

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.

The provisions of Chapter 126 of the Acts of 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 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.