

A. Assigned Risk Company Terminations

1. Involuntary Terminations of an ARC

a. Involuntary Termination by the MAIP

In the event that it becomes necessary for the Governing Committee to terminate an ARC from the MAIP, notice shall be given in writing by the Chairman of the Governing Committee to the Chief Executive Officer of the ARC. Such notice shall specify a period of time of no less than six (6) months or such earlier time as the parties may mutually agree, at which time the MAIP will no longer assign new business to the ARC. The notice to the terminating ARC will stipulate further that the ARC shall continue to service its existing MAIP business until the expiration of the three-year assignment period for each of its MAIP assignments, unless the parties shall have mutually agreed to other arrangements for the service of such assignments and such arrangements have been approved by the Commissioner.

b. Involuntary Termination by the Commissioner

The Commissioner may terminate any ARC which he/she determines to have violated the standards established for ARCs in these Rules, or the Plan, or if he/she finds that the operation or financial stability of such ARC presents a danger to the interests of policyholders or the continued operation of the MAIP or will create substantial market disruption. If the Commissioner terminates an ARC, the ARC shall continue to service its existing MAIP business until the expiration of the three-year assignment period for each of its MAIP assignments, unless the Commissioner orders other arrangements for the service of such assignments.

2. Approval by the Commissioner of ARC Terminations

No termination of an ARC will become effective until approved by the Commissioner. In granting approval, the Commissioner will consider the impact of such termination on policyholders, producers and brokers, and the market for private passenger motor vehicle insurance. The ARC shall continue to services its MAIP business after the termination becomes effective until the expiration of the three-year assignment period for each of its MAIP assignments, unless other arrangements for the service of such assignments has been approved by the Commissioner.

3. If the terminating ARC has executed LADAs with other Members at the time of its termination, the MAIP and the Governing Committee shall be guided by the following.

- a. The terminating ARC will continue to receive assignments under its LADAs until the termination date. The terminating ARC must continue service all business assigned under LADAs until the end of the three year assignment period has been reached, unless otherwise directed by the Governing Committee and approved by the Commissioner.
- b. The MAIP will provide Members with which the terminating ARC has LADAs at least 90 days' written notice of termination of the ARC and cancellation of the LADA. Such notice shall indicate that the Member must either seek a LADA with another ARC, or be prepared to receive and write its own MAIP assignments.
- c. The terminating ARC shall be responsible for its own MAIP assignments after termination of the LADA. The terminating ARC also may seek to enter a LADA with another ARC for the terminating ARC's own MAIP assignments.

4. In the event an ARC experiences unanticipated or unusual operations difficulties that would impair its ability to continue to meet the established ARC performance standards, the Governing Committee, subject to the approval of the Commissioner, may take such action as it may deem appropriate to alleviate the difficulties. Such actions by the Governing Committee shall be taken when it is evident the interest of the insuring public and the industry would be better served.

B. Members Electing to Withdraw from the Massachusetts Private Passenger Motor Vehicle Insurance Market

A Member electing to withdraw from the Massachusetts private passenger motor vehicle insurance market shall file a withdrawal plan for an orderly withdrawal that shall include full settlement of all financial obligations to the MAIP, as well as provide that the Member shall either continue to service its existing MAIP business until the expiration of the three-year assignment period for each of its MAIP assignments, or has made other arrangements for the service of such assignments, as approved by the Commissioner. Approval of the withdrawal plan for purposes of this section shall mean written approval by the Commissioner. Prior to approval, the Commissioner shall hold a public hearing if requested to do so by the Governing Committee of the MAIP, a Member of the MAIP, or any association of producers, to consider the effect of the withdrawal on the orderly and equitable conduct and operation of the Massachusetts private passenger motor vehicle insurance market. Any such party seeking a hearing must file a request with the Division of Insurance within ten (10) days of notice by the Division of Insurance to CAR of the opportunity for a hearing. Copies of the withdrawal plan shall be made public at the time of such notice.

Nothing in Rule 38 shall in any manner be deemed to act or modify or reduce an ARC's or a Member's obligations under the Plan, Rules or Operation, or Manual of Administrative Procedures.