

Commonwealth Automobile Reinsurers

Rules of Operation

Rule 2 - Definitions

When used in these Rules and the Plan of Operation, the following words shall have the stated meanings:

CAR means Commonwealth Automobile Reinsurers.

CAR YEAR OF EXPOSURE means one car insured for twelve months.

COMMERCIAL MOTOR VEHICLE means any insurable motor vehicle not included in the definition of Private Passenger Motor Vehicle.

COMMISSIONER means the Commissioner of Insurance of Massachusetts.

ELIGIBLE RISK means

1. Private Passenger – any person who qualifies for a motor vehicle insurance policy under the provisions of G.L. c.175 §113H and §193R;
2. Commercial – any person which has its principal place of business within the Commonwealth of Massachusetts and which is required by a financial responsibility law as enacted by the legislature of any State or of the United States or by any valid regulation of the Interstate Commerce Commission, United States Department of Transportation, or the Massachusetts Department of Public Utilities to maintain motor vehicle insurance with respect to vehicles owned or leased by it, and registered within or outside of the Commonwealth of Massachusetts. Ordinances or Bylaws, as enacted by any political subdivision of any State, shall not for the purposes of determining eligibility be considered as a financial responsibility law.

With respect to both 1. and 2., physical damage coverage is eligible for cession to CAR only when written in conjunction with statutory coverage for the same vehicle.

With respect to both 1. and 2., pursuant to G.L. c.175 §113U , Antique Vehicles do not qualify as an eligible risk.

EXCLUSIVE REPRESENTATIVE PRODUCER (ERP) means

1. Private Passenger – a person licensed as a fire or casualty insurance agent or broker pursuant to G.L. c.175 §163 or §166, who has a place of business in Massachusetts and who does not have any existing voluntary agency relationship with a Servicing Carrier of CAR for motor vehicle insurance, and who has been appointed by the Governing Committee or its designee to a Servicing Carrier to immediately certify motor vehicle insurance policies;

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2. Commercial – a person satisfying 1., or, a person who has an existing voluntary relationship(s) with a Member Company(s) of CAR for commercial motor vehicle insurance business, and who has also been appointed by the Governing Committee or its designee to a Servicing Carrier for purposes of writing commercial ceded business.

Nonresident licensed agents or brokers with a place of business in any state contiguous to Massachusetts may apply to CAR for appointment as an Exclusive Representative Producer.

INACTIVE MEMBER, Subject to CAR Rule 3A, "INACTIVE MEMBER" is any insurer which is licensed to write motor vehicle insurance policies or bonds in Massachusetts, but which did not, in fact, issue any motor vehicle insurance policies or bonds in Massachusetts during the most recent calendar year and which is not the issuing company on any outstanding Massachusetts motor vehicle insurance policies or bonds.

INSURER means any corporation, association, partnership or individual licensed to write motor vehicle insurance in Massachusetts.

MANUAL OF ADMINISTRATIVE PROCEDURES means the Manual of Administrative Procedures of CAR.

MEMBER means any insurer which is licensed to write motor vehicle insurance policies or bonds in Massachusetts and which does not qualify for inactive membership status. Groups of companies under the same ownership and management will be treated as a single Member. Groups of companies under either the same ownership or management, but not both, may elect to be treated either separately or as a single Member.

MOTOR VEHICLE INSURANCE means direct insurance against injury or damage, including the legal liability therefore, arising out of the ownership, operation, maintenance or use of motor vehicles, including but not limited to bodily injury liability insurance, personal injury protection insurance, property damage liability insurance, physical damage insurance, medical payments insurance, uninsured/underinsured motorists insurance and towing and labor insurance.

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NEWLY EMERGING COMPANY means a company duly licensed by the Commonwealth of Massachusetts for the purpose of insuring against physical damage and liability arising from the ownership of motor vehicle(s); which company, at the time of its licensure to write physical damage or liability coverage in the Commonwealth of Massachusetts has neither: previously written both physical damage and liability coverage for private passenger and commercial classifications in the Commonwealth of Massachusetts, nor assumed the assets and/or liabilities of another insurer writing motor vehicle insurance in the Commonwealth of Massachusetts, and is not, at any time, a part of, or controlled by, any insurer or group of insurers which has previously written physical damage or liability insurance in the United States or in Canada.

This definition shall apply to companies becoming members of CAR subsequent to the effective date of the Rule change, as approved by the Commissioner of Insurance.

NEWLY WRITING COMPANY means any member which does not qualify as a Newly Emerging Company and which did not write physical damage and/or liability coverage for private passenger and/or commercial motor vehicles in the Commonwealth of Massachusetts in 1982.

PERSON means every natural person, firm, co-partnership, association, corporation, government or agency thereof.

PLAN OF OPERATION or **PLAN** means the Plan of Operation of CAR.

PRINCIPAL PLACE OF BUSINESS as it applies to the definition of an eligible risk, the term "principal place of business" is defined as the chief or usual place of business. It is the head office, the place where the principal officers generally transact business and the place to which reports are made and from which orders emanate. It is also the place where the corporate functions are performed. It is where executive offices are located and corporate decisions are made.

The burden of proof with regard to the location of the principal place of business, consistent with the definition as stated above, lies with the applicant who seeks to qualify as an eligible risk.

PRIVATE PASSENGER MOTOR VEHICLE means those vehicles as defined in the Massachusetts Private Passenger Automobile Insurance Manual published by the Automobile Insurers Bureau of Massachusetts.

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REPRESENTATIVE PRODUCER means a person licensed as a fire or casualty insurance agent or broker pursuant to G.L. c175 §163 or §166, who has a place of business in Massachusetts and who has been appointed by the Governing Committee, or its designee, to a Servicing Carrier to immediately certify private passenger motor vehicle insurance policies and who has executed a contract with the Servicing Carrier. A nonresident licensed agent authorized by a Servicing Carrier to certify private passenger Massachusetts motor vehicle policies may apply to the Governing Committee for appointment as a Representative Producer of such Servicing Carrier, provided all requirements of Rule 14 have been satisfied.

RULES OF OPERATION or RULES or RULE means the Rules of Operation of CAR or a Rule of CAR.

SERVICING CARRIER means a Member which has been appointed pursuant to the Plan and Rules of Operation to issue motor vehicle insurance policies at the request of a Representative Producer or an Exclusive Representative Producer. Where a company within a group under the same management writes exclusively private passenger type motor vehicle insurance and another company within that same group writes exclusively commercial motor vehicle insurance, those companies shall be considered as one Servicing Carrier for purposes of this definition.