

A. Responsibilities of the Governing Committee

The Governing Committee shall have responsibility for the administration of CAR, including the preparation and filing of the Plan and Rules of Operation and the adoption and filing of any amendments to the Plan or Rules of Operation.

B. Alternates

Any member of the Governing Committee may designate an alternate for any meeting of the Governing Committee by giving notice to the Commissioner and CAR of the name of such alternate prior to the meeting. In addition, all members of the Governing Committee shall designate an alternate who may attend one meeting of the Governing Committee during each calendar year without prior approval of the Commissioner for the specific meeting. All alternates are subject to the approval of the Commissioner.

C. Powers

The Governing Committee shall have the following powers:

1. To select at its Annual Meeting a Chairman and Vice-Chairman of the Committee in accordance with the following procedures:

The position of Chairman and Vice-Chairman shall be rotated annually between those chosen from insurance companies and those chosen from producers of insurance, except that the Committee may elect an incumbent Chairman and/or an incumbent Vice-Chairman to a second one-year term or, if the incumbent has served for less than a full year, to one new term of one year, regardless of his predecessor. At no time shall the Chairman and Vice-Chairman both be insurer members or both producer members of the Committee. No individual may serve more than two consecutive terms as Chairman of the Committee. In the event the Chairman is unable to complete his term, the Vice-Chairman shall become Chairman, at which time the Committee shall elect a new Vice-Chairman;

2. a. To appoint and remove the officers of CAR, subject to the approval of the Commissioner, and fix their salaries within the ranges established for each position. After an appointment has been approved, the Commissioner may instruct the Governing Committee to remove the officer for cause only. Salary ranges for

officers shall be established by the Governing Committee, subject to the approval of the Commissioner, at a level which is consistent with the level of salaries in public sector organizations in Massachusetts.

- b. To appoint or employ others as is necessary to carry out the business of CAR;
3. To authorize contracts as necessary to provide space, equipment and services for CAR;
4. To appoint standing or temporary subcommittees in consultation with the Commissioner for purposes of assuring that subcommittees fairly represent the Members and producers, with due consideration given to the existence of expertise appropriate for the subcommittee in question. No individual may serve as Chairperson of more than two standing subcommittees.
5. To prepare a Manual of Administrative Procedures which shall contain instructions for the statistical recording and reporting of CAR business; auditing and claim review procedures; and other pertinent information;
6. To levy assessments on the Members as necessary for the operating expenses of CAR;
7. To assess penalties as provided for in the Plan or Rules of Operation or Manual of Administrative Procedures;
8. To appoint Servicing Carriers who meet the eligibility requirements within the Rules;
9. To apportion the underwriting results of CAR among the Members and to levy assessments or make such distributions as are appropriate for such apportionment in accordance with the Plan and the Rules of Operation;
10. To distribute an Annual Report and minutes of the Annual Meeting of the Governing Committee to the Commissioner, to Members and to producer representatives serving on any committee;
11. To file manuals of classifications, rules, rates, rating plans and policy forms with the Commissioner, as may be permitted or required by law;

12. To initiate or defend legal actions in the name of CAR on behalf of the Members; and
13. To take any other action it deems necessary or appropriate for efficient and effective operation of CAR consistent with the purpose and intent of CAR.

D. Annual Meeting

The Governing Committee shall hold an Annual Meeting in conjunction with the Annual Meeting of the Members and shall report a summary of the previous fiscal year's activities at that time.

E. Additional Meetings

The Governing Committee shall hold additional meetings as necessary when called by the Chairman, by the Commissioner, or upon written petition of four members of the Governing Committee. No meeting shall be held with less than 10 days' notice unless at least eight members of the Committee waive the notice requirement, which waiver shall be entered in the minutes of the meeting.

F. Agendas for Meetings

Agendas for meetings shall be furnished to all members of the Governing Committee and to the Commissioner with the notice of such meeting. Only items specifically listed on the agenda will be considered unless two-thirds of the members of the Committee present vote for admission of each additional item.

G. Quorum

A quorum of the Governing Committee shall consist of eight members, at least two of which are insurer members and two of which are producer members. No vote of the Governing Committee shall be taken unless a quorum is present.

H. Procedures

Before the Governing Committee takes final action on a matter that has a direct impact on any Member's deficit participation, the final text of the motion to be considered will be provided to all members of the Governing Committee, at least 20 calendar days prior to the scheduled

Governing Committee action, unless 10 members of the Governing Committee vote to waive the 20 day requirement. The text of the motion, sent to Members, will be accompanied by an explanation. Any such action taken by the Governing Committee will not take effect for 20 calendar days, unless 10 members of the Governing Committee vote that the action will be effective immediately. Any party aggrieved by the action may appeal to the Commissioner of Insurance pursuant to Rule 20.B.

I. Proxy Voting Not Allowed

No member of the Governing Committee shall be permitted to vote by proxy.

J. Open Meetings

All Governing Committee meetings shall be subject to the provisions of G.L. c. 30A, §18 through §25, inclusive. Upon a two-thirds vote of the members of the Governing Committee present and voting, the Governing Committee may meet in Executive Session, as permitted by § 21.