



COMMONWEALTH AUTOMOBILE REINSURERS

100 SUMMER STREET – BOSTON, MASSACHUSETTS 02110

TEL: 617-338-4000 FAX: 617-338-5422 www.commauto.com

RALPH A. IANNACO
President

MICHAEL J. TROVATO
Executive VP & Treasurer

NOTICE OF MEETING

MARKET REVIEW COMMITTEE

A meeting of the Market Review Committee will be held at the offices of Commonwealth Automobile Reinsurers, 100 Summer Street, Boston on

THURSDAY, DECEMBER 9, 2004 AT 10:00 A.M.

MEMBERS OF THE COMMITTEE

Mr. Charles I. Boynton, III – Chairman
Boynton Insurance Agency, Inc.

Ms. Nancy Z. Bender	Nancy Z. Bender Insurance Agency, Inc.
Mr. David H. Cochrane	The Commerce Insurance Company
Mr. Robert J. Cordner	OneBeacon Insurance
Mr. Daniel F. Crimmins	Safety Insurance Company
Mr. John B. Doherty	Barry & McHugh Insurance Agency, Inc.
Mr. Francis D. Gibbons	O'Brien & Gibbons Insurance Center
Mr. Sumner D. Gilman	Economy Insurance Agency, Inc.
Ms. Paula W. Gold	Plymouth Rock Assurance Corporation
Mr. John F. Kittel	Arbella Mutual Insurance Company
Mr. Douglas R. Long	Liberty Mutual Group
Mr. David J. McCormick	McCormick & Sons Insurance Agency, Inc.
Ms. Nanci S. Peters	George Peters Insurance Agency, Inc.
Mr. Edward C. Ruhl	The Hanover Insurance Company
Ms. Susan K. Scott	The Premier Insurance Company of Mass.
Mr. Mark R. Silva	Benson, Young & Downs Ins. Agency, Inc.
Mr. William J. Whitebone	Quincy Mutual Fire Insurance Company

AGENDA

MR

04.01 Records of Previous Meeting

The Records of the Market Review Committee meeting of October 6, 2004, are not available.

MR

04.14 Friedman Insurance Agency/Arbella Mutual Insurance Company

Attached is a Request for Review (Docket #MR04.14, Exhibit #1) submitted by Mr. Martin Friedman of the Friedman Insurance Agency. The agency is requesting that the termination of its Exclusive Representative Producer appointment by the Arbella Mutual Insurance Company be vacated and the appointment be fully reinstated. Arbella issued a notice of termination (Docket #MR04.14, Exhibit #2) pursuant to violations of CAR Rule 13, B, 3, h, "failure to maintain a valid producers license," Rule 14, B, 1, d, "conduct all monetary transactions with the insured and Servicing Carrier as required by the Rules of Operation and Exclusive Representative Producer contract" and Commonwealth of Massachusetts Regulation 212-2.04 (I) (c), relating to "Contact with Claimant and Selection of Repair Shop."

Other Business

To transact any other business that may properly come before this Committee.

Executive Session

The Committee may convene in Executive Session in accordance with the provisions of the MGL, C 30A, § 11A1/2.

JOHN D. METCALFE
Director of Administration
& Market Relations

Attachments

Boston, Massachusetts
November 24, 2004

COMMONWEALTH AUTOMOBILE REINSURERS	
REQUEST FOR REVIEW/RELIEF	
(pursuant to Rule 20, CAR Rules of Operation)	
Please complete in type or print in ink.	
Requestor's Name/Title:	MARTIN FRIEDMAN (OWNER)
Signature:	<i>Martin Friedman</i> Date: 11/15/04
Agency or Company Name:	FRIEDMAN INSURANCE
Address:	318 HARVARD ST RM 11
City/Town:	BROOKLINE State: MA ZIP Code: 02446
Telephone #:	617-278-9866 Fax #: 617-278-9868
Representation:	If represented by counsel or other party please complete the following: (Representation by counsel is not required):
	Name of Rep: _____
	Firm: _____
	Address: _____
	City/Town/St/ZIP: _____
	Telephone #: _____
	Fax #: _____
1	Reason For Review: A. Concisely summarize the reason(s) for your request for review identifying the nature of your grievement or request for relief.) B. Identify the specific relief sought.
1)	A) FAILURE TO MAINTAIN A VALID AGENT/BROKERS LICENSE WHEN AGENCY WAS UNDER MAXINE FRIEDMAN (HAS BEEN CHANGED TO MARTIN FRIEDMAN THROUGH THE TOWN OF BROOKLINE)
2)	REFERRING BUSINESS TO A SPECIFIC REPAIR SHOP
3)	MISHANDLING OF FUNDS (SPECIFICLY DEPOSITING REFUND CHECKS INTO AGENCY ACCOUNT)
B)	TO HAVE OUR APPOINTMENT WITH ARBELLA REINSTATED SO WE CAN STAY IN BUSINESS.
2	Details of Aggrievement(s): (Provide specific detail for each reason cited above including references to violations of CAR Rules, the agency contract, or established practices of CAR or one of its members. Include historical reference, where appropriate. (Attach supporting documentation.)

- 1) I HAVE GONE INTO THE TOWN OF BROOKLINE AND HAD THE NAME OF THE AGENCY CHANGED FROM MAXINE FRIEDMAN DBA FRIEDMAN INS TO MARTIN FRIEDMAN (I AM HER HUSBAND) DBA FRIEDMAN INS A COPY OF THE CERTIFICATE HAS BEEN GIVEN TO ARBELLA. MAXINE WAS UNABLE TO ATTEND THE CONTINUING ED CLASS'S NOR WAS SHE ABLE TO DO THE AT HOME STUDY COURSES DUE TO A PHYSICAL HANDICAP WHICH CAUSED HER GREAT PAIN AND DISCOMFORT, AS A RESULT OF NOT COMPLETING THE REQUIRED CONTINUING ED CREDITS HER LICENSE EXPIRED AND WAS NOT RENEWED. SHE IS STILL UNABLE TO COMPLETE CLASS'S OR TAKE ANY AT HOME COURSES FOR THE SAME REASON.
 - 2) WE REFERRED INSURED'S TO A SPECIFIC REPAIR SHOP TO THOSE WHO EITHER LIVED OR WORKED IN THE AREA TO MAKE THINGS AS CONVENIENT AS POSSIBLE FOR THE INSURED WITH REGARD TO GETTING A RENTAL CAR AND THE QUICKNESS IN THEIR OWN VEHICLE
- 3 Action(s) Taken to Date to Resolve the Matter: (Cite when you first became aware of each item/issue being contested and what steps were taken to mitigate the matter prior to this request for a formal review.)
- 1) THE OWNERSHIP OF THE AGENCY HAS BEEN CHANGED TO MARTIN FRIEDMAN THOUGH THE TOWN OF BROOKLINE.
 - 2) WE HAVE STOPPED ASSISTING OUR INSURED WITH REGAEDS TO THE REPAIR OF THEIR VEHICLE, WE INSTRUCT THEM TO GO TO THE DRIVE IN THAN TO WAIT FOR THE APPRAISAL AND THE CHECK IN THE MAIL.
 - 3) AS THE REFUND CHECKS COME INTO THE AGENCY FROM ARBELLA WE TAKE A COPY OF THE CHECK MARK ON THE COPY THE DATE THAT WE HAVE MAILED THE CHECK TO THE INSURED (WHICH IS THAT SAME DAY) TO REASSURE ARBELLA, C.A.R.R. AND THE DIVISION OF INS THAT THIS MISHANDLING OF FUNDS DOES NOT REOCCURR BESIDES TAKING US AT OUR WORD, HAVING THE CHECKS MAILED TO THE INSURED DIRECLTY FROM ARBELLA RATHER THAN THE CHECKS COME TO THE AGENCY.

CONF OVER

Scheduling of Review: Upon receipt of a completed Request for Review Form a date will be established within 15 working days, pursuant to CAR Rule 20. Once a date has been confirmed, CAR will issue a written notification to affected parties. Any parties wishing to present written exhibits to be considered at the Committee meeting shall submit them to CAR's Docket Clerk no later than 5 business days prior to the scheduled meeting date. Written exhibits submitted to CAR within 5 business days of the scheduled meeting date will not be entered on the docket but must be directly to the Committee at the meeting itself. It will be left to the determination of the Committee as to whether these exhibits will be considered in their deliberations. In addition, parties submitting exhibits directly to the Committee are expected to be prepared to provide a minimum of 25 copies. Parties should provide copies of ALL exhibits and

GETTING REPAIRED. THE REPAIR SHOP HELPED THE INSURED WITH EITHER CALLING THE CAR RENTAL AGENCY OR DRIVING THE INSURED TO THE RENTAL AGENCY. THEY WORKED VERY QUICKLY IN GETTING THE REPAIRS DONE SO THE INSURED WOULD NOT HAVE TO BE WITHOUT THEIR OWN VEHICLE FOR LONG WHICH RESULTED IN A SHORTER RENTAL TIME. THEY WERE VERY ACCOMADATING IN HELPING OUR INSURED'S WHO DID NOT SPEAK VERY GOOD ENGLISH PRIMARILY BRAZLIANS. SINCE BEING NOTIFIED BY ARBELLA REGARDING THIS WE HAVE STOPPED ASSISTING THE INSURED WE NOW INSTRUCT THEM TO TAKE THERE VEHICLE TO A DRIVE IN CLAIM CENTER AND TO WAIT FOR THE APPRAISAL AND THE CHECK IN THE MAIL.

- 3) THE MISHANDLING OF FUNDS INVOLVED ME DEPOSITING THE RETURN PREMIUM CHECKS ISSUED BY ARBELLA TO THE INSURED INTO FRIEDMAN INSURANCE'S CHECKING ACCOUNT. THE REASON FOR THIS WAS TO SUPPLEMENT THE BUSINESS'S INCOME TO RUN THE AGENCY AND TO SUPPLEMENT MY OWN PERSONAL INCOME TO COVER MY WIFE'S VERY EXPENSIVE HEALTH CARE EXPENSES SUCH AS DOCTOR AND HOSPITAL VISITS AND MEDICATION, PHYSICAL THERAPY EXT. WHICH HAVE ONLY GONE UP IN COST OVER THE YEARS, BEING SELF EMPLOYED WE HAVE HAD TO PAY HIGH PREMIUMS FOR INSURANCE COVERAGE THAT DOES NOT COVER ALL THE EXPENSES. I NEVER REFUSED ANY INSURED THEIR REFUND. IF AN INSURED CALLED LOOKING FOR THEIR REFUND I MAILED THEM AN AGENCY CHECK THAT SAME DAY. THOSE OF WHO DID NOT CALL LOOKING FOR THEIR CHECK THE MONEY REMAINED IN THE CHECKING ACCOUNT AND AGAIN THE MONEY WAS USED FOR OTHER EXPENSES.

documentation that they wish considered in the matter to the opposing party in concert with their submissions to CAR and/or the Committee. A request for a continuance on a review of the matter will be granted upon the agreement of all parties. All other requests for continuances must be physically presented to the assigned Committee for approval.

15 Day Waiver (CAR Rule 20): Initial if waiving the need for a review within 15 days:

I waive the 15 day review window pursuant to CAR Rule 20: (Initial): _____

PLEASE NOTE: THIS FORM MUST BE COMPLETED AND RETURNED TO CAR PRIOR TO THE INITIATION OF A FORMAL REVIEW PURSUANT TO RULE 20, CAR RULES OF OPERATION

FOR COMPLETION BY CAR OFFICE - DO NOT WRITE BELOW	
4	Assigned Docket Number:
5	Related Docket Number(s):
6	Assigned Review Forum: CAR COMMITTEE: _____ Scheduled Review Date: _____
7	Disposition:



1100 Crown Colony Drive
P.O. Box 699103
Quincy, MA 02269-9103
617 328-2800

November 9, 2004

Ms. Maxine Friedman
Mr. Martin Friedman
Friedman Insurance Agency
318 Harvard Street, Suite 11
Brookline, MA 02446

Dear Ms. Friedman;

Please be advised that due to violations of the Exclusive Representative Producer requirements as stipulated in the Commonwealth Automobile Reinsurers Rules of Operation and your contract with Arbella Mutual Insurance Company ("Arbella"), your contract with Arbella is terminated effective immediately.

This termination is a result of violations of CAR Rule 13 B 3 h, CAR Rule 14 B 1 d, and Commonwealth of Massachusetts Regulation 212-2.04 (I) (c) which state:

Rule 13 B 3 h

"Servicing Carriers shall be entitled to immediately terminate an Exclusive Representative Producer's contract to bind coverage on behalf of the Servicing Carrier when any of the conditions listed below exist or upon failure of the Exclusive Representative Producer to meet the requirements/definition of Exclusive Representative Producer as defined in Rule 2 of the Rules of Operation.

Those conditions deemed to be cause for immediate termination of an Exclusive Representative Producer contract and authority to bind coverage shall include:

1. Failure to maintain a valid agents/brokers license as issued by the Division of Insurance."

Rule 14 B 1 d

"It will be the ongoing responsibility of an agent or broker which has an Exclusive Representative Producer appointment to a Servicing Carrier to fulfill the following requirements as well as the eligibility criteria in Rule 14 A 2 e. Failure to do so will be grounds for termination of said appointment.

1. Conduct all monetary transactions with the insured and the Servicing Carrier as required by the Rules of Operation and the Exclusive Representative Producer contract."

CMR 212-2.04 (I) (c)

“Contact with Claimant and Selection of Repair Shop. No staff or independent appraiser, insurer, representative of insurer, or employer of an independent appraiser shall refer the claimant to or away from any specific repair shop or require that repairs be made by a specific repair shop or individual.”

Specifically, it has come to our attention that you have failed to maintain a valid agents/brokers license in violation of both the CAR Rules and Massachusetts General Laws. Further, we have learned that you have engaged in a course of conduct which includes steering insureds to a particular repair shop in contravention of the prohibition against steering established by the Massachusetts Code of Regulations.

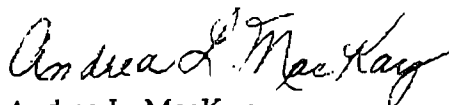
Moreover, we have found that you have failed to provide insureds with return premium checks issued by Arbella and payable to the insureds. We have determined that you have deposited the return premium checks payable to insureds in your agency account, that you have commingled money due insureds with your own account and that you have failed to deliver to insureds the return premiums owed to them and sent to you in trust. We have found that your mishandling of return premiums is not an isolated event, but is part of an ongoing course of conduct which is violative of your duties as an ERP.

We would like to thank you for meeting with us today regarding this situation. Although we understand your situation and we are sympathetic to your agency, the solution that you offered does not alleviate our obligation to prevent the misappropriation of your customer's funds.

For these reasons we are proceeding with termination of your ERP contract with Arbella as set forth herein.

Please be advised, under current CAR Rules, you have the right to appeal this termination within thirty (30) days of the date of notification (refer to CAR Rule 20). Enclosed are copies of CAR Rules 13, 14, and 20 and a copy of a Request for Review/Relief form. This is a form prescribed by CAR for your use if you choose to appeal this termination.

Sincerely,



Andrea L. MacKay
Assistant Vice President
Personal Lines Underwriting

cc: Tim Costain, Commonwealth Auto Reinsurers
Susan McCann, Sr. Marketing Representative