

**A. Eligibility Requirements**

1. Applicants Eligible for the Massachusetts Automobile Insurance Plan (MAIP)

- a. A completed, signed application for assignment submitted to the MAIP shall constitute a certification by the applicant, or his duly authorized agent submitting the application on his behalf, to the effect that the applicant has attempted within 15 days prior to the date of application to obtain Motor Vehicle Insurance in the voluntary market and that he has been unable to obtain such insurance through a voluntary policy.
- b. An application shall be considered in good faith if the applicant reports all information of a material nature and does not make incorrect or misleading statements in the prescribed application form, or does not fall within any of the prohibitions or exclusions pursuant to Section A.3. of this Rule.
- c. The MAIP shall be available to residents and non-residents of the state only with respect to motor vehicles that are registered or will be registered in the state within 15 days, except that non-residents who are members of the United States military forces shall be eligible with respect to motor vehicles registered in other states provided such military non-residents are stationed in this state at the time application is made and are otherwise eligible for insurance under the Plan.

2. Motor Vehicles Eligible for Assignment

The MAIP shall accept for assignment applications to insure all types of motor vehicles that may be insured under a standard Private Passenger Motor Vehicle Insurance policy approved for use by the MAIP.

3. Applicants not Eligible for the MAIP

- a. No Assigned Risk Company (ARC) is required to offer or continue insurance to any applicant or insured in any of the following circumstances:

- (1) If any person who usually drives the motor vehicle does not hold or is not eligible to obtain an operator's license or fails to obtain such license as required by law; or
  - (2) If the applicant or any person who usually drives the motor vehicle has failed to pay an insurance company any motor vehicle insurance premiums due or contracted during the preceding 12 months; or
  - (3) An applicant shall not be entitled to physical damage insurance pursuant to Rule 27 nor shall any ARC be required to offer or continue to offer physical damage insurance if the applicant has failed to make the vehicle(s) available for inspection pursuant to 211 CMR 94.
- b. An applicant who is eligible for insurance shall not be placed in the MAIP in any of the following circumstances:
- (1) If a person obtains insurance through a group marketing plan pursuant to G.L. c. 175, § 193R; or
  - (2) 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 shall be eligible for insurance through the MAIP if any such entities have failed to meet its premium obligations as outlined above. If an entity owns the majority interest in another entity that in turn owns the majority interest in another entity, all entities so related shall be considered under the same majority ownership for purposes of this Rule.

**B. Reassignment Rights**

1. An ARC shall provide coverage to each applicant assigned to it. However, pursuant to Sections B.2. and 3. of this Rule, an applicant or policyholder may subsequently request reassignment to another Member if the applicant or policyholder can establish any one of the following:

- a. the applicant or policyholder has previously been involved as a plaintiff in litigation with the ARC;
  - b. the applicant or policyholder is currently involved as a plaintiff in litigation with the ARC;
  - c. the policyholder of an ARC filed a consumer complaint with the Division of Insurance against such ARC prior to the MAIP assignment;
  - d. the policyholder of an ARC filed a consumer complaint with the Attorney General against such ARC prior to the MAIP assignment;  
or
  - e. the applicant or policyholder has invoked his rights under a consumer protection statute regarding his relationship with the ARC (i.e. applicant has previously issued a Chapter 93A Demand Letter) prior to the MAIP assignment.
2. To request reassignment, an applicant or policyholder must complete the Request for Reassignment Form found in the MAP and provide the necessary documentation required by such form no later than 30 days following: 1) the date of the initial assignment through the MAIP, or 2) the annual policy renewal date.
  3. Pursuant to Rule 29.F.3., at no time may an applicant or policyholder request reassignment to a different Member if any outstanding premium balance is due the ARC. Furthermore, an applicant or policyholder may not for any reason request reassignment to a specific Member under this Section.
  4. If the reassignment of an applicant or a policyholder pursuant to Rule 26.B.1. results in assignment to a Member that has executed a Limited Assignment Distribution Agreement (LADA) with the ARC from which the applicant or the policyholder has requested reassignment, the MAIP shall apply the reassignment process until the applicant or the policyholder obtains insurance from another ARC.

**C. Clean-in-Three Risks**

All Clean-in-Three Risks with renewal dates during the period April 1, 2008 through March 31, 2011, shall not be non-renewed by a Member, subject to the exceptions identified in Rule 21.D.

**D. Re-Eligibility for the MAIP**

Applicants eligible for assignment in accordance with Section A. are subject to the following re-eligibility requirements.

1. New Application

Any applicant denied insurance under Section A. or cancelled under Section E. of this Rule may reapply to the MAIP as soon as the cause of ineligibility is removed.

- a. Applicants cancelled for non-payment of premium may reapply for assignment at any time provided no earned premium is owed the previous assigned company.
- b. If an applicant cancelled for non-payment of premium reapplies, provided such applicant is otherwise eligible, the application shall be accompanied by the deposit pursuant to Rule 28.
- c. Such application shall be considered a new application and the applicant shall be assigned to a Member pursuant to Rule 29 or reassigned to the prior Member, if applicable.

2. Renewal Application

Any policyholder, who fails to pay the renewal premium quoted by the ARC in accordance with these Rules, may reapply for assignment at any time.

- a. If the applicant reapplies, provided the applicant is otherwise eligible, the application shall be accompanied by the deposit pursuant to Rule 28.

- b. Such application shall be considered a new application and the applicant shall be assigned to a Member pursuant to Rule 29.

#### **E. Cancellations**

If a policy is cancelled by the ARC at any time or by the insured within 30 days of the effective date or the receipt of the policy, whichever is later, the return premium shall be computed pro rata. Policy in this instance includes the copy of the coverage selections page showing the final policy premium.

Nothing in these Rules should be construed to change the statutory obligations of companies to their producers or policyholders with regard to policy non-renewal or cancellation.

##### **1. Cancellation at the Request of the Policyholder**

If the policy is cancelled at the request of the insured later than 30 days from the effective date or later than 30 days from the receipt of the policy, whichever is later, the return premium shall be calculated on a short rate basis except that in the following cases the return premium shall be computed pro rata:

- a. If the policyholder has disposed of the vehicle, provided the policyholder obtains a new policy with the same company on another vehicle to become effective within 30 days of the date of cancellation;
- b. If the insured vehicle is repossessed under the terms of a financing agreement;
- c. If a vehicle is cancelled from a policy, the policy remaining in force on other vehicles, or if there remains in force in the name of the insured or his spouse, if a resident of the same household, and in the same company, a concurrent vehicle policy covering another vehicle;
- d. If the policyholder enters the military service of the United States of America;

- e. If the insured deletes or reduces any coverage and the policy remains in effect for other coverage;
  - f. If the policyholder requests cancellation of a policy because coverage has been replaced in the voluntary market, and provides the ARC written confirmation of the replacement coverage.
  - g. Theft of Vehicle or Plates
    - (1) If the insured vehicle is stolen or destroyed (total or constructive total loss) and cancellation is requested by the insured within 30 days following the date the vehicle was stolen or destroyed, the return premium for all coverages (including the premium for the coverages under which loss was paid) shall be calculated on a pro rata basis from the day following the date of such loss.
    - (2) If the insured's registration plates are stolen or destroyed, a lost plate affidavit is to be filed with the Registry of Motor Vehicles canceling only coverage with respect to such plates effective the day following the date of such loss, and the policy shall continue to provide coverage with respect to any replacement plates.
    - (3) If the insured files a lost plate affidavit with the Registry of Motor Vehicles, the company may cancel the policy.
2. Except as otherwise provided by law, no cancellation of the policy, or any of its parts, whether by the company or by the insured, shall be valid unless written notice thereof is given by the party proposing cancellation to the other party at least 20 days in each case prior to the intended effective date thereof. Notice of cancellation sent by the company to the insured and the loss payee at the addresses stated in the policy by regular mail for which a certificate of mailing receipt has been obtained from the United States Postal Service, shall be a sufficient notice and an affidavit of any officer, producer, or employee of the company, duly authorized for the purpose, that he has so sent such addressed as aforesaid, shall be prima facie evidence of the sending thereof as aforesaid.

When the cancellation becomes effective, the company shall electronically transmit the pertinent data to the Registry of Motor Vehicles in the manner prescribed by the Uninsured Motorists System (UMS). The written notice to the insured shall specify the reason or reasons for cancellation if the cancellation affects Part 1 coverage. If the reason for cancellation is non-payment of premium, the Notice of Cancellation shall state the amount of deficiency of the premium owed to the company for all the insurance provided and shall state in substance that the cancellation will not be effective if the insured pays the full amount of such deficiency on or prior to the effective date of the cancellation. If a cancellation of the policy results in a return premium of less than \$5.00, no refund need be made except at the request of the insured, in which case the actual return premium shall be allowed.

No policy in effect prior to a rate level revision shall be endorsed or cancelled and rewritten to take advantage of such a revision or to avoid the application of such a revision.

3. Cancellation by the ARC
  - a. An ARC that has issued a policy under the MAIP shall have the right to cancel the insurance for reasons permitted by Massachusetts law, and by giving notice pursuant to the policy.
  - b. Each such cancellation shall be on a pro rata basis, subject to a minimum premium of \$25 per motor vehicle or policy whichever is greater, with the balance returned to the policyholder. A copy of each such cancellation notice shall be furnished to the producer of record. A statement of facts in support of each such cancellation, as is required for a statutory notice of cancellation, shall be furnished to the producer of record and to the policyholder 20 days prior to the effective date of cancellation.

Cancellation shall be effective on the date specified and coverage shall cease on that date.

If the ARC issues a cancellation notice for non-payment of premium to the policyholder and the policyholder's remittance received by the ARC subsequent to the issuance of such cancellation notice is justifiably dishonored by the financial institution, the policy will terminate on the date and time shown on the cancellation notice issued for non-payment of premium.

Nothing herein shall be deemed to affect the right of the ARC to cancel a policy for fraud, misrepresentation, or to invoke other remedies provided by law.