Transmission

Those ARCs that have not yet established an account for the submission of data to CAR via FTP transmission must complete the FTP User Account Request Form located on CAR’s website, under the Data Transfers link before they can report MPRs via FTP transmission. Once the FTP Account has been established, MAIP Placement Record transmissions can be submitted directly via CAR’s FTP site. ARCs can report MPRs via FTP transmission on a continual basis with transmissions not to exceed one hour of transmission time.

Each evening, MAIP Placement Records submitted via FTP that day will be loaded to a suspense file. CAR will process acceptable MPRs to the permanent MAIP Placement Record database file within one business day. MPRs with non-fatal errors will be loaded to the MAIP Placement Record error file. At that point, ARCs can make the necessary corrections to MPRs via the Correct Rejected MAIP Placement Records screen (refer to Exhibit IX-A-12) which is available on the MAIP Company page of CAR’s website, under MAIP Placement.

A MAIP Placement Record that contains a fatal error will not be loaded to CAR’s permanent MPR database files. However, companies can view MAIP Placement Records that were reported with a fatal error on the Fatal MAIP Placement Records report (refer to Exhibit IX-A-13) which is available on the MAIP Company page of CAR’s website, under MAIP Placement.

The record layout for MPRs reported via FTP transmission is as follows. Also refer to Exhibit IX-A-14.

Location	Field Length	Field Name	Contents
1	1	Kind of Record	Numeric: 1 – indicates MAIP Placement Record
2 – 3	2	State Code	Numeric: 20 – indicates Massachusetts
4 – 6	3	Rating Company Number	Numeric: Three digit code of the company whose voluntary private passenger rate was used to rate the policy or value 001 or 002 as defined above.
7 – 9	3	Risk Category	Alpha-Numeric: Three character indicator for the applied rating category.
10	1	CAR ID Code	Numeric: 9 – indicates MAIP Business

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Location	Field Length	Field Name	Contents
11 – 14	4	Company Code	Numeric: Three digit code as assigned by CAR preceded by a zero (0). This should be the same three digit code used to report premium and loss statistical data.
15 – 30	16	Policy Number	Alpha-Numeric: Three character minimum – any combination of alphabetic and/or numeric characters. Must be left justified with no embedded spaces.
31 – 36	6	Effective Date	Numeric: Effective date of the policy in month/day/year order: Month: two digits, 01 through 12 Day: two digits, 01 through 31 Year: two digits, valid MAIP effective year The policy effective date cannot be later than the current date plus 90 calendar days.
37 – 42	6	Expiration Date	Numeric: Expiration date of the policy in month/day/year order. Month: two digits, 01 through 12 Day: two digits, 01 through 31 Year: two digits, valid MAIP expiration year
43	1	Risk Indicator	Numeric: 0 - indicates Private Passenger Policy
44	1	Transaction Code	Numeric: 1 – New Business or Reinstatement 2 – Renewal Business or Reinstatement 4 – Policy Not Taken or Cancelled 6 – Business Taken Out of MAIP/Take-Out Credit
45 – 49	5	MAIP Agency Number	Numeric: The five digit number as assigned by CAR
50 – 55	6	Producer Code	Alpha-Numeric: The unique company assigned code number for each producer, consisting of at least three, but no more than six, alphabetic and/or numeric characters. Must be left justified.
56 – 64	9	MAIP Sequence Number	Numeric: The sequence number as assigned by CAR during the MAIP policy assignment process. May contain up to nine digits.
65 – 80	16	Insured's Name	Alpha-Numeric: The last name first followed by the first name. Must be left justified.

FTP transmissions of MPRs must also contain certain shipment identification records that will be used by CAR to control the processing of the data submitted. The shipment identification records that must be used are:

(1) Begin Transmission Record

The begin transmission record is an eighty character record that is used to provide information identifying the submission; including kind of record, type of submission, account identification number, and creation date. The begin transmission record must be the first record contained in every transmission. Note there must only be one begin transmission record per transmission.

(2) Batch Control Record(s)

At the option of the ARC, a transmission can be divided into several groups (or "batches") of detail MPRs for control purposes. In such cases, one batch control record must follow the last detail MPR of each group. Note if the submission is not divided into batches, one batch control record must follow the last detail MPR in the transmission.

The information contained on the eighty character batch control record includes the kind of record, the type of submission, the total number of detail MPRs in the batch, and the company number.

(3) End-Of-Transmission Record

The end-of-transmission record must be the last record in a transmission. The eighty character record includes information relative to the kind of record, type of submission, account identification number, and number of total records in the transmission (excluding the begin transmission record and end-of-transmission record but including the batch control record(s) and detail MPRs. Note that there must be only one end-of-transmission record per transmission.

The following coding instructions must be used for reporting records to CAR via FTP Transmission:

(a) Begin Transmission Record:

Location	Field Length	Field Name	Contents
1	1	Kind of Record	Numeric: 2 – indicates FTP transmission
2 – 3	2	Type of Submission	Numeric: 01 – indicates original submission
4 – 7	4	Account Identification Number	Four alpha-numeric characters as determined by CAR and/or the company.
8 – 11	4	Filler	
12 – 17	6	Creation Date	Numeric: indicates the system date (YYMMDD) upon which the company internally created the transmission.
18 – 80	63	Filler	

(b) Batch Control Records:

Location	Field Length	Field Name	Contents
1	1	Kind of Record	Numeric: 5 – indicates batch control record
2 – 3	2	Type of Submission	Numeric: 01 – indicates original submission
4 – 10	7	Total MAIP Placement Records a In Batch	Numeric: right justified with leading positions zero-filled. Denotes the number of detail data records in preceding batch.
11	1	Filler	
12 – 14	3	Company Number	Numeric: three digit company number assigned by CAR
15 – 80	66	Filler	

(c) End-of-Transmission Record:

Location	Field Length	Field Name	Contents
1	1	Kind of Record	Numeric: 9 – indicates end-of-transmission record
2 – 3	2	Type of Submission	Numeric: 01 – indicates original submission
4 – 7	4	Account Identification Number	Alpha-Numeric: Four characters as determined by CAR or the company.
8 – 11	4	Filler	
12 – 18	7	Total Records	Numeric: right justified with leading positions zero-filled. Denotes total number of records in the transmission (including detail MPR records, and batch control records, but excluding the begin transmission record and the end-of-transmission record).
19 – 80	62	Filler	

c. Acknowledgment and Verification Procedures

To acknowledge the receipt of MPRs submitted to CAR via FTP transmission, a secure online FTP MPR Transmissions Report, which is updated on a daily basis, is available for reference (refer to Exhibit IX-A-15).

B. MAIP Placement Record Errors and Correction Procedures

This section identifies the fatal and non-fatal edits that CAR performs for all MAIP Placement Records and the procedures ARCs must use to correct MPRs that are identified to have an error. The responsibility for the accurate submission of MAIP Placement Records rests with the ARCs. ARCs should perform edits within their own systems to ensure the accuracy of all record submissions.

1. MAIP Placement Records with Fatal Errors

The Fatal MAIP Placement Records report (refer to Exhibit IX-A-13), which is available on the MAIP Company page of CAR’s website under MAIP Placement, identifies records with fatal errors reported via FTP

transmission that were rejected and not loaded to CAR’s permanent MPR database files. ARCs should research the listed fatal errors and resubmit the records in another submission, if necessary. Note that MPRs added through CAR’s online reporting application that contain fatal errors are rejected at point of entry and will not appear on the Fatal MAIP Placement Records report.

The eight fatal MPR errors are as follows:

a. Fatal Error Code 1 – MAIP Reporting Window Invalid

Transaction Code 1 and Transaction Code 2 MAIP Placement Records are reportable up to six months following the policy effective date. Transaction Code 4 MPRs for flat cancellations are reportable up to 60 days following the policy effective date. Transaction Code 4 MPRs for pro rata or short rate cancellation are reportable up to 40 days subsequent to the effective date of cancellation. Transaction Code 6 MPRs are reportable up to 120 days following the policy effective date. Refer to the table displayed below. Note that if a company submits a Transaction Code 6 takeout MPR after the 120-day reporting window has passed, or is not able to submit a Transaction Code 4 cancellation MPR for either a flat or a pro rata/short rate cancellation within the applicable reporting timeframes, the company must send a backdate request to CAR.

Transaction Type	MPR Reportable Until:
1	Six months subsequent to the policy effective date.
2	Six months subsequent to the policy effective date.
4	For flat cancellation: 60 days subsequent to policy effective date. For pro rata or short rate cancellation: 40 days subsequent to the effective date of cancellation.
6	120 days subsequent to the policy effective date.

- b. Fatal Error Code 2 – Company Number/Effective Date Invalid

The company number must be a valid company number and must be three digits in length.

In addition, the effective date must be valid as follows:

Effective month must equal 01-12
Effective day must equal 01-31.

- c. Fatal Error Code 3 – Ineligible to Report Policy Effective Date

The effective date must be within the start and stop date boundaries for each company. The edit checks the reported effective date against CAR's Company File.

- d. Fatal Error Code 4 – Date Received Invalid

MAIP Placement Records can be reported no earlier than 90 days prior to the policy effective date.

- e. Fatal Error Code 5 – Transaction Code Invalid

The transaction code must equal one of the following codes:

1 – New Business/Reinstatement
2 – Renewal Business/Reinstatement
4 – Policy Not Taken or Cancelled
6 – Business Taken Out of MAIP/Takeout Credit

- f. Fatal Error Code 6 – State Code Invalid

The state code must equal 20.

g. Fatal Error Code 7 – MAIP Agency/Sequence Number Invalid

The MAIP agency and sequence number must contain numbers only; no letters or special characters.

h. Fatal Error Code 8 – Ineligible to Report Third Year Renewal

In accordance with Rule 29.C.1., at the expiration of a policy's three-year assignment period, an ARC may only offer to write the policy on a voluntary basis or non-renew the policy. Therefore, a MAIP Placement Record reported for a third renewal of these policies would be invalid. The Fatal 3rd Year Renewals report (refer to Exhibit IX-B-1) which is available on the MAIP Company page of CAR's website, under MAIP Placement, provides a listing of an ARC's MAIP policies for which an invalid third year renewal has been reported. These errors cannot be corrected.

ARCs may also use the Expiring 2nd Year Renewals report (refer to Exhibit IX-B-2) which is available on the MAIP Company page of CAR's website, under MAIP Placement, to identify by policy expiration month, those MAIP policies for which the final or 2nd year renewal MPR has been reported.

2. MAIP Placement Records with Non-Fatal Errors

Non-fatal error routines will also be performed against all reported MAIP Placement Records. There are 13 non-fatal errors that are required to be corrected prior to the record being loaded to CAR's permanent MPR database file. Companies may correct MPRs that contain non-fatal errors via the Correct Rejected MAIP Placement Records screen (refer to Exhibit IX-A-12) which is available on the MAIP Company page of CAR's website, under MAIP Placement. Rejected records that have aged-out due to the expiration of the MAIP reporting timeframe can no longer be corrected. To manage the size of the MAIP error file, aged-out MAIP Placement Records may be deleted via the Delete Aged-Out Rejected MAIP Placement Record screen (refer to Exhibit IX-B-3) which is available on the MAIP Company page of CAR's website, under MAIP Placement.

Companies may change those field(s) which need correcting and may also change any other field for that record that appears on the Correct Rejected MAIP Placement Records report (refer to Exhibit IX-A-12).

A new MAIP Placement Record is not required to be completed. Information from the original record will be maintained for the remaining fields.

Companies may also browse and correct active MAIP Placement Records that have been accepted into CAR's MAIP Placement Record permanent database file via the Correct Accepted MAIP Placement Records screen (refer to Exhibit IX-B-4) which is available on the MAIP Company page of CAR's website, under MAIP Placement. ARCs may make a change to an accepted MPR's Policy Identification Number, Insured's Name, Producer Code, Rating Company Number and Risk Category fields. This function eliminates, in many circumstances, the need for companies to resubmit a MAIP Placement Record if an update to an incorrectly reported field is required.

The non-fatal MPR errors that must be corrected prior to the record being loaded to CAR's database file are as follows:

a. Non-Fatal Error Code 1 – Policy Number Invalid

The policy number must be between three and sixteen alphanumeric characters and must be left-justified. Also, the policy number can contain letters and numbers only; no special characters or embedded spaces are allowed.

b. Non-Fatal Error Code 2 – Policy Effective Date Invalid

The policy effective date must be less than the policy expiration date.

c. Non-Fatal Error Code 3 – MAIP Agency Number Does Not Match to Producer Agency (PMX) file.

The MAIP agency number must match to CAR's Agency file.

d. Non-Fatal Error Code 4 – MAIP Agency and Sequence Number Does Not Match the Web Assignment File/Duplicate MPR

The company number, MAIP agency number, sequence number, policy effective date, and policy expiration date reported on the MPR must match the company number, MAIP agency number, sequence number, policy effective date, and policy expiration date

as reported via the MAIP Policy Application. CAR will use the MAIP certification number to perform the matching process.

However, if the effective and expiration dates reported on a Transaction Code 1 MAIP Placement Record do not match the effective and expiration dates reported via the MAIP Policy Application due to a data entry error on the application, coverage was requested and the application was signed prior to it being submitted through MAIP, or for other specific company actions, the error condition may be bypassed upon selecting from the dropdown menu, one of the valid reason codes: Data Entry Error on the Application, Registration Effective Subsequent to Application Entry, Coverage Requested and Application Signed Prior to MAIP Submission, Leap Year Processing and All Other (which requires a user entered explanation). The bypass function is available on the Add MAIP Placement Records (refer to Exhibit IX-A-11) and the Correct Rejected MAIP Placement Records (refer to Exhibit IX-A-12) screens for those records reported with unmatched effective and expiration dates. The MPR will be accepted once the bypass is applied, provided that all other fields are error free. Note that this exception is only allowed for Transaction Code 1 new business MAIP Placement Records. CAR will audit these corrections to insure proper policy issuance practices.

Duplicate MAIP Placement Records will not be processed. Note that duplicate Transaction Code 1 MAIP Placement Records have the same MAIP certification number and transaction code. Duplicate Transaction Code 6 MAIP Placement Records have the same transaction code, policy effective year and policy number.

- e. Non-Fatal Error Code 5 – No Matching Record for Transaction Code 2

For each Transaction Code 2 MAIP Placement record there must be an existing Transaction 1 MAIP Placement Record. CAR will use the MAIP certification number to perform the matching process.

- f. Non-Fatal Error Code 6 – No Matching Record for Transaction Code 4

For each Transaction Code 4 MAIP Placement record there must be an existing Transaction Code 1 or Transaction Code 2 MAIP Placement Record. CAR will use the MAIP certification number, policy number and policy effective date to perform the matching process.

- g. Non-Fatal Error Code 7 – No Matching Record for Transaction Code 6

For each Transaction Code 6 MAIP Placement Record there must be an existing Transaction Code 1 or 2 MAIP Placement record. CAR will use the MAIP agency number and sequence number to perform the matching process. The effective date of the Transaction Code 6 must match the expiration date of the prior Transaction Code 1 or 2 with the exception of motorcycles and motor homes. Also, if the prior Transaction Code 1 or 2 has been cancelled, the Transaction Code 6 will not be accepted.

- h. Non-Fatal Error Code 8 – Policy Expiration Date Invalid

The policy expiration date must be one year from the policy effective date with the exception of motorcycles and motor homes and those policies whose policy effective date is on February 29 of a leap year.

Motorcycles may have an expiration date of January 1st. Motor homes may have an expiration date of December 1st.

- i. Non-Fatal Error Code 9 – Insured's Name Invalid

The insured's name must be at least one character, but no more than 16 alpha-numeric characters. It must be left-justified and the first position must contain a letter or a number. The following characters are also valid in positions 2-16:

- apostrophes
- ampersands
- dashes
- pound signs
- commas
- periods
- spaces

j. Non-Fatal Error Code 10 – Producer Code Invalid

The producer code must be valid for the company and effective year according to CAR's producer code file. Since the producer code may be optionally reported, it will only be edited if reported.

k. Non-Fatal Error Code 11 – Transaction Code 6 Received Prior to Cancellation Timeframe

A Transaction Code 6 that is submitted prior to the cancellation timeframe (40 days subsequent to expiration date of the prior Transaction Code 1 or 2), will be loaded to the MAIP error file. Once the cancellation timeframe has expired, and provided that the Transaction Code 1 or 2 has not been cancelled, the Transaction Code 6 will be accepted and moved from the error file to the MAIP Placement Record permanent database file.

l. Non-Fatal Error Code 12 – Rating Company/Risk Category Invalid

This edit applies to Transaction Codes 1 and 2 only. The rating company number must be a valid company number and must be three digits in length. For business written using MAIP rates, or for business where the MAIP rate equals the voluntary rate, the rating company must be 001 or 002, respectively. The risk category must be three digits in length and alpha-numeric characters only; no special characters or embedded spaces are allowed.

m. Non-Fatal Error Code 13 – Transaction Code 1 Received Prior to Void Timeframe

A Transaction Code 1 that is submitted prior to the expiration of the void timeframe (two business days subsequent to the date an application is assigned) will be loaded to the MAIP error file. Once the void timeframe has expired, and provided that the assignment had not been voided by the producer, the Transaction Code 1 will be accepted and moved from the error file to the MAIP Placement Record permanent database file. Note, however, that if the assignment is voided by the producer within the void timeframe, the record will remain on the error file, but will be flagged instead with Non-Fatal Error Code 4.

Companies are provided with an overview of industry MAIP Placement reporting errors via the MAIP Placement Records Analysis report (refer to Exhibit IX-B-5) which is available on the MAIP Company page of CAR's website, under MAIP Placement.

EXHIBIT IX-A-1

ACCEPTED MAIP PLACEMENT RECORDS

CAR COMMONWEALTH AUTOMOBILE REINSURERS [log-off](#)
 MAIP | **Producer** | **Company** | **DOI**
 Publications | Rules | Forms | Training | Contact Us | FAQs | Site Map

MAIP Placement
 Company: Accepted MPRs
 MAIP Placement
 Submit Data: Use this function to view all accepted MAIP Placement Records. Using the selection criteria reduces the volume of records returned while underlined grid headers allow for re-sorting. Select the record from the grid below and click View to see the placement (or double-click the record).
 Add Placement
 Renew/Takeout/Cancel
 Selection Criteria
 Correct Accepted: Company
 Correct Rejected: 999 - Any Insurance Company
 Delete Aged-Out Rejected: Agency No MAIP ID Policy Year Policy ID Insured Name
 Delete Takeouts: 2019
 Browse Reports: Effective Start Date Effective Stop Date
 Accepted MPRs: 01/01/2019 01/01/2019
 Credits-All Months: Retrieve Data 7 records
 Credits-Rolling 12 Months: Export to Excel
 Fatal MPRs: Quota Share Rolling 12 consists of reported premiums with effective dates from 05/2018 to 04/2019 and MPRs accepted as of 6/19/2019.
 Missing MPRs
 MPRs w/ No Premium
 Premium w/ No MPR
 Rejected MPRs
 Expiring 2nd Yr Renewals
 Fatal 3rd Yr Renewals
 MPR Analysis & Notes
 Research Tools
 Certification No. Look-Up
 Contact List
 MPR Edit Package
 Help

Co No	Agency No	MAIP ID	TX	Policy ID	Eff Date	Exp Date	Insured Name	Actv Stts	Prem Stts
999	971	888	2	99999999	01/01/2019	01/01/2020	ZZZZZZZZ	A	1
999	1617	888	2	99999999	01/01/2019	01/01/2020	ZZZZZZZZ	A	1
999	2404	888	2	99999999	01/01/2019	01/01/2020	ZZZZZZZZ	A	1
999	3039	888	2	99999999	01/01/2019	01/01/2020	ZZZZZZZZ	A	3
999	3255	888	2	99999999	01/01/2019	01/01/2020	ZZZZZZZZ	A	1
999	3286	888	2	99999999	01/01/2019	01/01/2020	ZZZZZZZZ	A	2
999	3695	888	2	99999999	01/01/2019	01/01/2020	ZZZZZZZZ	A	2

View

EXHIBIT IX-A-2

MISSING MAIP PLACEMENT RECORDS

CAR COMMONWEALTH AUTOMOBILE REINSURERS [log-off](#)

MAIP | **Producer** | **Company** | **DOI**

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MAIP Placement

Company: Missing MPRs

MAIP Placement: Use this function to view MAIP Assignments within the current rolling 12 months used in Quota Share that do not have an accepted TX1 MAIP Placement Record. Using the selection criteria reduces the volume of records returned while underlined grid headers allow for re-sorting.

Submit Data

Add Placement

Renew/Takeout/Cancel

Correct Accepted

Correct Rejected

Delete Aged-Out Rejected

Delete Takeouts

Browse Reports

Accepted MPRs

Credits-All Months

Credits-Rolling 12 Months

Fatal MPRs

Missing MPRs

MPRs w/ No Premium

Premium w/ No MPR

Rejected MPRs

Expiring 2nd Yr Renewals

Fatal 3rd Yr Renewals

MPR Analysis & Notes

Research Tools

Certification No. Look-Up

Contact List

MPR Edit Package

Help

Selection Criteria

Company: 999 - Any Insurance Company

Agency No: [] Effective Start Date: 04/01/2019 Effective Stop Date: 4/30/2019

Retrieve Data 2 records

Export to Excel

Quota Share Rolling 12 consists of reported premiums with effective dates from 05/2018 to 04/2019 and MPRs accepted as of 6/19/2019.

Co No	Agency No	Agency Name	MAIP ID	Assign Date	Eff Date	Exp Date	Insured Name
999	1056	DENARD INSURANCE AG...	888	04/11/2019	04/11/2019	04/11/2020	ZZZZZZZZ
999	5538	AARON'S INSURANCE A...	888	04/01/2019	04/01/2019	04/01/2020	ZZZZZZZZ

EXHIBIT IX-A-3

MAIP PLACEMENT RECORDS WITH NO PREMIUM

The screenshot shows the MAIP Placement Records interface. At the top, there is a navigation bar with the CAR logo and the text 'COMMONWEALTH AUTOMOBILE REINSURERS'. Below this is a menu with options like 'Publications', 'Rules', 'Forms', 'Training', 'Contact Us', 'FAQs', 'Site Map', and 'log-off'. The main content area is titled 'MAIP Placement' and contains a list of records. The records are displayed in a table with columns for Co No, Policy Year, Policy ID, TX Agency No, MAIP ID, Eff Date, Exp Date, Rcvd Date, and Insured Name. The table shows two records for 2019, both with 'ZZZZZZZZ' as the insured name. The interface also includes a search and filter section with a 'Retrieve Data' button and an 'Export to Excel' option.

MAIP Placement

MPRs w/ No Premium

Use this function to view MAIP Placement Records that have been submitted but no corresponding MAIP Premium has been reported. Using the selection criteria reduces the volume of records returned while underlined grid headers allow for re-sorting.

Selection Criteria

Company: 999 - Any Insurance Company

Policy Year: 2019

Policy ID: []

Retrieve Data 2 records

Export to Excel

Quota Share Rolling 12 consists of reported premiums with effective dates from 05/2018 to 04/2019 and MPRs accepted as of 6/19/2019.

Co No	Policy Year	Policy ID	TX Agency No	MAIP ID	Eff Date	Exp Date	Rcvd Date	Insured Name
999	2019	999999999	2 1012	888	01/10/2019	01/10/2020	11/16/2018	ZZZZZZZZ
999	2019	999999999	2 5131	888	03/15/2019	03/15/2020	02/27/2019	ZZZZZZZZ

EXHIBIT IX-A-4

MAIP PREMIUM WITH NO MAIP PLACEMENT RECORD

The screenshot shows the MAIP Premium with No MAIP Placement Record web application interface. The header includes the CAR logo and navigation tabs for Producer, Company, and DOI. The main content area is titled 'MAIP Placement' and contains a list of menu items on the left and a search/filter section on the right. The search section includes a 'Selection Criteria' dropdown set to '999 - Any Insurance Company', 'Policy Year' set to '2019', and a 'Policy ID' field. A 'Retrieve Data' button shows '4 records'. Below this is an 'Export to Excel' button and a note about the Quota Share Rolling 12. A table displays the search results with columns for Co No, Policy Year, Policy ID, and Eff. Date.

Co No	Policy Year	Policy ID	Eff. Date
999 2019		99999999	04/01/2019
999 2019		99999999	04/01/2019
999 2019		99999999	04/01/2019
999 2019		99999999	04/01/2019

EXHIBIT IX-A-6

CREDITS – ALL MONTHS

CAR | COMMONWEALTH AUTOMOBILE REINSURERS | log-off
 MAIP | Publications | Rules | Forms | Training | Contact Us | FAQs | Site Map

MAIP Placement
 Credits-All Months

Submit Data: Use this function to view all MAIP Take Out Credit requests. Each request shows the Voluntary policy information and the MAIP Policy information with the associated credit status. Using the selection criteria reduces the volume of records returned while underlined grid headers allow for re-sorting.

Selection Criteria
 Company: 999 - Any Insurance Company

Delete Aged-Out Rejected: Policy Year: 2019, Voluntary Policy ID: [], Effective Start Date: 05/01/2019, Effective Stop Date: 05/06/2019

Voluntary Status: All - Show all, MAIP Status: All - Show all

Retrieve Data: 5 records

Quota Share Rolling 12 consists of reported premiums with effective dates from 05/2018 to 04/2019 and MPRs accepted as of 6/19/2019.

	Co	Policy	Voluntary			MAIP				
			Policy ID	Eff Date	Exp Date	Status	Policy ID	Eff Date	Exp Date	Status
Expiring 2nd Yr Renewals	999	2019	999999999	05/05/2019	05/05/2020	0	999999999	05/05/2018	05/05/2019	0
Fatal 3rd Yr Renewals	999	2019	999999999	05/06/2019	05/06/2020	0	999999999	05/06/2018	05/06/2019	0
MPR Analysis & Notes	999	2019	999999999	05/01/2019	05/01/2020	0	999999999	05/01/2018	05/01/2019	0
Research Tools	999	2019	999999999	05/02/2019	05/02/2020	0	999999999	05/02/2018	05/02/2019	0
	999	2019	999999999	05/03/2019	05/03/2020	0	999999999	05/03/2018	05/03/2019	0

EXHIBIT IX-A-7

CREDITS – ROLLING 12 MONTHS

CAR COMMONWEALTH AUTOMOBILE REINSURERS [log-off](#)
 MAIP | [Publications](#) | [Company](#) | [DOI](#) | [Contact Us](#) | [FAQs](#) | [Site Map](#)
 MAIP Placement | [Credits-Rolling 12 Months](#)
 MAIP Placement: Use this function to view all MAIP Take Out Credit requests within the current rolling 12 months used in Quota Share. Each request shows the Voluntary policy information and the MAIP Policy information with the associated credit status.
 Submit Data: Using the selection criteria reduces the volume of records returned while underlined grid headers allow for re-sorting.
 Add Placement: Selection Criteria
 Renew/Takeout/Cancel: Company
 Correct Accepted: 999 - Any Insurance Company
 Correct Rejected: Policy Year: 2019, Voluntary Policy ID: [], Effective Start Date: 04/01/2019, Effective Stop Date: 04/10/2019
 Delete Aged-Out Rejected: Voluntary Status: All - Show all, MAIP Status: All - Show all
 Delete Takeouts: Retrieve Data 9 records
 Browse Reports: [Export to Excel](#)
 Accepted MPRs: Quota Share Rolling 12 consists of reported premiums with effective dates from 05/2018 to 04/2019 and MPRs accepted as of 6/19/2019.
 Credits-All Months: [Fatal MPRs](#)
 Credits-Rolling 12 Months: [Missing MPRs](#)
 Fatal MPRs: [MPRs w/ No Premium](#)
 Missing MPRs: [Premium w/ No MPR](#)
 MPRs w/ No Premium: [Rejected MPRs](#)
 Premium w/ No MPR:

Co No	Policy Year	Voluntary			MAIP				
		Policy ID	Eff Date	Exp Date	Status	Policy ID	Eff Date	Exp Date	Status
Expanding 2nd Yr Renewals	2019	99999999	04/02/2019	04/02/2020	1	99999999	04/02/2018	04/02/2019	1
Fatal 3rd Yr Renewals	2019	99999999	04/05/2019	04/05/2020	1	99999999	04/05/2018	04/05/2019	1
MPR Analysis & Notes	2019	99999999	04/04/2019	04/04/2020	1	99999999	04/04/2018	04/04/2019	1
Research Tools	2019	99999999	04/07/2019	04/07/2020	1	99999999	04/07/2018	04/07/2019	1
Certification No. Look-Up	2019	99999999	04/05/2019	04/05/2020	1	99999999	04/05/2018	04/05/2019	1
Contact List	2019	99999999	04/01/2019	04/01/2020	1	99999999	04/01/2018	04/01/2019	1
MPR Edit Package	2019	99999999	04/04/2019	04/04/2020	0	99999999	04/04/2018	04/04/2019	3
	2019	99999999	04/05/2019	04/05/2020	3	99999999	04/05/2018	04/05/2019	1
	2019	99999999	04/04/2019	04/04/2020	1	99999999	04/04/2018	04/04/2019	1

[Help](#)

EXHIBIT IX-A-8

DELETE TAKEOUTS

MAIP Placement

Use this function to delete accepted takeout records. Using the selection criteria reduces the volume of records returned while underlined grid headers allow for re-sorting. Select the record from the grid below and click Delete to remove the record from the file.

Selection Criteria

Company: 999 - Any Insurance Company

Agency No: MAIP ID: Voluntary Policy ID:

Effective Start Date: 04/01/2019 Effective Stop Date: 04/08/2019

Voluntary Status: All - Show all MAIP Status: All - Show all

Retrieve Data 9 Records

Export to Excel

Quota Share Rolling 12 consists of reported premiums with effective dates from 05/2018 to 04/2019 and MPRs accepted as of 6/19/2019.

	Co No	Agency No	MAIP ID	Rec No	Voluntary			MAIP			
					Policy ID	Status	Eff Date	Exp Date	CoNo	Policy ID	Status
Expiring 2nd Yr Renewals	999	1219	888	1	99999999	3	04/05/2019	04/05/2020	999	99999999	1
Fatal 3rd Yr Renewals	999	1467	888	1	99999999	1	04/07/2019	04/07/2020	999	99999999	1
MPR Analysis & Notes	999	2458	888	1	99999999	1	04/05/2019	04/05/2020	999	99999999	1
Research Tools	999	4875	888	1	99999999	1	04/05/2019	04/05/2020	999	99999999	1
Certification No. Look-Up	999	3798	888	1	99999999	1	04/04/2019	04/04/2020	999	99999999	1
Contact List	999	1916	888	1	99999999	1	04/04/2019	04/04/2020	999	99999999	1
MPR Edit Package	999	5292	888	1	99999999	1	04/02/2019	04/02/2020	999	99999999	1
	999	5295	888	1	99999999	1	04/01/2019	04/01/2020	999	99999999	1
	999	5427	888	1	99999999	0	04/04/2019	04/04/2020	999	99999999	3

Delete

MAIP Chapter IX | **Assigned Risk Company Procedures Manual**
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EXHIBIT IX-A-9

COMPANY MAIP ACCESS SCREEN

CAR COMMONWEALTH AUTOMOBILE REINSURERS

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Company MAIP Access

Company | Company Secure Information

Assigned Applications
[FTP Assignment Report](#)
[Quota Share](#)
[MAIP Placement](#)
[Manuals](#)
[Non-Compliance](#)
[Premium and Loss Reports](#)
[Prior Carrier Call](#)
[Producer Directory - All](#)
[30 Day Updates](#)
[Help](#)

Assignment of Applications
[Assigned Applications](#)
 View the applications that have been assigned to your company. Individual applications may be viewed on a summary level or for the entire completed application. The listing may be sorted by a number of variables including assignment date or agency number.

Non-Compliance
 Companies may submit, view or rescind a violation identifying an ARP's alleged non-compliance with MAIP Rules and/or established performance standards. Companies may view or respond to a complaint filed by an ARP, identifying the ARC's alleged non-compliance with the ARC Performance Standards. The ARP Certification Status Report may also be viewed.

Premium and Loss Reports
[FTP Assignment Report](#)
 View control totals by transmission date to verify the completeness of FTP transmissions. Detail records sorted by agency number may also be viewed.

Prior Carrier Call
[Prior Carrier Call](#)
 Pursuant to Rule 29, Newly Writing Companies with separate Membership status will provide data to CAR for use in the Quota Share report. Exposures and credits written by the Newly Writing Company prior to its becoming eligible for appointment as an ARC which were originally written voluntarily by a company in the same insurer group will be included in the existing Member's quota share.

MAIP Placement
 Companies are responsible for reporting MAIP policy data to CAR. A MAIP Placement record allows for the matching of MAIP Assignments to corresponding statistical records and the validation of MAIP take-out transactions.

Manuals
 View manuals that are pertinent to member companies including the Assigned Risk Company Procedures Manual, the Assigned Risk Producer Procedures Manual, the MAIP Placement Record Edit Package and the Residual Market/MAIP Rates and Rating Manuals.

Producer Directory
[All ARPs](#) [Updates - Last 30 Days](#)
 View and download the entire Certified Assigned Risk Producer listing or updates made in the previous 30 days.

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EXHIBIT IX-A-10

MAIP PLACEMENT SCREEN


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M A I P Publications Rules Forms Training Contact Us FAQs Site Map 	
Company MAIP Access	
Company	MAIP Placement
MAIP Placement	Submit Data
Submit Data	Add MAIP Placement Record
Add Placement	This function allows the user to submit a new MAIP Placement record for processing.
Renew/Takeout/Cancel	Renew/Takeout/Cancel Accepted MAIP Placement
Correct Accepted	This function allows the user to choose an accepted MAIP Placement record to Renew, Takeout, or Cancel.
Correct Rejected	Rejected MAIP Placement Records
Delete Aged-Out Rejected	Provides a listing of a company's MAIP Placement Non Fatal Error Records in Policy ID sequence. Records with 'Too Early' error codes (11 and 13) will remain on the error file until they have reached their eligibility date. Once this date has been reached, the system will automatically process them to be accepted. All other Rejected Error records must be either corrected or deleted online.
Delete Takeouts	Correct Accepted MAIP Placement
Browse Reports	This function allows the user to change certain fields on an accepted MAIP Placement record, such as policy number or Insured Name.
Accepted MPRs	Correct Rejected MAIP Placement Record
Credits-All Months	This function allows the user to review and process corrections against MAIP Placement records that were rejected from an FTP transmission with non-fatal error.
Credits-Rolling 12 Months	Expiring 2nd Year Renewals
Fatal MPRs	Provides a listing of a company's MAIP policies which will no longer be eligible for renewal as a MAIP policy upon expiration.
Missing MPRs	Fatal 3rd Year Renewals
MPRs w/ No Premium	Provides a listing of a company's MAIP policies that were fatal upon submission because they were ineligible for renewal.
Premium w/ No MPR	MAIP Placement Records Analysis
Rejected MPRs	Provides an Industry overview of MAIP Placement reporting errors (by company) in effect at the time of the most recent monthly Quota Share processing (shown as processing date). Selection criteria allows the company to view reports from 10/2013 and subsequent.
Expiring 2nd Yr Renewals	Delete Takeouts
Fatal 3rd Yr Renewals	This function allows the user to delete a TX6-Takeout MAIP Placement record if necessary.
MPR Analysis & Notes	Browse Reports
Research Tools	Accepted MAIP Placement Records
Certification No. Look-Up	Provides a listing of a company's MAIP Placement Accepted Records in Agency/MAIPID sequence. Each record shows the MAIP Assignment, Policy ID, effective and expiration dates with an associated activity status.
Contact List	Research Tools
MPR Edit Package	Certification Number Look-Up
Help	Based on a driver's license number, this function will retrieve the associated MAIP Certification Number for use in identifying Take-Out Credit eligibility.
	MAIP Placement Record Contact List
	A contact list is available for researching errors.
	MAIP Placement Record Edit Package
	The MAIP Placement Record Edit Package is designed to help identify all facets of the MAIP Placement Record, to review CAR's on-line MAIP Placement Record application, and to explain the fatal and non-fatal MAIP Placement Record edits.
	Credits-All Months
	Provides a listing of a company's accepted MAIP Take Out Credit requests in (Voluntary) Policy ID sequence. Each request shows the Voluntary and the MAIP Policy with associated credit status.
	Credits-Rolling 12 Months
	Provides a listing of a company's accepted MAIP Take Out Credit requests within the current rolling 12 months used in quota share in Voluntary Policy ID sequence. Each request shows the Voluntary and the MAIP Policy with associated credit status.
	Fatal MAIP Placement Records
	Provides a listing of a company's FTP submitted MAIP Placement Fatal Error Records in Policy ID. Fatal records


EXHIBIT IX-A-11

ADD MAIP PLACEMENT RECORDS

The screenshot shows the 'MAIP Placement' section of the Commonwealth Automobile Reinsurers (CAR) website. The interface includes a navigation menu with options like 'Publications', 'Rules', 'Forms', 'Training', 'Contact Us', 'FAQs', and 'Site Map'. The main content area is titled 'MAIP Placement' and contains a 'New' button and a form for adding a placement record. The form includes fields for 'Company' (a dropdown menu), 'Agency', 'MAIP ID', 'Trans Code' (set to '1 - New'), and 'Policy ID'. It also has date pickers for 'Eff Date', 'Exp Date', and 'Recv Date' (pre-filled with '7/3/2019'). At the bottom of the form are fields for 'Insured Name', 'Prod Code', 'Rating Company', and 'Risk Category'. A 'New' button is located below the 'Insured Name' field. A sidebar on the left lists various report types such as 'Accepted MPRs', 'Credits-All Months', 'Fatal MPRs', etc.

EXHIBIT IX-A-13

FATAL MAIP PLACEMENT RECORDS



COMMONWEALTH AUTOMOBILE REINSURERS [log-off](#)

Producer

Company

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Publications

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MAIP Placement

Company

MAIP Placement

Submit Data

Add Placement

Renew/Takeout/Cancel

Correct Accepted

Correct Rejected

Delete Aged-Out Rejected

Delete Takeouts

Browse Reports

Accepted MPRs

Credits-All Months

Credits-Rolling 12 Months

Fatal MPRs

Missing MPRs

MPRs w/ No Premium

Premium w/ No MPR

Rejected MPRs

Expiring 2nd Yr Renewals

Fatal 3rd Yr Renewals

MPR Analysis & Notes

Research Tools

Certification No. Look-Up

Contact List

MPR Edit Package

Help

Fatal MPRs

Use this function to view MAIP Placement Records submitted via FTP that incurred a fatal error. Using the selection criteria reduces the volume of records returned while underlined grid headers allow for re-sorting.

Selection Criteria

Company

Agency No MAIP ID Policy Year Policy ID Effective Start Date Effective Stop Date

Fatal Error Received Start Date Received Stop Date

[Retrieve Data](#) 4 records

[Export to Excel](#)

Quota Share Rolling 12 consists of reported premiums with effective dates from 05/2018 to 04/2019 and MPRs accepted as of 6/19/2019.

Co No	Rcvd Date	Agency No	MAIP ID	Policy ID	Eff Date	Exp Date	TX	Insured Name	Fatal Errors
									1 2 3 4 5 6 7 8
999	04/24/2019	5295	888	99999999	06/09/2019	06/09/2020	2	ZZZZZZZZ	0 0 0 0 0 0 0 1
999	06/18/2019	584	888	99999999	06/27/2019	06/27/2020	2	ZZZZZZZZ	0 0 0 0 0 0 0 1
999	06/18/2019	5209	888	99999999	06/07/2019	06/07/2020	1	ZZZZZZZZ	0 0 0 0 0 0 1 0
999	06/26/2019	5871	888	99999999	06/07/2019	06/07/2020	1	ZZZZZZZZ	0 0 0 0 0 0 1 0

EXHIBIT IX-A-14

MAIP PLACEMENT RECORD LAYOUT

1	Kind of Record
2	State Code
3	
4	
4	Rating Company Number
5	
6	
7	Risk Category
8	
9	
10	CAR ID Code
11	Company Code
12	
13	
14	
15	Policy Number
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	
26	
27	
28	
29	
30	
31	Policy Effective Month
32	
33	Policy Effective Day
34	
35	Policy Effective Year
36	
37	Policy Expiration Month
38	
39	Policy Expiration Day
40	

41	Policy Expiration Year
42	
43	Risk Indicator
44	Transaction Code
45	MAIP Agency Number
46	
47	
48	
49	
50	Producer Code
51	
52	
53	
54	
55	
56	MAIP Sequence Number
57	
58	
59	
60	
61	
62	
63	
64	
65	Insured's Name
66	
67	
68	
69	
70	
71	
72	
73	
74	
75	
76	
77	
78	
79	
80	

EXHIBIT IX-A-15

FTP MPR TRANSMISSIONS REPORT

07/06/2018		Commonwealth Automobile Reinsurers FTP MPR Transmissions Report Company: 999 Insurance Company					
Co #	Date CAR Processed	Account ID	Transmission Time	Transmission Date	Batch Cessions Processed	Batch MAIP Processed	Total Records
999	06/22/2018	ABCD	06:34:37	06/22/2018	0	67	67
999	06/21/2018	ABCD	06:30:49	06/21/2018	2	10	12
999	06/20/2018	ABCD	06:36:16	06/20/2018	0	15	15
999	06/19/2018	ABCD	06:03:21	06/19/2018	3	20	23
999	06/18/2018	ABCD	07:32:14	06/18/2018	0	6	6

EXHIBIT IX-B-1

FATAL 3RD YEAR RENEWALS

CAR COMMONWEALTH AUTOMOBILE REINSURERS

MAIP | Producer | Company | DOI | Publications | Rules | Forms | Training | Contact Us | FAQs | Site Map | log-off

MAIP Placement

Company: Fatal 3rd Year Renewals

MAIP Placement: Use this function to view MAIP policies for which a Fatal 3rd Year Renewal has been reported. Using the selection criteria reduces the volume of records returned while underlined grid headers allow for re-sorting.

Submit Data

Add Placement: Selection Criteria

Renew/Takeout/Cancel: Company: 999 - Any Insurance Company

Correct Accepted

Correct Rejected: Effective Start Date: Effective Stop Date

Delete Aged-Out Rejected: 04/01/2019 | 7/31/2019

Delete Takeouts: Retrieve Data 6 records

Browse Reports

Accepted MPRs: Export to Excel

Credits-All Months

Credits-Rolling 12 Months

Fatal Policies By Month													
	04	05	06	07	08	09	10	11	12	01	02	03	04
	2019	2019	2019	2019	2019	2019	2019	2019	2019	2020	2020	2020	2020
Fatal MPRs	1	0	3	2	0	0	0	0	0	0	0	0	0

Agency No	MAIP ID	Co No	Policy Year	Policy ID	Eff Date	Exp Date	Insured Name	
Premium w/ No MPR	5188	888	999	2019	99999999	4/1/2019	4/1/2020	ZZZZZZZZ
Rejected MPRs	676	888	999	2019	99999999	6/1/2019	6/1/2020	ZZZZZZZZ
Expiring 2nd Yr Renewals	1543	888	999	2019	99999999	6/3/2019	6/3/2020	ZZZZZZZZ
Fatal 3rd Yr Renewals	1219	888	999	2019	99999999	6/21/2019	6/21/2020	ZZZZZZZZ
MPR Analysis & Notes	5414	888	999	2019	99999999	7/6/2019	7/6/2020	ZZZZZZZZ
	5188	888	999	2019	99999999	7/22/2019	7/22/2020	ZZZZZZZZ

Research Tools

Certification No. Look-Up

Contact List

MPR Edit Package

Help

EXHIBIT IX-B-2

EXPIRING 2ND YEAR RENEWALS

CAR COMMONWEALTH AUTOMOBILE REINSURERS [log-off](#)

MAIP | [Publications](#) | [Rules](#) | [Forms](#) | [Training](#) | [Contact Us](#) | [FAQs](#) | [Site Map](#)

MAIP Placement

Company: Expiring 2nd Year Renewals

MAIP Placement: Use this function to view MAIP policies for which a 2nd year renewal MPR has already been reported. A summary grid displays policy counts for upcoming effective months. Use the Expiration Start and Stop dates to retrieve specific policies.

Submit Data

Add Placement

Renew/Takeout/Cancel

Correct Accepted: 999 - Any Insurance Company

Correct Rejected

Delete Aged-Out Rejected: Expiration Start Date: 10/1/2019, Expiration Stop Date: 10/04/2019

Delete Takeouts

Browse Reports: Retrieve Data 7 records

Accepted MPRs

Credits-All Months

Credits-Rolling 12 Months

Fatal MPRs

Missing MPRs

MPRs w/ No Premium

Premium w/ No MPR

Rejected MPRs

Expiring 2nd Yr Renewals

Fatal 3rd Yr Renewals

MPR Analysis & Notes

Research Tools

Certification No. Look-Up

Contact List

MPR Edit Package

Help

Expiring Policies By Month

	10 2019	11 2019	12 2019	01 2020	02 2020	03 2020	04 2020	05 2020	06 2020	07 2020	08 2020	09 2020	10 2020
Fatal MPRs	30	27	24	39	26	39	30	38	34	25	0	0	0

Agency No	MAIP ID	Co No	Policy Year	Policy ID	Eff Date	Exp Date	Insured Name
2405	888	999	2018	99999999	10/3/2018	10/3/2019	ZZZZZZZZ
5506	888	999	2018	99999999	10/3/2018	10/3/2019	ZZZZZZZZ
5295	888	999	2018	99999999	10/3/2018	10/3/2019	ZZZZZZZZ
5295	888	999	2018	99999999	10/3/2018	10/3/2019	ZZZZZZZZ
2182	888	999	2018	99999999	10/3/2018	10/3/2019	ZZZZZZZZ
3565	888	999	2018	99999999	10/3/2018	10/3/2019	ZZZZZZZZ
4645	888	999	2018	99999999	10/4/2018	10/4/2019	ZZZZZZZZ

EXHIBIT IX-B-3

DELETE AGED-OUT REJECTED MAIP PLACEMENT RECORDS

The screenshot shows the CAR MAIP web application interface. The top navigation bar includes the CAR logo, MAIP, and links for Publications, Rules, Forms, Training, Contact Us, FAQs, Site Map, and log-off. The main content area is titled "MAIP Placement" and "Delete Aged-Out Rejected".

On the left is a vertical menu with options: Company, MAIP Placement, Submit Data, Add Placement, Renew/Takeout/Cancel, Correct Accepted, Correct Rejected, Delete Aged-Out Rejected, Delete Takeouts, Browse Reports, Accepted MPRs, Credits-All Months, Credits-Rolling 12 Months, Fatal MPRs, Missing MPRs, MPRs w/ No Premium, Premium w/ No MPR, Rejected MPRs, Expiring 2nd Yr Renewals, Fatal 3rd Yr Renewals, MPR Analysis & Notes, Research Tools, Certification No. Look-Up, Contact List, MPR Edit Package, and Help.

The main content area contains a "Delete Aged-Out Rejected" section with a description: "Use this function to delete non-fatal errors that were not corrected within the required time frame. If a new record needs to be submitted, contact your CAR Data Analyst. Using the selection criteria reduces the volume of records returned while underlined grid headers allow for re-sorting. Select the record from the grid below and click Delete to remove the record from the error file."

Below the description are "Selection Criteria" fields:

- Company: 999 - Any Insurance Company
- Agency No: [input field]
- MAIP ID: [input field]
- Effective Start Date: [calendar icon]
- Effective Stop Date: [calendar icon]
- Error Code: All
- Received Start Date: [calendar icon]
- Received Stop Date: [calendar icon]


A "Retrieve Data" button shows "1 Record". An "Export to Excel" link is also present. A note states: "Quota Share Rolling 12 consists of reported premiums with effective dates from 05/2018 to 04/2019 and MPRs accepted as of 6/19/2019."

Co No	Policy Year	Policy ID	TX	Agency No	MAIP ID	Eff Date	Insured Name	Non-Fatal Errors
999	2018	99999999	1	5692	888	05/08/2018	ZZZZZZZZ	0000000001111 1234567890123

A "Delete" button is located at the bottom of the record grid.

EXHIBIT IX-B-4

CORRECT ACCEPTED MAIP PLACEMENT RECORDS



COMMONWEALTH AUTOMOBILE REINSURERS

[log-off](#)

MAIP
Producer
Company
DOI

Publications
Rules
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MAIP Placement

Company Correct Accepted

MAIP Placement

Submit Data Use this function to change an accepted record's Policy ID, Producer Code, Insured's Name, Rating Company, or Risk Category. Using the selection criteria reduces the volume of records returned while underlined grid headers allow for re-sorting. Select the record from the grid below and click Correct to enter corrections (or double-click the record).

Add Placement

Renew/Takeout/Cancel

Correct Accepted Selection Criteria

Correct Rejected Company

Delete Aged-Out Rejected 999 - Any Insurance Company

Delete Takeouts Agency No MAIP ID Policy Year Policy ID Insured Name

Browse Reports Effective Start Date Effective Stop Date

Accepted MPRs 01/01/2019 01/01/2019

Credits-All Months Retrieve Data 3 records

Credits-Rolling 12 Months Export to Excel

Fatal MPRs Quota Share Rolling 12 consists of reported premiums with effective dates from 05/2018 to 04/2019 and MPRs accepted as of 6/19/2019.

Missing MPRs

MPRs w/ No Premium	Co No	Agency No	MAIP ID	TX	Policy ID	Eff Date	Exp Date	Insured Name	Actv Stts	Prem Stts
Premium w/ No MPR	999	76	888 2		99999999	01/01/2019	01/01/2020	ZZZZZZZZ	A	1
Rejected MPRs	999	867	888 2		99999999	01/01/2019	01/01/2020	ZZZZZZZZ	A	1
Expiring 2nd Yr Renewals	999	1289	888 2		99999999	01/01/2019	01/01/2020	ZZZZZZZZ	A	1
Fatal 3rd Yr Renewals										

Fatal MPRs Analysis & Notes

Research Tools

Certification No. Look-Up

Contact List


MPR Edit Package

Help

Correct

EXHIBIT IX-B-5

MAIP PLACEMENT RECORDS ANALYSIS



COMMONWEALTH AUTOMOBILE REINSURERS [log-off](#)

MAIP

Publications

Company

Rules

Forms

Training

DOI

Contact Us

FAQs

Site Map

MAIP Placement Reports

MPR Analysis & Notes

Provides an Industry overview of MAIP Placement reporting errors (by company) in effect at the time of the most recent monthly Quota Share processing (shown as Report Date). Selection criteria allows the company to view reports from 10/2013 and subsequent.

Selection Criteria

Report Date: 06/2019 [Retrieve Data](#)

[Export to Excel](#)

Quota Share Rolling 12 consists of reported premiums with effective dates from 05/2018 to 04/2019 and MPRs accepted as of 6/19/2019.

Co No	Missing MPRs	Rejected MPRs	Fatal MPRs	Rejected Take Out Credits	MPRs with No Premium	Premium with No MPR	Active MPRs	Notes
113	0	0	0	0	0	0	327	
153	0	3	6	15	19	4	4,326	Yes
192	0	0	1	0	1	0	720	
193	0	2	9	0	0	3	18	
202	0	0	0	0	0	0	197	
279	10	0	482	22	1	5	22,980	Yes
308	0	0	0	0	0	0	268	
312	0	0	0	0	1	0	4	
354	2	6	13	0	6	280	5,287	Yes
363	0	0	0	0	0	0	247	
422	0	0	0	0	1	0	339	
521	0	0	0	1	36	32	40	
531	0	0	2	0	1	0	1,371	
585	4	1	3	0	3	5	883	
612	20	6	10	11	1	7	2,319	
664	13	14	5	1	6	10	2,032	
724	5	1	1	0	2	1	2,494	
731	0	2	0	41	0	0	0	
735	0	0	0	0	0	0	163	
773	4	0	123	73	3	5	9,297	Yes
826	0	0	1	0	0	0	0	
827	1	0	0	0	2	0	845	
908	0	0	3	0	2	1	4,719	
959	0	0	0	0	0	0	130	
988	0	1	1	16	0	0	1,770	
Average	2	1	26	8	3	14	2,432	

[Notes](#)

A. Calculation of Quota Share

To determine the order in which MAIP policies are assigned to ARCs, a Quota Share calculation is performed. The Quota Share and Assignment Order Report (also referred to as the Quota Share Report) provides a model of the Quota Share and MAIP assignment order calculation. Refer to Exhibit X-A-1. A link to this report is available on the MAIP Company Access section of CAR's website, under the Quota Share link. After each MAIP assignment, CAR will update the MAIP premium dollars utilized in the Quota Share calculation and will recalculate each Member's Quota Share. For additional information relative to Quota Share, please reference Rule 29 – Assignment Process of CAR's Rules of Operation.

Note that for those companies that are not yet reporting statistical data, exposures used to determine voluntary market share, MAIP quota share premium and MAIP credit premium are accumulated from interim summary exposure data (refer to Section D.2. of this chapter for additional information). Furthermore, companies that CAR has determined to have missing or unacceptable statistically reported data may be required to report interim summary exposure data, which may then be used in the determination of Quota Share.

1. Calculate Voluntary Market Share

Voluntary market share exposures used to develop a Member's Quota Share will reflect the number of private passenger property damage liability car years of exposure written by the Member for the most recently available 12 policy effective months.

a. Determine Voluntary Exposures to be Used in the Quota Share Calculation

For each Member, accumulate CAR Identification Code 8 (Direct Business Written Voluntarily) written property damage liability exposures, excluding exposures for Antique Vehicles (Classification Code 0483).

b. Determine Exposure Adjustments

- (1) For the following Miscellaneous Rated as Private Passenger and Motorcycle classifications, exposures used in the calculation of the voluntary market share will be adjusted by the following factor:

Classification Code	Classification Description	Adjustment Factor
0400	Electric Cars	.33
0426	Snowmobiles	.33
0408-0425, 0427-0431 0508-0525, 0527-0531 0608-0625, 0627-0631	Motorcycles	.33

(2) Members will also be required to provide CAR with information, as needed, to perform any other necessary adjustments to statistically reported data.

c. Determine Each Member’s Voluntary Market Share

A Member’s voluntary market share shall be the ratio of its written property damage liability exposures for CAR Identification Code 8 to the total written property damage liability exposures for CAR Identification Code 8 as accumulated in Section A.1.a. and as adjusted in Section A.1.b. of this Chapter Refer to Exhibit X-A-1, Column (2).

2. Accumulate MAIP Quota Share Premium

MAIP Quota Share premium shall include data from the sources noted below. Refer to Exhibit X-A-1, Column (3).

a. Reported Premium (from reported exposures)

(1) MAIP exposures for each Member will be accumulated on a monthly basis. Written property damage liability exposures (CAR Identification Code 9) will be accumulated for the 12 most recent policy effective months and will be sorted by rate effective year, classification code, territory and merit rating points.

(2) Determine the MAIP premium related to the exposures accumulated in Section A.2.a.(1) of this Chapter for the following coverages: \$20,000/\$40,000 bodily injury (including guest), \$100,000 property damage liability, and \$8,000 personal injury protection, using the rates from CAR’s Massachusetts Private Passenger Automobile Insurance Manual, excluding

subsidies and redundancies as calculated from the cost-based rate indicated in the underlying rate filing.

- (3) Adjust MAIP premium accumulated in Section A.2.a.(2) of this Chapter by multiplying by the appropriate merit rating surcharge/credit factor, for the applicable coverages.

For additional details regarding the calculation of Quota Share premium, access the Quota Share link that is displayed on the MAIP Company Access page of CAR's website, then access the Data Downloads and Premium and Credit Calculations links.

b. Premium from Assigned MAIP Policies

Accumulate premium for MAIP risks assigned as described in Section C. of this Chapter and having policy effective dates subsequent to the 12 policy effective month rolling total.

3. Accumulate MAIP Credit Premium

Credit premium for each Member and for the industry will be accumulated on a monthly basis. Refer to Exhibit X-A-1, Column (4). Credit premium is generated from several sources including voluntary credits and take-out credits. Credit premium may also be adjusted as a result of the Rule 29 Credit Edit and from the sale and transfer of excess credits. The MAIP Quota Share – Data by Source report (refer to Exhibit X-A-2), details the source of accumulated MAIP credits and credit adjustments and is described further in Section E.1. of this Chapter. A link to the MAIP Quota Share – Data by Source report is available on the Company MAIP Access section of CAR's website, under the Quota Share link.

a. Voluntary Credits

Members shall receive voluntary credit for exposures that are eligible for MAIP placement but that are insured voluntarily, as described in Section A.3.a.(1) of this Chapter. Voluntary credits will be accumulated using the procedure described in Section A.3.a.(2) of this Chapter:

- (1) For policies reported with CAR ID Code 8:

Members shall receive credit for each exposure that it insures voluntarily in the territory and operator classes specified in Rule 29.D.3. of CAR's Rules of Operation. The amount of credit shall equal the annual Private Passenger Motor Vehicle MAIP premium as determined in A.2.a.(2) that would have been calculated if the exposure had been assigned through the MAIP, multiplied by the factor specified in Rule 29.D.3.

- (2) Accumulate property damage liability written exposures as reported for the 12 most recent policy effective months, sorted by rate effective year, classification code, territory and merit rating points.

(a) Determine the credit premium related to the exposures accumulated in A.3.a.(1) for the following coverages: \$20,000/\$40,000 bodily injury (including guest), \$100,000 property damage liability, and \$8,000 personal injury protection using the rates from CAR's Massachusetts Private Passenger Automobile Insurance Manual, excluding subsidies and redundancies as calculated from the cost based rate indicated in the underlying rate filing.

(b) Adjust the credit premium accumulated in Section A.3.a.(2)(a) of this Chapter by multiplying by the appropriate merit rating surcharge/credit factor, where applicable.

(c) Multiply each accumulation of premium by classification code, territory and merit rating points as determined in Section A.3.a.(2)(a) and adjusted as in Section A.3.a.(2)(b) of this Chapter, by the approved class/territory credit factor specified in Rule 29.D.3. of CAR's Rules of Operation.

For additional details regarding the calculation of Quota Share voluntary credit premium, access the Quota Share link that is displayed on the MAIP Company Access page of CAR's website, then access the Data Downloads and Premium and Credit Calculations links.

b. Take-Out Credits

Members will receive credit for each policy that is assigned through the MAIP that is voluntarily written at the policy's expiration. To qualify for a take-out credit, the requirements specified in Rule 29.D.4. of CAR's Rules of Operation must be met. Note that ARCs that report interim summary data are not eligible for Take-Out Credits.

- (1) For each MAIP Placement Record (MPR) with a Transaction Code 6 – Business Taken out of MAIP submitted to CAR, a monthly verification procedure will be performed.

Each Transaction Code 6 MPR will be verified to assure that the corresponding policy previously insured through the MAIP was insured through the MAIP for the entire previous policy period by matching MPRs to corresponding reported statistical records.

Each take-out credit MPR will also be matched to the current period statistical data to ensure that the voluntary policy was in effect for at least 90 days.

- (2) For each MAIP take-out placement record verified as eligible for take-out credit, as specified in Section A.3.b.(1) of this Chapter, statistical data will be accumulated to determine the appropriate take-out credit premium.
 - (a) Accumulate property damage liability written exposures as statistically reported for the 12 most recent policy effective months, sorted by rate effective year, classification code, territory and merit rating points for statistical data matching an eligible take-out credit placement record.
 - (b) Determine the credit premium related to the exposures accumulated in Section A.3.a.(1) of this Chapter for the following coverages: \$20,000/\$40,000 bodily injury (including guest), \$100,000 property damage liability, and \$8,000 personal injury protection using the rates from CAR's Massachusetts Private Passenger Automobile Insurance Manual, excluding subsidies and redundancies as calculated from the cost based rate indicated in the underlying rate filing.

- (c) Adjust the credit premium accumulated calculated in Section A.3.b.(2)(b) of this Chapter by multiplying by the appropriate merit rating surcharge/credit factor, where applicable.
 - (d) Adjust the credit premium determined in Section A.3.b.(2)(c) of this Chapter by the take-out credit factor specified in Rule 29.D.4. of CAR's Rules of Operation.
- (3) Note that take-out credit premium, as determined in Section A.3.b.(2) will be provided in addition to other voluntary credit premium as determined in Section A.3.a. of this Chapter.

For additional details regarding the calculation of Quota Share take-out credit premium, access the Quota Share link that is displayed on the MAIP Company Access page of CAR's website, then access the Data Downloads and Premium and Credit Calculations links.

Refer to Section A.2.e. of Chapter IX – MAIP Placement Record Reporting Requirements and Correction Procedures of this Manual for additional information regarding the procedure for notifying CAR, via a Transaction Code 6 MPR, of business taken out of MAIP and written voluntarily at policy expiration.

c. Rule 29 Credit Edit Premium Adjustments

In order to verify the validity of statistically reported youthful operator classifications on voluntary policies, the Rule 29 Credit Edit is performed. The edit matches the classification code reported on detail statistical records to similar data reported to the Merit Rating Board. Records without a match are considered to be in error and an error listing is forwarded to the impacted Member for review and correction. For additional information regarding the Rule 29 Credit Edit and edit reports as well as the associated premium adjustment process, refer to the Rule 29 Credit Edit Package and the Rule 29 Credit Edit Reports which are located on the Reports page of CAR's website.

d. Sale and Transfer of Excess Credits Adjustments

Accumulated credit premium will be adjusted by the sale and transfer of excess credits from one ARC to another ARC as described in Section B. of this Chapter.

4. Calculate MAIP Quota Share Premium

Calculate the Member's MAIP Quota Share premium by multiplying the Member's voluntary market share as calculated in Section A.1. by the sum of the industry's MAIP premium as calculated in Section A.2. and the industry's credit premium as calculated in Section A.3. of this Chapter. Refer to Exhibit X-A-1, Column (5).

5. Calculate Credit-Adjusted MAIP Quota Share Premium

Calculate the Member's adjusted MAIP Quota Share premium by subtracting the Member's MAIP credit premium as calculated in Section A.3. from the Member's MAIP Quota Share premium as calculated in Section A.4. of this Chapter. Refer to Exhibit X-A-1, Column (6).

Any credit premium adjustments made shall not result in a Member's credit-adjusted Quota Share premium being adjusted below zero.

6. Calculate Member's Over (Under) Ought-to-Have MAIP Premium

Calculate the Member's over (under) ought-to-have MAIP premium by subtracting the Member's adjusted MAIP Quota Share premium as calculated in Section A.5. from the Member's MAIP premium as calculated in Section A.2. of this Chapter. Refer to Exhibit X-A-1, Column (7).

7. Calculate Member's Percent of Ought-to-Have MAIP Premium

Calculate the Members percent of ought-to-have MAIP premium by dividing the Member's MAIP premium as calculated in Section A.2. by the Member's adjusted MAIP Quota Share premium as calculated in Section A.5. of this Chapter. Refer to Exhibit X-A-1, Column (8).

B. Sale and Transfer of Excess Credits

An Assigned Risk Company (ARC) may accrue excess credits. An ARC is determined to have excess credit premium if its MAIP Credit Premium as calculated in Section A.3. of this Chapter is greater than its MAIP Quota Share Premium as calculated in Section A.4. of this Chapter and as displayed on the Quota Share and Assignment Order Report (refer to Exhibit X-A-1, Columns (4) and (5)). The ARC may choose to enter into an agreement with another ARC to sell and transfer its excess credit premium to that ARC on a monthly basis, subject to the data quality restrictions described in Section B.1. For additional information regarding the sale and transfer of excess credits, refer to Rule 29.F. of CAR's Rules of Operation.

1. Credit Sale Agreement Approval Process

ARCs intending to sell excess credits must notify CAR prior to entering into negotiations with a purchasing Member Company. CAR will not approve a credit sale agreement unless the following criteria has been met:

- a. The ARC must have reported statistical data for the two most current effective years and the current 12 months of accounting shipments that are included in Quota Share. ARCs that report interim summary data are prohibited from selling excess credits.
- b. The ARC's reported statistical data must be complete and in acceptable condition. The ARC must not have identified reporting issues associated with key Quota Share components, including but not limited to PDL exposure, classification, merit rating, and territory. ARCs that have reporting issues that impact the calculation of voluntary market share, MAIP quota share premium and MAIP credit premium are prohibited from selling excess credits.

Once an ARC is ready to execute an agreement to sell and transfer MAIP credit premium, the ARC must provide CAR with a completed Authorization for the Sale and Transfer of MAIP Credits form. Refer to Exhibit X-A-3. A link to this form is located on the MAIP Company Forms page of CAR's website.

The ARC must submit the Authorization for the Sale and Transfer of MAIP Credits form to CAR 30 days prior to the due date of the monthly accounting shipment with which the ARC requests the credit transfer to be included in the Quota Share report. For example, if the ARC intends for the transfer of credits to commence with the Quota Share report which includes data reported in the June monthly accounting shipment, the form must be received at CAR no later than July 15, which is 30 days prior to the August 15 due date of the June accounting/statistical reporting submission.

The terms of the credit sale agreement will be reviewed by CAR to ensure consistency with CAR's Rules of Operation and to confirm that the specific requirements in the agreement are administratively feasible using CAR's Quota Share system. If questions arise, CAR will work with the selling ARC to ensure that the terms of the agreement are clarified or modified as necessary.

Every agreement must specify a time period corresponding to the monthly submission dates of statistical data in which the transfer of excess credit premium is to occur, up to a maximum of twelve months.

The Starting Quota Share Report Date and Ending Quota Share Report Date shall be specified on the Authorization Form. These dates correspond with CAR's monthly accounting/statistical shipments.

For example, if the starting date is intended for the Quota Share report which is updated with January, 2024 base data:

The January, 2024 monthly accounting shipment is due to CAR on March 15, 2024. The corresponding Quota Share report is referred to as the January, 2024 Quota Share report, and will be posted to CAR's website in late March. In the "Starting Quota Share Report Date," enter "January, 2024 QS Report."

Agreements that meet these requirements will be approved by CAR and the transfer of MAIP credits will commence as of the monthly base data update of the Quota Share and Assignment Order Report specified in the transfer agreement.

In no instance will a credit transfer be made if it results in a negative credit position for the selling ARC on the day that the Quota Share

report is updated and posted to CAR's website. If this occurs, CAR will reduce the amount of credit premium transferred to the buying ARC(s).

2. Procedure to Calculate Excess Credits

On a monthly basis, CAR will update the Quota Share and Assignment Order Report to include the latest 12 months of reported data, as well as any data adjustments including previously approved credit premium transfers. The report will also be updated with the latest available assignment data.

a. Newly Approved Credit Premium Sales Agreements

(1) Obtain the contractual transfer amount of credit premium from the approved credit sale and transfer agreement.

(2) Determine the amount of available excess credit premium from the selling ARC.

(a) If the MAIP Credit Premium from Exhibit X-A-1, Column (4) is greater than the MAIP Quota Share Premium from Exhibit X-A-1, Column (5) then the available excess credit premium will be equal to the MAIP Credit Premium minus the MAIP Quota Share Premium.

(b) The initial excess credit premium of the selling ARC will be reduced for any active credit transfer agreements.

(3) The actual transfer amount will be calculated as the lesser of the available excess credit premium and the contractual transfer amount.

b. Ongoing Credit Premium Sales Agreements

(1) The actual transfer amount from the initial base data update will be transferred for the remaining months of the agreement unless specified otherwise in the contract. Refer to Exhibit X-B-1.

(2) If the actual transfer amount made in prior base updates was lower than the contractual transfer amount, the adjustment amount will be increased up to the contractual transfer amount

if more excess credit premium is available, unless specified otherwise in the contract. Refer to Exhibit X-B-2.

- (3) The transfer of credits may not result in a negative credit position for the selling ARC. If the amount to be transferred is greater than the selling Member's MAIP Credit Premium, then the actual transfer amount will be revised to be equal to the selling Member's MAIP Credit Premium amount. Refer to Exhibit X-B-3.

C. Assignment of Applications

For each assigned risk, CAR will extract the rate effective year, rate classification, territory, and merit rating points from the risk's application and will determine the MAIP premium as specified in Section A.2.a. of this Chapter. CAR will assign applications to the most undersubscribed Member based on the results of Section A.7. of this Chapter. In the event that the results of Section A.7. of this Chapter are the same for two or more Members, CAR will assign the application to the most undersubscribed of those Members based on the results of Section A.6. of this Chapter.

Restrictions to the assignment of applications based on a Member's Quota Share exist and are identified in Rule 29.E. of CAR's Rules of Operation and in Chapter VIII – Assignment Process of this Manual.

D. Base Data Update

1. Update of Statistically Reported Exposure Data

On a monthly basis, CAR shall update statistically reported exposure data in order to reflect new and renewal business and endorsement, cancellation or coverage adjustments occurring subsequent to policy assignment and to reflect applicable credit data. Exposure data is reviewed for data quality on a monthly basis and any necessary adjustments for Members with late or incorrect statistical reporting shall also be made at this time.

2. Inclusion of Interim Summary Data

As part of the monthly base data update, CAR will include interim summary data from companies that are not yet reporting statistical data in the Quota Share calculation as specified in Rule 29 of CAR's Rules

of Operation. Additionally, interim summary data will be included for any company required to report interim summary data due to missing or unacceptable statistically reported data.

The Member is required to report written private passenger property damage liability car months of exposure by CAR Identification Code, policy effective month, territory, classification and merit rating status, as defined in the Massachusetts Private Passenger Automobile Statistical Plan, for the 12 most recently available consecutive policy effective months, no later than 45 days after the close of the month of the Member's initial rates and rate manual effective date and on a monthly basis thereafter until the Member commences reporting statistical data to CAR. Reported interim summary data will be subject to audit review. Failure to report interim summary data will be subject to a penalty as outlined in Chapter III.B.4.

The date that a company is required to begin reporting detailed statistical data to CAR is based upon the provisions of the Massachusetts Private Passenger Automobile Statistical Plan. If the Member elects to commence reporting its statistical data as of a calendar date that is prior to the required date, the Member will still be required to submit interim summary data for the preceding 12 rolling effective months until all 12 policy effective months included in the Quota Share reports are statistically reported. Therefore, for a period of time, the Member will submit to CAR both interim summary data and detailed statistical data.

E. Company Management Reports and Data Files

Each month, reports and data files that detail the determination of Quota Share and provide companies with information that may be used to reconcile a Member's Quota Share reports are made available to Members. Links to the following reports and files are located on the MAIP Company Access page of CAR's website, under the Quota Share link:

1. Quota Share – Data by Source Report

The Quota Share – Data by Source Report provides a summary of the various sources of exposure, premium and credit premium data used to determine a Member's Quota Share. Refer to Exhibit X-A-2. The credit premium section contains information relative to voluntary credits, MAIP take-out credits and adjustments to credits including those

adjustments relative to the sale and transfer of credits that have been applied.

2. Sale of Credits Report

The Sale of Credits Report details the sale and transfer of credit transactions between companies for the 12-month rolling period included in the current Quota Share and Assignment Order Report. Refer to Exhibit X-E-1. For each transaction, the report displays the selling company, buying company, and the amount of credit premium transferred.

3. Data Downloads

The Data Downloads page provides several downloadable Member and industry data files that may be used to reconcile Quota Share and credit premiums. These files are available in Excel file format.

a. Statistically Reported Data

This file includes statistically reported property damage liability exposures for the latest 12 policy effective months that are used in the determination of the Quota Share and credit premium fields that display on the Quota Share Report. Data is summarized by policy effective month and year, rate class, territory and merit rating points and can be used to reconcile the results displayed in Columns (3) and (4) on the Member's Quota Share Report. Refer to Exhibit X-A-1.

b. MAIP Take-Out Credits

This file includes statistically reported property damage liability exposures for the latest 12 policy effective months that are used in the determination of the Quota Share take-out credit premium. Data is summarized by policy effective month and year, rate class, territory, take-out credit type and merit rating points and results can be used to reconcile the take-out credit premium that is included in the MAIP credit premium field displayed on the Member's Quota Share Report. Refer to Exhibit X-A-1, Column (4).

c. Newly Assigned Data (from Assigned Applications)

The Quota Share premium data displayed on the Quota Share Report includes those policies assigned through the MAIP, with effective dates subsequent to the most recent accounting date. Click on the Assignments link from the Company MAIP Access page of CAR's website and sort the data by policy effective date or assignment date in order to identify all newly assigned data.

d. Rates and Factors

The Rates & Factors Reports contain rate, merit rating and credit data tables and are available in Excel file format. Each data table provides values or factors that are used in the calculation of MAIP Premium (Column (3)) and MAIP Credit Premium (Column (4)) as displayed on the Quota Share Report. Refer to Exhibit X-A-1.

The Rate data table provides rate and subsidy values used in the calculation of Quota Share Premium and Credit Premium. The Merit Rating data table provides the merit rating factors that are used in the calculation of Quota Share Premium and Credit Premium. The Credit Factors table provides the applicable credit factors that are used in the calculation of Quota Share Credit Premium.

4. LADA Volume Limitation Report

The LADA Volume Limitation report calculates the limitation of the additional MAIP assigned exposures an ARC may write on behalf of other Members, pursuant to a LADA, in accordance with Rule 36.C. Refer to Exhibit IV-D-1 from Chapter IV of this Manual.

5. Historical Quota Share Summary

The Historical Quota Share Summary report provides summarized Quota Share premium data as of the last day of each month for a selected date range. The report provides voluntary exposures and MAIP Quota Share and credit premium calculated using statistically reported data on an individual company and an industry basis. Refer to Exhibit X-E-2.

6. Premium and Loss Reports

The Premium and Loss reports provide summary policy year information for statistically reported MAIP assignment data. The reports are available on an individual company and an industry basis and display frequency and severity, earned and written premium, and policy year loss ratio data. These reports are located on the MAIP Company Access page of CAR's website, under the Premium and Loss Reports link. Refer to Exhibits X-E-3, X-E-4 and X-E-5.

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Exhibit X-A-1

Commonwealth Automobile Reinsurers - Massachusetts Automobile Insurance Plan
Private Passenger Automobile - Quota Share and Assignment Order Report
Reflects Statistically Reported Data for Policy Effective Months 5/2018 Through Effective 4/2019 Reported Through 4/2019 MAS Due Date
Voluntary Exposures Include Policies Effective 5/2018 through 4/2019 Reported Through 4/2019 MAS Due Date
Reflects Assignments Made Prior to July 12, 2019

Company	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Voluntary Exposures	Voluntary Market Share	MAIP Premium	MAIP Credit Premium	MAIP Quota Share	Adjusted MAIP Quota Share	Over (Under) Ought To Have MAIP Premium	Over (Under) Percent
	(1)/(1) total			(2)/(3)+(4) total	(5)-(4) (not < 0)	(6)-(4)	(3)-(6)	(3)/(6)
Commerce Insurance Company	1,092,734	23.99%	42,658,940	151,144,555	238,459,712	87,315,157	-44,656,217	49%
United Services Automobile Association	164,373	3.61%	8,086,807	19,317,881	35,869,972	16,552,091	-8,465,284	49%
Metropolitan Property and Casualty Ins Co	157,644	3.46%	1,639,519	31,045,833	34,401,550	3,355,717	-1,716,198	49%
Safety Insurance Company	396,076	8.69%	15,791,261	54,111,984	86,432,900	32,320,916	-16,529,655	49%
The Premier Insurance Company of Massachusetts	156,102	3.43%	4,272,499	25,320,273	34,065,050	8,744,777	-4,472,278	49%
Amica Mutual Insurance Company	147,987	3.25%	10,081,762	11,659,684	32,294,170	20,634,486	-10,552,724	49%
Norfolk & Dedham Mutual Fire Insurance Company	53,673	1.18%	3,591,027	4,363,475	11,712,684	7,349,209	-3,758,182	49%
NGM Insurance Company	44,397	0.97%	3,803,543	1,904,886	9,688,447	7,783,561	-3,980,018	49%
Arbella Mutual Insurance Company	363,588	7.98%	8,390,756	62,177,720	79,343,271	17,165,551	-8,774,795	49%
AIG Property Casualty Company	3,524	0.08%	347,844	58,696	769,018	710,322	-362,478	49%
State Farm Mutual Automobile Insurance Company	20,172	0.44%	1,424,262	1,496,696	4,401,995	2,905,299	-1,481,037	49%
Plymouth Rock Assurance Corporation	281,166	6.17%	483,278	60,373,508	61,356,893	983,385	-500,107	49%
Privilege Underwriters Reciprocal Exchange (PURE)	6,869	0.15%	572,409	336,600	1,498,974	1,162,374	-589,965	49%
Harleysville Worcester Group	2,094	0.05%	196,272	59,399	456,959	397,560	-201,288	49%
Quincy Mutual Fire Insurance Company	75,626	1.68%	2,736,045	10,968,971	16,503,334	5,534,363	-2,798,318	49%
Vermont Mutual Ins Co	53,063	1.16%	2,108,856	7,317,979	11,579,568	4,261,589	-2,152,733	49%
Trumbull/Hartford	402	0.01%	38,149	12,445	87,726	75,281	-37,132	51%
Bankers Standard Insurance Company	12,256	0.27%	1,243,151	235,598	2,674,541	2,438,943	-1,195,792	51%
Electric Insurance Company	11,337	0.25%	383,439	1,723,289	2,473,994	750,705	-367,266	51%
IDS Property & Casualty	11,630	0.26%	607,717	1,366,902	2,537,934	1,171,032	-563,315	52%
Farm Family Casualty Insurance Company	7,594	0.17%	364,355	963,685	1,657,186	693,501	-329,146	53%
Middlesex Insurance Company	240	0.01%	7,491	39,074	52,374	13,300	-5,809	56%
Government Employees Insurance Company	577,371	12.67%	0	203,763,851	125,995,642	0	0	Undefined
Progressive Direct Ins Company	195,548	4.29%	0	50,053,713	42,673,075	0	0	Undefined
Hanover Insurance Company	142,923	3.14%	0	34,707,838	31,189,088	0	0	Undefined
Allstate Insurance Company	72,473	1.59%	0	22,533,433	15,815,277	0	0	Undefined
Preferred Mutual Ins Co	30,753	0.68%	0	6,914,677	6,711,012	0	0	Undefined
Occidental Fire & Casualty	25,852	0.57%	0	13,505,224	5,641,501	0	0	Undefined
Green Mountain Insurance Company	14,118	0.31%	0	3,560,060	3,080,873	0	0	Undefined
Esurance Insurance Company	10,253	0.23%	0	2,847,308	2,237,441	0	0	Undefined
The Cincinnati Insurance Company	788	0.02%	0	318,879	171,960	0	0	Undefined
Integon National Insurance Company	15,408	0.34%	37,559	3,729,277	3,362,380	0	37,559	Undefined
Liberty Mutual Insurance Company	407,289	8.94%	73,368	97,202,633	88,879,835	0	73,368	Undefined
Total	4,555,323	100.00%	108,940,309	885,136,026	994,076,335	222,319,117		

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Exhibit X-A-2

Commonwealth Automobile Reinsurers -- Massachusetts Automobile Insurance Plan
 Private Passenger Automobile
 Quota Share -- Data By Source

Reflects Statistically Reported Data for Policy Effective Months 5/2018 Through Effective 4/2019 Reported Through 4/2019 MAS Due Date
 Voluntary Exposures Include Policies Effective 5/2018 through 4/2019 Reported Through 4/2019 MAS Due Date
 Reflects Assignments Made Prior to July 12, 2019

Co	Voluntary PDL Exposures				MAIP Premium				MAIP Credit Premium							Sale and Transfer	Total
	Group	Stat	Data	Total	Stat	Newly	Data	Total	MAIP	MAIP	CAR	Credit	Data				
		Reported	Quality											Vol	Reported		
Vol	Expo	Adjust	Expo	Prem	Premium	Adjust	Prem	Credits	Credits	Credits	Adjust	Adjust	Adjust	Credits			
033	72,473	0	72,473	0	0	0	0	27,361,548	0	0	-28,115	0	-4,800,000	22,533,433			
118	6,869	0	6,869	507,446	64,963	0	572,409	336,600	0	0	0	0	0	336,600			
141	30,753	0	30,753	0	0	0	0	4,670,094	0	0	-180,417	0	2,425,000	6,914,677			
153	363,588	0	363,588	6,892,524	1,498,232	0	8,390,756	59,725,691	2,553,097	0	-101,068	0	0	62,177,720			
193	15,408	0	15,408	37,559	0	0	37,559	3,752,511	5,601	0	-28,835	0	0	3,729,277			
194	12,256	0	12,256	1,075,026	168,125	0	1,243,151	290,101	0	0	-54,503	0	0	235,598			
201	3,524	0	3,524	306,169	41,675	0	347,844	62,010	0	0	-3,314	0	0	58,696			
259	788	0	788	0	0	0	0	18,879	0	0	0	0	300,000	318,879			
279	1,092,734	0	1,092,734	38,035,781	4,623,159	0	42,658,940	150,697,179	992,394	0	-545,018	0	0	151,144,555			
309	11,337	0	11,337	361,797	21,642	0	383,439	1,224,478	0	0	-1,189	0	500,000	1,723,289			
323	10,253	0	10,253	0	0	0	0	2,936,375	0	0	-89,067	0	0	2,847,308			
354	147,987	0	147,987	8,926,007	1,155,755	0	10,081,762	11,696,308	0	0	-36,624	0	0	11,659,684			
362	7,594	0	7,594	327,990	36,365	0	364,355	971,443	0	0	-7,758	0	0	963,685			
418	11,630	0	11,630	511,520	96,197	0	607,717	1,366,902	0	0	0	0	0	1,366,902			
429	577,371	0	577,371	0	0	0	0	204,612,503	0	0	-848,652	0	0	203,763,851			
444	14,118	0	14,118	0	0	0	0	2,061,513	0	0	-1,453	0	1,500,000	3,560,060			
455	142,923	0	142,923	0	0	0	0	32,870,303	33,500	0	-195,965	0	2,000,000	34,707,838			
514	407,289	0	407,289	73,368	0	0	73,368	85,661,381	0	0	-958,748	4,500,000	8,000,000	97,202,633			
530	53,063	0	53,063	2,054,769	54,087	0	2,108,856	3,826,894	0	0	-8,915	0	3,500,000	7,317,979			
585	157,644	0	157,644	1,448,693	190,826	0	1,639,519	31,355,903	0	0	-310,070	0	0	31,045,833			
602	240	0	240	0	7,491	0	7,491	39,074	0	0	0	0	0	39,074			
612	44,397	0	44,397	3,491,133	312,410	0	3,803,543	1,883,011	29,681	0	-7,806	0	0	1,904,886			
664	56,170	-2,497	53,673	3,115,028	475,999	0	3,591,027	4,492,230	0	0	-4,553	-124,202	0	4,363,475			
686	25,852	0	25,852	0	0	0	0	21,262,958	0	0	-657,734	0	-7,100,000	13,505,224			
723	166,852	-10,750	156,102	3,867,407	405,092	0	4,272,499	27,735,913	0	0	-186,227	-2,229,413	0	25,320,273			
731	281,166	0	281,166	289,619	193,659	0	483,278	65,285,065	628,971	0	-540,528	-4,500,000	-500,000	60,373,508			
773	396,076	0	396,076	14,326,524	1,464,737	0	15,791,261	51,462,072	2,692,569	0	-42,657	0	0	54,111,984			
785	214,316	-18,768	195,548	0	0	0	0	68,460,951	0	0	-1,993,535	-4,588,703	-11,825,000	50,053,713			
828	20,172	0	20,172	1,281,722	142,540	0	1,424,262	1,496,696	0	0	0	0	0	1,496,696			
893	217	185	402	0	38,149	0	38,149	8,717	0	0	0	3,728	0	12,445			
907	164,373	0	164,373	7,224,941	861,866	0	8,086,807	19,797,217	0	0	-479,336	0	0	19,317,881			
963	2,094	0	2,094	168,564	27,708	0	196,272	59,399	0	0	0	0	0	59,399			
988	75,626	0	75,626	2,556,623	179,422	0	2,736,045	4,776,823	204,833	0	-12,685	0	6,000,000	10,968,971			
Total	4,587,153	-31,830	4,555,323	96,880,210	12,060,099	0	108,940,309	882,258,742	7,140,646	0	-7,324,772	-6,938,590	0	885,136,026			

Exhibit X-A-3



NATALIE A. HUBLEY
 PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110
 www.commauto.com 617-338-4000

AUTHORIZATION FOR THE SALE AND TRANSFER OF MAIP CREDITS

Selling Company, pursuant to Rule 29.F, agrees to
 transfer excess MAIP credits to
Receiving Company

in accordance with the following terms (provide description below):

Credits will be calculated and transferred monthly (corresponding to the monthly submission dates of statistical data) for the following period:

Starting Quota Share Report Date:
 Ending Quota Share Report Date:

Seller Authorization

Buyer Authorization

Name:	<input type="text"/>	<input type="text"/>
Title:	<input type="text"/>	<input type="text"/>
Address:	<input type="text"/>	<input type="text"/>
E-mail:	<input type="text"/>	<input type="text"/>
Signature:	<input type="text"/>	<input type="text"/>
Date:	<input type="text"/>	<input type="text"/>

Please return form to CAR

Commonwealth Automobile Reinsurers
 Timothy Galligan
 101 Arch Street
 Suite 400
 Boston, MA 02110
 (617) 338-5422 (fax)
 ActStat@commauto.com

For CAR use only

Confirmation Signature

CAR confirms that the authorized transfer of credits is in accordance with CAR rules and procedures.

Print

Exhibit X-B-1

Commonwealth Automobile Reinsurers
MAIP Quota Share
Scenario One - Basic Sale of Credit Premium

Table 1. Month One - Quota Share results reflecting Base Update - Before excess credit premium transfer.

1	2	3	4	5	6	7	8	
Group	Voluntary Market Share	MAIP Premium	MAIP Credit Premium	MAIP Quota Share	Adjusted MAIP Quota Share	Credit Adjusted Quota Share	Over(Under) Ought To Have MAIP Premium	Over (Under) Percent
	(1)/(1) _{Total}			(2)*[(3)+(4)] _{Total}	(5)-(4), not < 0		(3)-(6)	(3)/(6)
A	40%	600,000,000	120,000,000	840,000,000	720,000,000.00	46.75%	(120,000,000)	83.3%
B	20%	300,000,000	100,000,000	420,000,000	320,000,000.00	20.78%	(20,000,000)	93.8%
C	15%	225,000,000	90,000,000	315,000,000	225,000,000.00	14.61%	-	100.0%
D	15%	225,000,000	40,000,000	315,000,000	275,000,000.00	17.86%	(50,000,000)	81.8%
E	10%	150,000,000	250,000,000	210,000,000	-	0.00%	Undefined	Undefined
Total	100%	1,500,000,000	600,000,000	2,100,000,000	1,540,000,000.00	100.00%	(190,000,000)	
					Comp E Excess Available		40,000,000	

Table 2. Month One - Quota Share results reflecting Base Update - After \$40,000,000 excess credit premium transfer.

1	2	3	4	5	6	7	8	
Group	Voluntary Market Share	MAIP Premium	MAIP Credit Premium	MAIP Quota Share	Adjusted MAIP Quota Share	Credit Adjusted Quota Share	Over(Under) Ought To Have MAIP Premium	Over (Under) Percent
	(1)/(1) _{Total}			(2)*[(3)+(4)] _{Total}	(5)-(4), not < 0		(3)-(6)	(3)/(6)
A	40%	600,000,000	120,000,000	840,000,000	720,000,000.00	48.00%	(120,000,000)	83.3%
B	20%	300,000,000	100,000,000	420,000,000	320,000,000.00	21.33%	(20,000,000)	93.8%
C	15%	225,000,000	90,000,000	315,000,000	225,000,000.00	15.00%	-	100.0%
D	15%	225,000,000	80,000,000	315,000,000	235,000,000.00	15.67%	(10,000,000)	95.7%
E	10%	150,000,000	210,000,000	210,000,000	-	0.00%	150,000,000	#DIV/0!
Total	100%	1,500,000,000	600,000,000	2,100,000,000	1,500,000,000.00	100.00%	-	
			Sale E to D	40,000,000	Comp E Excess Available		-	

Exhibit X-B-2

Commonwealth Automobile Reinsurers
MAIP Quota Share
Scenario One - Basic Sale of Credit Premium
(Seller does not have enough excess credit premium)

Table 3. Month Six - Quota Share results - Before excess credit transfer. Table shows excess credit premium < \$40,000,000.

1	2	3	4	5	6	7	8	
Group	Voluntary Market Share	MAIP Premium	MAIP Credit Premium	MAIP Quota Share	Adjusted MAIP Quota Share	Credit Adjusted Quota Share	Over(Under) Ought To Have MAIP Premium	Over (Under) Percent
	(1)/(1) _{Total}			(2)*[(3)+(4)] _{Total}	(5)-(4), not < 0		(3)-(6)	(3)/(6)
A	40%	600,000,000	120,000,000	840,000,000	720,000,000.00	46.91%	(120,000,000)	83.3%
B	20%	300,000,000	105,000,000	420,000,000	315,000,000.00	20.52%	(15,000,000)	95.2%
C	15%	225,000,000	90,000,000	315,000,000	225,000,000.00	14.66%	-	100.0%
D	15%	225,000,000	40,000,000	315,000,000	275,000,000.00	17.92%	(50,000,000)	81.8%
E	10%	150,000,000	245,000,000	210,000,000	-	0.00%	Undefined	Undefined
Total	100%	1,500,000,000	600,000,000	2,100,000,000	1,535,000,000.00	100.01%	(185,000,000)	
		Sale E to D	-	Comp E Excess Available		35,000,000		

Table 4. Month Six - Quota Share results - After excess credit transfer of \$40,000,000.

1	2	3	4	5	6	7	8	
Group	Voluntary Market Share	MAIP Premium	MAIP Credit Premium	MAIP Quota Share	Adjusted MAIP Quota Share	Credit Adjusted Quota Share	Over(Under) Ought To Have MAIP Premium	Over (Under) Percent
	(1)/(1) _{Total}			(2)*[(3)+(4)] _{Total}	(5)-(4), not < 0		(3)-(6)	(3)/(6)
A	40%	600,000,000	120,000,000	840,000,000	720,000,000.00	48.00%	(120,000,000)	83.3%
B	20%	300,000,000	105,000,000	420,000,000	315,000,000.00	21.00%	(15,000,000)	95.2%
C	15%	225,000,000	90,000,000	315,000,000	225,000,000.00	15.00%	-	100.0%
D	15%	225,000,000	80,000,000	315,000,000	235,000,000.00	15.67%	(10,000,000)	95.7%
E	10%	150,000,000	205,000,000	210,000,000	5,000,000.00	0.33%	145,000,000	3000.0%
Total	100%	1,500,000,000	600,000,000	2,100,000,000	1,500,000,000.00	100.00%	-	
		Sale E to D	40,000,000	Comp E Excess Available		-		

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Commonwealth Automobile Reinsurers
MAIP Quota Share
Scenario Two - Credit Sale Resulting in Negative Premium

Table 1. Month One - Quota Share results reflecting Base Update - Before excess credit premium transfer.

1	2	3	4	5	6	7	8	
Group	Voluntary Market Share	MAIP Premium	MAIP Credit Premium	MAIP Quota Share	Adjusted MAIP Quota Share	Credit Adjusted Quota Share	Over(Under) Ought To Have MAIP Premium	Over (Under) Percent
	(1)/(1) _{total}			(2)/(3)+(4) _{total}	(5)-(4), not < 0		(3)-(6)	(3)/(6)
A	40%	600,000,000	-	840,000,000	840,000,000.00	44.44%	(240,000,000)	71.4%
B	20%	300,000,000	-	420,000,000	420,000,000.00	22.22%	(120,000,000)	71.4%
C	15%	225,000,000	-	315,000,000	315,000,000.00	16.67%	(90,000,000)	71.4%
D	15%	225,000,000	-	315,000,000	315,000,000.00	16.67%	(90,000,000)	71.4%
E	10%	150,000,000	600,000,000	210,000,000	-	0.00%	Undefined	Undefined
Total	100%	1,500,000,000	600,000,000	2,100,000,000	1,890,000,000.00	100.0%	(540,000,000)	
				Comp E Excess Available		390,000,000		

Table 2. Month One - Quota Share results reflecting Base Update - After \$240,000,000 excess credit premium transfer.

1	2	3	4	5	6	7	8	
Group	Voluntary Market Share	MAIP Premium	MAIP Credit Premium	MAIP Quota Share	Adjusted MAIP Quota Share	Credit Adjusted Quota Share	Over(Under) Ought To Have MAIP Premium	Over (Under) Percent
	(1)/(1) _{total}			(2)/(3)+(4) _{total}	(5)-(4), not < 0		(3)-(6)	(3)/(6)
A	40%	600,000,000	240,000,000	840,000,000	600,000,000.00	36.36%	-	100.0%
B	20%	300,000,000	-	420,000,000	420,000,000.00	25.45%	(120,000,000)	71.4%
C	15%	225,000,000	-	315,000,000	315,000,000.00	19.09%	(90,000,000)	71.4%
D	15%	225,000,000	-	315,000,000	315,000,000.00	19.09%	(90,000,000)	71.4%
E	10%	150,000,000	360,000,000	210,000,000	-	0.00%	Undefined	Undefined
Total	100%	1,500,000,000	600,000,000	2,100,000,000	1,650,000,000.00	100.0%	(300,000,000)	
			Sale E to A	240,000,000	Comp E Excess Available	150,000,000		

Table 3. Month Six - Quota Share results reflecting Base Update - Before transfer. Table shows No Excess Credit Premium For Comp E

1	2	3	4	5	6	7	8	
Group	Voluntary Market Share	MAIP Premium	MAIP Credit Premium	MAIP Quota Share	Adjusted MAIP Quota Share	Credit Adjusted Quota Share	Over(Under) Ought To Have MAIP Premium	Over (Under) Percent
	(1)/(1) _{total}			(2)/(3)+(4) _{total}	(5)-(4), not < 0		(3)-(6)	(3)/(6)
A	40%	600,000,000	-	840,000,000	600,000,000.00	56.00%	(240,000,000)	71.4%
B	20%	300,000,000	-	420,000,000	420,000,000.00	28.00%	(120,000,000)	71.4%
C	15%	225,000,000	200,000,000	315,000,000	115,000,000.00	7.67%	110,000,000	195.7%
D	15%	225,000,000	200,000,000	315,000,000	115,000,000.00	7.67%	110,000,000	195.7%
E	10%	150,000,000	200,000,000	210,000,000	10,000,000.00	0.67%	140,000,000	1500.0%
Total	100%	1,500,000,000	600,000,000	2,100,000,000	1,500,000,000.00	100.0%	-	
			Sale E to A	-	Comp E Excess Available	-		

Table 4. Month Six - Quota Share results - After excess credit transfer of \$240,000,000. Table shows resulting negative Comp E credits.

1	2	3	4	5	6	7	8	
Group	Voluntary Market Share	MAIP Premium	MAIP Credit Premium	MAIP Quota Share	Adjusted MAIP Quota Share	Credit Adjusted Quota Share	Over(Under) Ought To Have MAIP Premium	Over (Under) Percent
	(1)/(1) _{total}			(2)/(3)+(4) _{total}	(5)-(4), not < 0		(3)-(6)	(3)/(6)
A	40%	600,000,000	240,000,000	840,000,000	640,000,000.00	40.00%	(40,000,000)	93.8%
B	20%	300,000,000	-	420,000,000	420,000,000.00	28.00%	(120,000,000)	71.4%
C	15%	225,000,000	200,000,000	315,000,000	115,000,000.00	7.67%	110,000,000	195.7%
D	15%	225,000,000	200,000,000	315,000,000	115,000,000.00	7.67%	110,000,000	195.7%
E	10%	150,000,000	(40,000,000)	210,000,000	250,000,000.00	16.67%	(100,000,000)	60.0%
Total	100%	1,500,000,000	600,000,000	2,100,000,000	1,500,000,000.00	100.0%	-	
			Sale E to A	240,000,000	Comp E Excess Available	-		

Table 5. Month Six - Quota Share Report reflecting second adjustment necessitated by Company E's negative credit position.

1	2	3	4	5	6	7	8	
Group	Voluntary Market Share	MAIP Premium	MAIP Credit Premium	MAIP Quota Share	Adjusted MAIP Quota Share	Credit Adjusted Quota Share	Over(Under) Ought To Have MAIP Premium	Over (Under) Percent
	(1)/(1) _{total}			(2)/(3)+(4) _{total}	(5)-(4), not < 0		(3)-(6)	(3)/(6)
A	40%	600,000,000	200,000,000	840,000,000	640,000,000.00	42.67%	(40,000,000)	93.8%
B	20%	300,000,000	-	420,000,000	420,000,000.00	28.00%	(120,000,000)	71.4%
C	15%	225,000,000	200,000,000	315,000,000	115,000,000.00	7.67%	110,000,000	195.7%
D	15%	225,000,000	200,000,000	315,000,000	115,000,000.00	7.67%	110,000,000	195.7%
E	10%	150,000,000	-	210,000,000	210,000,000.00	14.00%	(60,000,000)	71.4%
Total	100%	1,500,000,000	600,000,000	2,100,000,000	1,500,000,000.00	100.0%	-	
			Sale E to A	240,000,000	Comp E Excess Available	-		
			Adjustment	(40,000,000)				
			Total E to A	200,000,000				

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Commonwealth Automobile Reinsurers
Private Passenger Automobile
Excess Credit Premium Sales By Company
Included in the April 2019 Quota Share Report

Selling Company	Buying Company	Amount
Occidental Fire and Casualty Company of NC	Preferred Mutual Insurance Company	\$1,100,000
Progressive Direct Insurance Company	Preferred Mutual Insurance Company	\$1,325,000
Allstate Insurance Company	The Cincinnati Insurance Company	\$300,000
Plymouth Rock Assurance Corporation	Electric Insurance Company	\$500,000
Allstate Insurance Company	Green Mountain Insurance Company, Inc.	\$1,500,000
Progressive Direct Insurance Company	Hanover Insurance Company, The	\$2,000,000
Allstate Insurance Company	Liberty Mutual Insurance Company	\$3,000,000
Progressive Direct Insurance Company	Liberty Mutual Insurance Company	\$5,000,000
Progressive Direct Insurance Company	Vermont Mutual Insurance Company	\$3,500,000
Occidental Fire and Casualty Company of NC	Quincy Mutual Fire Insurance Company	\$6,000,000

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COMMONWEALTH AUTOMOBILE REINSURERS

Industry Access						
Historical Quota Share Summary						
<p>This report provides a snapshot of certain values from the Quota Share and Data By Source reports as of the last day of each month. Voluntary Exposures, MAIP Statistically Reported Quota Share Premium, MAIP Statistically Reported Credit Premium, and Newly Assigned MAIP Quota Share Premium are provided.</p> <p>To save this data, click the "Export to Excel" link above the table.</p>						
<p>Selection Criteria</p> <p>Start Date: Jan ▼ 2019 ▼ End Date: Jul ▼ 2019 ▼</p> <p>Retrieve Data</p>						
<p>Quota Share Month End</p> <p>6 Records Export to Excel</p>						
Company	Report Date	Voluntary Exposures	Stat Reported Calculated MAIP Premium	Stat Reported Calculated Credit Premium	Newly Assigned Premium	Total MAIP Premium in Quota Share
IND	1/31/2019	4,537,425	99,756,010	880,385,539	10,273,293	110,029,303
IND	2/28/2019	4,539,007	99,193,430	883,298,577	10,952,797	110,146,227
IND	3/31/2019	4,537,096	98,328,512	886,417,678	12,358,770	110,687,282
IND	4/30/2019	4,540,314	97,445,465	884,610,903	12,854,424	110,299,889
IND	5/31/2019	4,554,547	97,353,360	886,569,337	11,602,459	108,955,819
IND	6/30/2019	4,554,921	96,880,210	885,123,581	10,487,720	107,367,930

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Commonwealth Automobile Reinsurers
 Incurred Loss, Incurred Claim Counts, PDL Earned Exposures and PDL Written Exposures
 MAIP Assignment Data (CAR ID 9)
 Statistically Reported Data Through March 31, 2019

		Industry													
Pol Year	Pol Qtr	BI Loss	BI Claim Count	NF Loss	NF Claim Count	PDL Loss	PDL Claim Count	COL Loss	COL Claim Count	OTC Loss	OTC Claim Count	Total Loss	Total Claim Count	PDL Earned Exposure	PDL Written Exposure
2015	1	7,827,372	804	1,905,134	494	7,379,179	2,160	5,243,148	1,336	1,860,625	2,015	24,015,458	6,809	14,478	14,478
	2	7,292,403	743	1,621,218	413	7,559,675	2,073	4,855,581	1,210	1,695,074	1,800	23,023,951	6,239	14,491	14,491
	3	7,325,845	658	1,753,407	419	6,706,035	1,950	4,574,136	1,159	1,357,286	1,680	21,716,709	5,846	13,551	13,551
	4	6,881,153	689	1,564,074	408	6,784,960	1,868	4,363,739	1,093	1,105,288	1,438	20,519,214	5,474	11,982	11,982
2015 Total		29,126,773	2,874	6,843,833	1,734	28,429,849	8,051	19,056,604	4,798	5,818,273	6,911	89,275,332	24,368	54,502	54,502
2016	1	9,293,185	828	2,055,072	519	8,488,663	2,348	5,540,971	1,443	1,560,340	1,902	26,938,211	7,040	14,722	14,722
	2	8,895,016	829	1,861,186	496	8,337,918	2,314	5,452,825	1,382	1,524,754	1,718	25,871,499	6,739	15,742	15,742
	3	7,898,645	729	1,898,091	470	8,076,702	2,326	5,198,495	1,381	1,459,033	1,759	24,526,968	6,865	15,348	15,348
	4	6,859,436	652	1,775,627	441	7,444,514	2,121	4,972,557	1,263	1,314,460	1,634	22,366,594	6,111	13,233	13,233
2016 Total		32,746,262	3,038	7,587,976	1,926	32,347,797	9,109	21,162,848	5,469	5,858,587	7,013	99,703,270	26,555	59,045	59,045
2017	1	7,808,906	779	2,518,710	602	8,278,761	2,401	5,642,189	1,541	1,904,657	1,888	26,155,223	7,311	15,312	15,312
	2	8,789,179	843	2,385,942	570	8,840,451	2,381	5,630,782	1,401	1,733,242	1,818	27,359,606	6,993	15,622	15,622
	3	7,626,569	730	2,600,237	627	7,998,802	2,076	5,579,777	1,337	1,841,247	1,800	25,846,832	6,570	14,182	14,182
	4	7,176,430	634	2,299,335	515	7,178,004	1,878	5,336,168	1,216	1,476,943	1,572	23,466,878	5,815	12,283	12,283
2017 Total		31,602,084	2,986	9,784,224	2,314	32,297,018	8,716	22,188,924	5,485	6,956,089	7,178	102,828,339	26,689	57,399	57,399
2018	1	8,340,080	750	3,123,000	741	7,092,071	2,072	5,871,673	1,378	1,610,198	1,766	26,037,022	6,727	13,853	13,853
	2	6,338,798	587	2,761,672	682	6,169,982	1,791	4,851,302	1,115	1,267,403	1,355	21,389,357	5,490	12,882	14,163
	3	4,593,490	435	1,973,636	489	4,687,129	1,333	3,668,189	909	907,701	954	15,830,345	4,120	9,074	13,703
	4	2,233,036	201	1,047,804	292	2,411,800	773	1,998,857	435	474,496	515	8,168,133	2,216	4,996	12,359
2018 Total		21,505,404	1,953	8,906,572	2,184	20,361,062	5,969	16,390,021	3,837	4,259,798	4,610	71,422,857	18,553	40,585	54,078
2019	1	654,118	70	382,668	115	781,937	252	464,243	139	111,147	143	2,394,113	719	1,933	14,779
2019 Total		654,118	70	382,668	115	781,937	252	464,243	139	111,147	143	2,394,113	719	1,933	14,779
Total		115,634,641	10,921	33,505,273	8,273	114,217,863	32,087	79,262,440	19,738	23,003,894	25,855	365,623,911	96,884	213,464	238,803

Exhibit X-E-4

Commonwealth Automobile Reinsurers
 MAIP CAR ID 9 Data Reported Through March, 2019
 Industry

Policy Effective Year	Policy Effective Quarter	Earned Premium	Written Premium
2015	1	26,213,136	26,213,136
2015	2	25,548,162	25,548,162
2015	3	24,545,529	24,545,529
2015	4	21,870,965	21,870,965
2015 Total		98,177,792	98,177,792
2016	1	27,363,698	27,363,698
2016	2	27,896,411	27,896,411
2016	3	28,693,933	28,693,933
2016	4	25,689,498	25,689,498
2016 Total		109,643,540	109,643,540
2017	1	29,806,849	29,806,849
2017	2	29,170,630	29,170,630
2017	3	27,139,723	27,139,723
2017	4	24,166,428	24,166,428
2017 Total		110,283,630	110,283,630
2018	1	27,601,289	27,601,289
2018	2	24,622,605	27,569,139
2018	3	18,006,062	27,263,410
2018	4	10,091,835	24,948,561
2018 Total		80,321,791	107,382,399
2019	1	3,976,982	30,218,457
2019 Total		3,976,982	30,218,457
Total		402,403,735	455,705,818

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Commonwealth Automobile Reinsurers
Reported Loss Ratios¹ By Accounting Quarter

Policy Year: 2015 to 2019
Company Industry
Print Date: 07/27/2019

Pol Yr	March	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March
2015 As of	2015	2015	2015	2015	2016	2016	2016	2016	2017	2017	2017	2017	2018	2018	2018	2018	2019
2015 Earned Premium	2,895,850	22,221,829	22,221,863	54,703,920	76,493,222	89,432,272	95,840,443	92,377,792	91,177,792	91,177,792	91,177,792	91,177,792	91,177,792	91,177,792	91,177,792	91,177,792	91,177,792
2015 Written Premium	20,602,941	96,291,798	85,173,908	104,493,188	103,604,851	94,949,579	94,911,295	95,395,696	94,180,454	94,180,454	94,180,454	94,180,454	94,180,454	94,180,454	94,180,454	94,180,454	94,180,454
2015 Incurred Loss	2,150,028	12,651,802	20,241,261	43,249,021	73,089,510	85,542,309	93,301,809	90,952,286	91,273,821	91,280,878	91,613,805	93,811,820	93,741,289	93,143,960	89,874,238	89,114,803	89,275,332
2015 Reported Loss Ratio	0.74	0.562	0.92	0.792	0.96	0.970	0.972	0.962	0.99	0.94	0.930	0.924	0.924	0.928	0.925	0.912	0.959
2016 As of	2016	2016	2016	2016	2017	2017	2017	2017	2018	2018	2018	2018	2019	2019	2019	2019	2019
2016 Earned Premium	4,104,420	16,181,036	14,949,254	53,803,022	60,822,935	64,223,277	107,902,855	103,641,540	103,641,540	103,641,540	103,641,540	103,641,540	103,641,540	103,641,540	103,641,540	103,641,540	103,641,540
2016 Written Premium	22,630,020	102,221,026	92,033,895	111,799,309	112,717,599	110,022,209	104,828,950	103,893,740	103,660,594	104,904,720	103,993,279	103,641,540	103,641,540	103,641,540	103,641,540	103,641,540	103,641,540
2016 Incurred Loss	3,894,261	16,383,836	15,149,478	53,679,637	60,145,149	67,215,900	103,907,546	103,854,886	103,768,368	103,903,313	103,844,708	103,602,705	103,708,070	103,708,070	103,708,070	103,708,070	103,708,070
2016 Reported Loss Ratio	0.95	0.95	1.034	0.997	1.004	1.054	0.964	0.964	0.964	0.997	0.93	0.92	0.912	0.906	0.906	0.906	0.906
2017 As of	2017	2017	2017	2017	2018	2018	2018	2018	2019	2019	2019	2019	2019	2019	2019	2019	2019
2017 Earned Premium	4,445,922	17,418,154	17,279,947	62,379,626	66,403,155	69,264,903	107,803,547	113,389,610	113,389,610	113,389,610	113,389,610	113,389,610	113,389,610	113,389,610	113,389,610	113,389,610	113,389,610
2017 Written Premium	25,760,325	98,187,271	92,213,742	118,021,944	113,112,149	111,425,267	113,422,909	113,299,097	113,280,850	113,280,850	113,280,850	113,280,850	113,280,850	113,280,850	113,280,850	113,280,850	113,280,850
2017 Incurred Loss	3,577,820	15,492,146	12,949,253	57,289,654	60,472,087	65,245,465	103,303,280	105,383,789	102,408,859	102,408,859	102,408,859	102,408,859	102,408,859	102,408,859	102,408,859	102,408,859	102,408,859
2017 Reported Loss Ratio	0.797	0.879	0.748	0.919	0.906	0.946	0.958	0.945	0.902	0.902	0.902	0.902	0.902	0.902	0.902	0.902	0.902
2018 As of	2018	2018	2018	2018	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019
2018 Earned Premium	4,302,990	16,391,622	14,916,269	58,722,620	60,262,789	60,262,789	60,262,789	60,262,789	60,262,789	60,262,789	60,262,789	60,262,789	60,262,789	60,262,789	60,262,789	60,262,789	60,262,789
2018 Written Premium	13,141,288	63,417,879	60,143,784	113,864,486	107,882,189	107,882,189	107,882,189	107,882,189	107,882,189	107,882,189	107,882,189	107,882,189	107,882,189	107,882,189	107,882,189	107,882,189	107,882,189
2018 Incurred Loss	24,321,321	12,294,927	28,377,889	53,040,657	71,422,857	71,422,857	71,422,857	71,422,857	71,422,857	71,422,857	71,422,857	71,422,857	71,422,857	71,422,857	71,422,857	71,422,857	71,422,857
2018 Reported Loss Ratio	0.56	0.749	0.920	0.902	0.902	0.902	0.902	0.902	0.902	0.902	0.902	0.902	0.902	0.902	0.902	0.902	0.902
2019 As of	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019
2019 Earned Premium	3,975,904	3,975,904	3,975,904	3,975,904	3,975,904	3,975,904	3,975,904	3,975,904	3,975,904	3,975,904	3,975,904	3,975,904	3,975,904	3,975,904	3,975,904	3,975,904	3,975,904
2019 Written Premium	20,218,957	20,218,957	20,218,957	20,218,957	20,218,957	20,218,957	20,218,957	20,218,957	20,218,957	20,218,957	20,218,957	20,218,957	20,218,957	20,218,957	20,218,957	20,218,957	20,218,957
2019 Incurred Loss	2,394,111	2,394,111	2,394,111	2,394,111	2,394,111	2,394,111	2,394,111	2,394,111	2,394,111	2,394,111	2,394,111	2,394,111	2,394,111	2,394,111	2,394,111	2,394,111	2,394,111
2019 Reported Loss Ratio	0.602	0.602	0.602	0.602	0.602	0.602	0.602	0.602	0.602	0.602	0.602	0.602	0.602	0.602	0.602	0.602	0.602

¹ Loss ratios reflect operations by reported date only and not calendar adjustments, reported only in 2019.

A. Assigned Risk Company and Assigned Risk Producer Responsibilities

1. Each Assigned Risk Company (ARC), including those Members that have executed a Limited Assignment Distribution Agreement (LADA) with another ARC, and each Assigned Risk Producer (ARP) must ensure that its own internal control and review procedures are sufficient to detect irregularities in the handling of Massachusetts Automobile Insurance Plan (MAIP) business. These procedures include, but are not limited to the following:
 - a. Ensuring that all MAIP Placement Records, premiums, and claims are accurately and promptly reported to the Commonwealth Automobile Reinsurers (CAR);
 - b. Ensuring that all reports, including those requested by special call, are completed accurately and promptly;
 - c. Ensuring that policies retained as voluntary or assigned through the MAIP are rated accurately, consistent with reported statistical coding and that voluntary or MAIP assigned claims are properly reported to CAR;
 - d. Ensuring full compliance with CAR's Plan and Rules of Operation.

Any internal irregularities identified must be immediately corrected.
2. Each Member, ARC or ARP is subject to audit by CAR. For additional information relative to the audits performed in accordance with CAR's Compliance Audit Program, refer to Sections C. and D. of this Chapter.
3. All motor vehicle insurance policies are subject to review and audit in a manner and time approved by the Governing Committee. Statistical data subject to audit will include but shall not be limited to private passenger business retained as voluntary and private passenger business assigned through the MAIP, including premium and claim statistical data. Members or ARCs are required to maintain all records for policies assigned through the MAIP for at least three calendar years following the last calendar year in which activity has occurred.
4. Each Member or ARC and ARP authorizes CAR to audit any portion of its motor vehicle insurance business that has a bearing on any credits,

penalties, determination of Quota Share, payment of claims, or any other issue relating to such business.

B. Commonwealth Automobile Reinsurers' Procedures

1. Internal Procedures

CAR shall maintain records of all identified errors or violations of CAR's Plan or Rules of Operation. Any significant errors or violations will be reported to CAR's Compliance and Operations Committee.

2. Audits of the Commonwealth Automobile Reinsurers

a. Internal Audits

Internal quality control reviews may be conducted by CAR's Compliance Audit Department. These audits may include reviews of operational, financial, and information technology transactions, procedures and controls. CAR's Compliance Audit Department may also oversee or assist external auditors or consultants retained by CAR for CAR-specific projects.

b. Independent Audits

An independent audit of CAR will be conducted annually by a public accounting firm recommended by CAR's Financial Audit Committee and approved by CAR's Governing Committee, with the scope of the engagement recommended by the Financial Audit Committee. At the conclusion of the audit engagement, a report from the public accounting firm and the complete financial statements will be presented to the Financial Audit Committee for approval. A copy of the financial statements is available upon written request to CAR.

C. Audits of Assigned Risk Companies

To fulfill its industry responsibilities as the Residual Market Administrator and Statistical Agent for motor vehicle insurance in the Commonwealth of Massachusetts, CAR conducts audits of reported statistical data as prescribed by the Compliance Audit Program approved by CAR's Governing Committee. The Hybrid Audit Plan is CAR's primary examination of private passenger data and is scheduled

for all ARCs at least once every five years. Refer to Section C.8 of this chapter for further information relative to scheduling of audits.

Audited ARCs, including those Members that have executed a LADA with an ARC, that write or service private passenger automobile insurance policies in Massachusetts and report statistical data to CAR must make available to CAR all documentation needed to verify the accuracy of reported data.

1. Hybrid Audit Plan

The Hybrid Audit Plan reviews and tests the accuracy of a company's reported premium and loss data and examines the underlying data utilized in Quota Share determination and for rate making. The Hybrid Audit Plan also verifies company compliance with the key statutory requirements of G.L. c. 175, § 113H and CAR's Rules of Operation. Accordingly, the Hybrid Audit Plan assures that policies that have been assigned through the MAIP are receiving the same level of service as those which are voluntarily written by a Member or ARC, tests the underwriting procedures and claim practices of the audited Member or ARC to ensure consistency within the voluntary and residual markets and monitors company fraud control efforts.

Each of the components of a Member's or ARC's audit is conducted using a structured random sample of premium and claim data selected from both MAIP and voluntary policies. The sample is verified at a 90% confidence level with a standard error rate of +/- 5%. The sample will consist of 400 policies and 270 of the policies have at least one claim.

Prior to the start of an audit, the Member or ARC to be audited must complete a Compliance Audit Claim Questionnaire that provides background information on its claims handling programs. Submission of the Compliance Audit Claim Questionnaire will certify that the company's claims handling practices comply at a minimum with the approved Private Passenger Claims Performance Standards. For additional information relative to the Compliance Audit Claim Questionnaire, refer to Appendix K – Compliance Audit Claim Questionnaire of the Private Passenger Claims Performance Standards which is available on CAR's website under the Manuals tab.

Refer to Section C. 4. of this Chapter for specific details relative to the components of the Hybrid Audit Plan.

2. Documentation and System Access Requirements

Upon request, a company must make documentation and system access available to CAR as of the audit start date included in the Notice of Audit. Documentation may include original documents, copies of scanned documents, or other reasonable facsimiles as required for audit completion. System access provides direct access to the company's computer systems on a read-only basis, to view information necessary to complete the audit. CAR will respect the level of supervision, confidentiality, and security that each Member or ARC is willing to provide relative to the access of company documents and its computer systems.

Documentation and system access requirements for the Hybrid Audit Plan shall include but are not limited to the following:

- a) Access to the premium underwriting system which shows all necessary information involved in declarations and endorsements for premium determination, including coverages, limits, deductibles, classification and territory, etc.

However, if the company only provides or allows CAR partial or no system access, the following shall be substituted:

- (1) Access to an imaging system which shows all declarations and endorsements.
- (2) Hardcopies of declarations and endorsements.
- (3) A print-out of data stored in a computer, provided it includes all information found on the declaration page.
- (4) Primary underwriting documentation, including, new business applications, anti-theft documentation, pre-insurance inspection forms, cancellation forms, and underwriter's notes.

This documentation may be provided through access to an imaging system or as an original hardcopy or a photocopy of the original document.

- (5) Printouts from the Registry of Motor Vehicles or access to the Registry of Motor Vehicles.

- b) Documentation and system access necessary to perform the claim statistical, Claims Performance Standards and SIU evaluation portions of the Hybrid Audit Plan, includes but is not limited to the following:
 - (1) Access to all source documentation within the claim system including check and payee information
 - (2) Access to the claim file details including police reports, ACORD forms, appraisals and adjuster's running notes
 - (3) Access to all source documentation related to legal, medical and all other expense details including explanation of expenses and costs
 - (4) Salvage/subrogation recovery records
 - (5) Access to all total loss source documentation including salvage facility invoices, actual cash value figures, and title of vehicle
- c) The audited Member or ARC is required to supply its voluntary rates on file with the Division of Insurance within the accounting dates of the audit scope, including all applicable rules and discounts. The ARC shall timely populate a data request developed by CAR that identifies each of the rating attributes noted in the applicable rate filings. Rate reperformance is then completed using the rating attributes as provided by the ARC as of the new business or renewal.

3. Compliance Audit Fees

a) System Access Fees

If the ARC determines that system access will not be made available to CAR, a fee will be assessed in consideration of the additional time and resources to be incurred by CAR in obtaining the documentation necessary to conduct the audit. The level of the fee is commensurate with the level of system access provided or allowed by the ARC.

Partial system access is defined as the ARC granting access to only the premium or claim, or any adjunct systems used to access source documents. The fee assessed will be \$12,000.

No system access is defined as the ARC not granting any direct access to the premium, claim, or any adjunct systems used to access source documents. The fee assessed will be \$24,000.

b) Late Access Fees

CAR will provide a minimum of 30 days between the Notice of Audit and the planned audit start date. If system access is not established timely, thus delaying the audit, a fee will be assessed in consideration of the additional time needed to complete testing. Delayed or late system access is defined as access that is not fully established and functioning as of the scheduled start date included in the Notice of Audit. The fee assessed will be \$1,000 per week.

c) Late Rate Data Fees

CAR will provide a minimum of 30 days between the date of distribution of the data request to the ARC and the due date for receipt of the populated data request. If the data request is not returned by the due date thus delaying the ability to rate the sampled policies, a fee of \$1,000 per week will be assessed in consideration of the additional time needed to complete testing.

Assessed fees will be processed as bulk adjustments to a company's Settlement of Balances and Member Participation Reports in the quarter subsequent to audit completion. Income generated by such assessments is dispersed to Member Companies through the Settlement of Balances as miscellaneous income using the administrative expense participation ratios.

4. Components of the Hybrid Audit Plan

The components of the Hybrid Audit Plan provide measurable results pertaining to:

a) Quota Share Data Quality

Fields from voluntary data that impact Quota Share will be analyzed to determine impact to market share and MAIP credit premium. Fields from MAIP data that impact Quota Share will be analyzed to determine impact to MAIP premium.

b) Rate Making Data Quality

Statistical data elements impacting rate making will be audited to identify recurring errors and evaluate accuracy within relevant exposures. In addition, any loss dollars (Indemnity or Allocated Loss Adjustment Expenses) reported in association with those errors will be identified.

c) Adherence to Statutory Requirements and CAR's Rules of Operation

(1) Lane-Bolling and Rate Verification

(2) Claims Performance Standards

For specific information relative to the Claims Performance Standards component of the Hybrid Audit Plan, refer to Appendix I – CAR Compliance Audit Claim Review Process of the Private Passenger Performance Standards which is available on CAR's website under the Manuals tab.

(3) Special Investigative Unit

In accordance with G.L. c. 175, § 113H, every Servicing Carrier is required to maintain a SIU to investigate suspicious claims and underwriting concerns on both voluntary policies and policies assigned through the MAIP. CAR, under the authority of Article III – Special Investigative Unit of CAR's Plan of Operation, monitors a Servicing Carrier's fraud control efforts and adherence to the established Claims Performance Standards and provides assistance to Members upon request. The Claims Performance Standards and CAR Rule 32 include requirements that encourage each Servicing Carrier to strongly support the activities of its own SIU department to resist the payment of fraudulent claims, establish fraud deterrents, and reduce losses. The SIU also must investigate suspicious circumstances surrounding underwriting, rating, and premium issues, and to annually conduct an audit of voluntary and MAIP policies to verify garaging and policy facts. An example of the completed audit report shall be annually emailed as an attachment to siulog@commauto.com.

ARC's are also required to maintain SIU Quarterly Activity Logs of claims and underwriting cases referred to the ARC's SIU department for investigation. The ARC shall upload all the referral activity into CAR's SIU System on a quarterly basis.

For additional information, refer to Appendix A – SIU Standards and Appendix J – CAR SIU File Review Process – MAIP Policies of the Private Passenger Performance Standards which are available on CAR's website under the Manuals tab.

5. Audit Conclusion Procedures

At various intervals during the Hybrid Audit Plan process, CAR provides the Member or ARC with a Status Report that details the audit exceptions identified. Once the audit is complete, the audited company and CAR will review the issues identified and when possible, reach agreement on the results. The Status Report is modified as needed, based upon additional source documentation provided and communication between the company and CAR. All unresolved issues will be clearly identified. Every error identified will be included in the company's final Status Report.

6. Hybrid Audit Plan Report

A report detailing Hybrid Audit Plan findings will be provided to the audited Member or ARC. Note that an abbreviated report will be issued when staff has determined that an expedited red-light assessment is appropriate as outlined in section 8 – Traffic Light Assessment Rating System. Remedial action required will be identified. CAR will provide the audited company with a period of time to review the report and to provide a response letter. In order to improve future reporting or claim handling practices, the response letter must outline the company's prospective plan of action to correct any identified irregularities. In addition, the response letter should address recurring errors resulting from a corporate decision not in agreement with the Massachusetts Private Passenger Automobile Statistical Plan, or the company filed voluntary rates, rules, and discounts.

The Compliance and Operations Committee will review and consider the results of the Hybrid Audit Plan report including any applicable remedial action required by CAR and the response provided by the audited company. The Committee will determine whether to accept the audit findings, direct CAR to develop a Corrective Action Plan for the

audited company (refer to Section C. 7. of this Chapter), or recommend potential punitive considerations to the Governing Committee.

The Hybrid Audit Plan report, including the company response letter, will be provided to the Division of Insurance

7. Corrective Action Plan

If recommended by the Compliance and Operations Committee, CAR will develop and conduct further focus audits of a company specific to the areas of concern identified in the Hybrid Audit Plan report. Results of the focus audits will be provided to the Compliance and Operations Committee.

8. Traffic Light Assessment Rating System

Audit results will be considered using a tiered approach:

A green-light evaluation is assigned if no significant quota share or ratemaking data issues are identified, and the ARC is compliant with all measured statutory requirements and CAR Rules. No further auditing is required, and the ARC remains in the five-year Hybrid Audit schedule.

A yellow-light evaluation may be assigned if quota share and/or ratemaking results are 2% greater than the current industry average error rate, and/or any statutory requirement or CAR Rule measured during the audit is determined as noncompliant. Further focus auditing within 12 to 18 months of the Hybrid Audit completion may be recommended to the Compliance and Operations Committee. Potential future penalties would also be included in the recommendation.

A red-light evaluation is assigned if continued noncompliance with the Statistical Plan and/or statutory requirements exists after the follow-up focus audit. Depending upon the extent of potential impact of non-compliant conditions, penalties will be assessed as follows:

If the non-compliance involves data elements that impact quota share or rate making data quality, then the ARC is subject to future monthly accounting statistical data penalties in accordance with the Private Passenger Statistical Plan (VII: 7) until a monthly submission with accurate data is reported. Also, the ARC is moved to a three-year Hybrid Audit schedule. Key data elements include, but are not limited to,

classification, territory/premium town, merit rating, exposure, premium/loss amounts, limit/coverage codes, and discounts.

If the non-compliance is limited to data elements with limited impact to quota share or rate making data quality, the ARC is subject to a \$1,000 penalty for each monthly submission that remains uncorrected until a submission with accurate data is reported. Note that only one penalty will be assessed for all companies within a group provided that the noncompliance is consistent within the group.

An expedited red-light evaluation may be recommended to the Compliance and Operations Committee for ARCs with high error rates after 100 policies with claims have been fully audited and quality assurance tested. In these instances, auditing will cease and an abbreviated report will be issued for the committee's consideration. All other audits continue to 100% completion.

To ensure the average error rate used for comparison purposes is based on audit results of companies that report in accordance with the Statistical Plan, only the results of ARCs assessed a green-light value since 2021 are included in the average error rate calculation.

9. Interim Summary Audits

Newly Writing Companies reporting interim summary data pursuant to Rule 29 of CAR's Rules of Operation to determine Quota Share will be audited upon receipt of sufficient exposures for sampling.

10. Focus Audits and Data Quality Reviews

Operational or statistical focus audits data quality reviews specifically target Member or ARC data quality issues that have an impact on rate making or Quota Share. The audits and reviews may apply to both voluntary and MAIP business and focus on identified areas of concern which have a bearing on credits, penalties, determination of Quota Share or any other issue relating to such business.

CAR may design and implement focus audits or data quality reviews in accordance with a Division of Insurance or CAR Committee directive, or as determined necessary by CAR.

The same documentation and system access requirements as described in Section C.2. of this Chapter apply.

D. Audits of Assigned Risk Producers

To ensure the integrity of the residual market mechanism and reported statistical data, additional audits or data quality summary reviews of ARPs will be conducted as determined necessary by CAR or as directed by the Division of Insurance or CAR committee.

The same documentation and system access requirements as described in Section C.2. of this Chapter apply.