

This Plan, as the charter and constitution for CAR, sets forth the framework in which CAR will conduct its affairs. A set of Rules of Operation must also be adopted to assure that CAR functions efficiently and at all times consistently with this Plan. These Rules of Operation shall be prepared by the Governing Committee or by the Commissioner as provided in this Article.

All Rules of Operation specifically required by this Plan and all others necessary for the efficient operation of CAR shall be prepared by the Governing Committee and submitted to the Commissioner for approval. A copy of the proposed Rules of Operation prepared by the Governing Committee shall be sent to each Member Company, each association of insurance Producers, the Public Protection Division of the Office of the Attorney General, and the Commissioner. The Commissioner shall hold a public hearing on a proposed Rule if a request for such a hearing is made by a Member Company, association of insurance producers, or the Attorney General within five days of that party's receipt of the proposed Rule. A Rule of Operation proposed by the Governing Committee shall become effective either upon the approval of the Commissioner or upon the expiration of thirty days from the time of submission provided that no public hearing has been requested on the Rule and the Commissioner has not previously disapproved the Rule.

The Commissioner may, after due hearing for which notice has been given to all interested parties, including the Joint Committee on Insurance of the Massachusetts General Court, promulgate any Rules specifically required by this Plan if the Governing Committee has not submitted such Rules in a timely manner or if those submitted by the Governing Committee have been disapproved. The Commissioner may, from time-to-time, request the Governing Committee to prepare and submit other Rules of Operation which he considers necessary for the efficient and equitable operation of CAR. Any such request shall be in writing and shall specify the nature of the rules to be submitted. If the Rules are not submitted within thirty days of the Commissioner's request or if those submitted have been disapproved, the Commissioner may promulgate, after due hearing for which notice has been given to all interested parties including the Joint Committee on Insurance of the Massachusetts General Court, such Rules as he deems necessary for the efficient and equitable operation of CAR.

If the Commissioner finds that immediate adoption of a Rule is necessary for the fair and equitable operation of CAR and that observance of the normal requirements for promulgation of Rules would be contrary to the public interest, the Commissioner may dispense with such requirements and

promulgate the Rule as an Emergency Rule. An Emergency Rule shall not remain in effect for longer than ninety days.

The Commissioner shall periodically review the consequences of the application of all Rules of Operation. If it is found, after due consideration and investigation, that the application of any Rule of Operation is unfair, unreasonable, or inconsistent with public policy, the Commissioner may suspend that Rule prospectively for a period not to exceed ninety days. A public hearing shall be held within thirty days of any such suspension, after which the Commissioner may modify, amend, or disapprove the suspended Rule.

The Commissioner may examine from time-to-time the operation of CAR and the activities of its Member Companies in any manner he finds convenient and expedient. Based on such examinations and after due hearing, if the Commissioner finds any practice or activity of CAR or its Members to be unfair, unreasonable, or inconsistent with public policy, the Commissioner may issue a written order specifying in what respects the practice or activity has been found unacceptable and requiring the discontinuance of such practice or activity. If any Member Company is found to have caused an inequitable distribution of risks among other Member Companies, brokers, or agents, the Commissioner may assign to that company an appropriate share of the expenses and losses arising from those risks in excess of the share it would ordinarily bear under CAR's Rules of Operation.

Any person aggrieved by any unfair, unreasonable, or improper practice of a Member Company or CAR may file a complaint with the Commissioner. The Commissioner shall provide a hearing on each complaint filed. If complaints indicate that there exists a pattern of unfair, unreasonable, or improper practices involving two or more Member Companies, or that two or more persons are aggrieved by the same practice or pattern of practices, the Commissioner may provide a consolidated hearing. After consideration of the evidence presented at any such hearing, the Commissioner may issue appropriate orders which in the Commissioner's judgment will remedy any damage which may have resulted from the unfair, unreasonable, or improper practices and will assure that the unacceptable practices or pattern of practices is not repeated.