



NATALIE A. HUBLEY  
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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November 17, 2022

**BULLETIN NO. 1144**

**PROPOSED CHANGES TO THE PLAN OF OPERATION**

At its meeting of November 16, 2022, the Governing Committee voted to amend the Plan of Operation by deleting and adding the language as indicated on the attached copy. A copy of the filing letter, which contains an explanation of the changes, is attached for your information. The impacted section of the Plan is listed below.

Article I – Structure and Governance

This Bulletin, with a copy of the proposed changes to the Plan listed above, is being furnished to every Member Company.

A proposed amendment to the Plan shall become effective upon the written approval of the Commissioner or upon the expiration of 30 days after filing, provided the Commissioner has not previously disapproved the Rule in writing.

ROBIN TIGGES  
Executive Administrative Specialist

Attachment



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November 17, 2022

Honorable Gary D. Anderson  
Commissioner of Insurance  
Massachusetts Division of Insurance  
1000 Washington Street, Suite 810  
Boston, MA 02118

### Proposed Changes to the Plan of Operation

Dear Commissioner Anderson:

In accordance with the provisions of Article XI of the Plan of Operation, I hereby file, at the direction of the Governing Committee, proposed amendments to the following Plan of Operation:

#### Article I – Structure and Governance

Changes are shown by deleting and adding language as reflected on the attached copy. The remainder of the Plan is unchanged.

Explanation:

On July 31, 2022, Governor Baker signed into law Chapter 126 of the Acts of 2022, amending the subsection of G.L. c. 175, § 113H that addresses the make-up of the CAR Governing Committee. Specifically, the amended statute eliminates certain requirements with respect to producer appointments. Attached is a draft amendment to Article I – Structure and Governance of CAR's Plan of Operation reflective of the amended statute. The amendment also corrects reference to the provisions of G.L. c. 30A.

A copy of the proposed Article is attached hereto, and is being furnished to every Member Company, the two associations of insurance producers, and the Public Protection Division of the Office of the Attorney General, as required by Article XI of the Plan of Operation.

Respectfully,

A handwritten signature in dark ink, appearing to read "Natalie A. Hubley", written in a cursive style.

Natalie A. Hubley  
President

Attachment: Article I – Plan of Operation

CC: Mary Ellen Thompson – Counsel to the Commissioner  
Massachusetts Urban Agents Association, Inc.  
Massachusetts Association of Insurance Agents  
Public Protection Division – Office of the Attorney General

Massachusetts law guarantees the availability of motor vehicle insurance coverage to all qualified applicants who are unable to obtain such coverage through the voluntary market. To implement this mandate without imposing an undue hardship upon any insurance company or applicant and to create an atmosphere conducive to the efficient operation of the automobile insurance market, while safeguarding the consumer interests, an Association entitled Commonwealth Automobile Reinsurers (hereinafter CAR), is hereby created. This Plan is its charter and constitution.

The administration of CAR shall be vested in a Governing Committee under the supervision of the Commissioner of Insurance. The Governing Committee shall consist of thirteen individuals appointed by the Commissioner to terms of six years; six members to be from insurance companies participating in the Plan and one additional representative from a domestic insurer in the Commonwealth whose annual motor vehicle policy premium amounts to less than two and one-half percent of the private passenger insurance market and unaffiliated with any other insurance company represented on the Governing Committee, and six members to be from the associations of insurance producers, ~~two of whom shall be producers who are assigned risk producers who write private passenger automobile insurance exclusively through the Massachusetts assigned risk plan approved under Section 113H of Chapter 175 of the Massachusetts General Laws.~~

The provisions of Chapter ~~237-126~~ of the Acts of ~~2010-2022~~ shall not be construed so as to alter or amend the terms of the present Governing Committee members.

In the event that a company represented on the Governing Committee decreases its book of automobile business in the Commonwealth by more than ten percent from the previous calendar year, as determined by the Commissioner, the member representing such company shall cease to be a member of the committee and a new company and a member thereof shall be appointed to complete the former member's unexpired term. Not more than one insurer in a group under the same management shall serve on the committee at the same time. In making Governing Committee appointments, the Commissioner shall consider, among other things, whether the member companies and producers are fairly represented.

Meetings of the Governing Committee of the Plan shall be conducted in accordance with the provisions of Sections ~~18 through 25~~ ~~11A1/2~~ of Chapter 30A, of the Massachusetts General Laws. Meetings may be called by the Chairman, by written petition of four committee members, or by the

Commissioner. Notice of such meetings shall be given by the Chairman to all committee members and the Commissioner.

The Governing Committee shall appoint a president, who shall serve as the full-time salaried administrator of CAR, and such other officers as it finds necessary for the proper operation of CAR. All appointments of officers shall be subject to approval by the Commissioner.

The Governing Committee shall prepare, in accordance with Article X of this Plan, Rules concerning the duties of officers, their terms of service, and their salaries.

CAR shall employ such staff and legal counsel as it finds necessary to carry out its functions. To assure that no conflict of interest prevents CAR's officers, staff, and legal counsel from performing their duties in the public interest, no officer or staff member may receive compensation from any other source and no counsel representing CAR may represent any member insurance company or association of insurance companies or producers unless these prohibitions are waived by three-fourths (3/4) consent of the members of the Governing Committee and the Commissioner. The Governing Committee shall prepare in accordance with Article X of this Plan, Rules providing for the indemnification against personal liability of individuals serving as members of the Governing Committee, other committees or as officers and staff of CAR.

The law requires that all insurance companies licensed to issue motor vehicle insurance in the Commonwealth must become members of CAR and shall abide by this Plan and CAR Rules of Operation. Member Companies shall be financially responsible for all losses and expenses incurred by CAR. The Governing Committee shall prepare, in accordance with Article X of this Plan, Rules providing for the fair and equitable distribution of those losses and expenses through the assessment of Member Companies. The Plan shall provide that the allocation of premiums, losses and expenses among companies for all policies issued during the first year of operation of the Plan shall be based on the total number of risks written by each company during the calendar year nineteen hundred and eighty-two, excluding risks written through designated producers. Adjustment and consideration may be given to those companies that, due to percentage of business ceded during the base year, fall at either extreme as a result of this method of allocating premiums, losses and expenses under this Plan. For policy years thereafter, the allocation shall be based on a method so that no company materially or substantially reduces its percentage of participation by reducing its writings, nor shall any company have their participation materially or substantially

increased because of the action of other companies. Each Member Company shall report to CAR such information as the Governing Committee may reasonably require. In all instances, the services provided to risks insured by Servicing Carriers of this Plan shall be of identical kind and quality as those services provided to risks insured in the voluntary market.