

ADMINISTRATIVE PART

**Sec. 8. DETERMINATION AND FULFILLMENT OF PRIVATE PASSENGER NONFLEET LIABILITY LOW COST AUTOMOBILE INSURANCE PROGRAM QUOTAS**

Paragraph B.8.a is amended as follows: (These changes are reflected on language pending in filing CA 03-04.)

**B. Limited Assignment Distribution Procedure (LAD)**

**8. Termination of LAD Servicing Company**

**a. Insolvency or Department of Insurance Department Order**

If a servicing company is terminated due to insolvency, or by rehabilitation, or insurance department order, the Advisory Committee and Plan will be guided by the following:

*The remainder of this paragraph is unchanged.)*

Paragraph B.15 is amended as follows:

9-15. Once the LAD buy-out contract has been approved in accordance with the provisions of this subsection, the Plan shall send all LCA assignments for all insurers in that LAD arrangement to the servicing company. Annually, the Plan shall indicate how much of the LAD servicing company's LCA business was needed to fulfill each buy-out company's quota in the annual quota report the amount of LCA premium that the servicing company has provided to satisfy the buy-out company's LAD obligation. Any over/under assignment of the insurers in the LAD arrangement shall be attributed to the servicing company.

New paragraph B.16 is introduced as follows: (Current paragraph B.16 is redesignated as B.17.)

**16. Termination of LAD Buy-Out Company**

**a. Court Order or Insurance Department Order**

In the event proceedings have been initiated in a court of competent jurisdiction to have an insurer declared insolvent and a conservator or liquidator

has been appointed by such court, or if the insurer is the subject of an insurance department order that restricts its ability to write automobile insurance, the buy-out contract shall be considered terminated. AIPSO, acting on behalf of the Plan, will remove the buy-out company from LAD at the start of the next quota quarter.

The buy-out company's LAD obligation will be determined in accordance with the procedure in Section 8.B.15 as of the date of receipt of the order.

**b. Any Other Reason**

A buy-out company contract may be terminated by either the servicing company or the buy-out company in accordance with the terms and conditions stated in the contract.

**c. Termination of Buy-Out Contracts**

When the procedure of Section 8.B.16.a above is utilized, the existing buy-out contract between the servicing company and the buy-out company is terminated and is subject to the provisions herein.

**LOW COST AUTOMOBILE PART**

**Sec. 22. ELIGIBILITY**

Paragraphs A.1.d.(3)(c) and (d) are amended as follows:

**A. New Applications**

**1. Applicants Eligible for Program**

To be eligible for a Low Cost Auto Policy, the applicant must meet all of the following criteria:

**d. Applicant Requirements**

(3) During the three years prior to the effective date of the Low Cost Auto Policy

(c) have not had more than one of either of the following:

- An accident resulting in only property damage in which he or she was principally at fault as described in