

Commonwealth Automobile Reinsurers

Rules of Operation

Rule 18 - Commissions

A. Private Passenger

The commission paid to Representative Producers, who are independent insurance agents or brokers operating under the American Agency System, on private passenger motor vehicle insurance written on behalf of CAR shall be equal to the average percentage commission paid for risks not insured through the Plan for agents by companies which do business through independent insurance agents pursuant to the American Agency System, as determined in the rate filed by the Servicing Carrier, and such rate being approved by the Commissioner. For those Representative Producers who are not independent insurance agents or brokers operating under the American Agency System, the commission paid on business written on behalf of CAR shall be determined by the Servicing Carrier, such commissions may not exceed the average percentage commission paid for risks not insured through the Plan to agents by companies which do business through independent insurance agents pursuant to the American Agency System.

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B. Commercial

The commission paid to Exclusive Representative Producers (ERP's) for ceded commercial business shall be as follows:

1. For those agents or brokers operating under the American Agency System, the commission paid on all classes of ceded business shall be equal to the commission percentage as determined in the applicable approved CAR rate filing.
2. For those ERP's that are not agents or brokers operating under the American Agency System and are assigned to a Servicing Carrier that is the same Carrier with which there is a voluntary relationship, the commission will be determined by the Servicing Carrier. For all classes of ceded business the commission may not exceed the commission percentage as determined in the applicable approved CAR rate filing.
3. For those ERP's that are not agents or brokers operating under the American Agency System and are assigned to a Servicing Carrier with which there is no voluntary relationship, the commission paid on all classes of commercial business shall be equal to the commission percentage as determined in the applicable approved CAR rate filing.