



COMMONWEALTH AUTOMOBILE REINSURERS

225 Franklin Street Boston, Massachusetts 02110

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617-338-4000

RALPH A. IANNACO
PRESIDENT

March 2, 2010

REQUEST FOR PROPOSAL

OUTSIDE COUNSEL

Commonwealth Automobile Reinsurers ("CAR") invites your firm to submit a proposal to provide legal services to CAR beginning on or about July 1, 2010. The following is a description of Commonwealth Automobile Reinsurers, its role in the Massachusetts motor vehicle insurance industry and a general description of the legal services required.

CAR is an unincorporated association of all insurers writing motor vehicle insurance coverage in the Commonwealth of Massachusetts. These insurers have associated pursuant to the directive of MGL c. 175, § 113H for the purpose of creating a plan to provide motor vehicle coverage to those risks which are unable to obtain it in the voluntary market. CAR's plan has been developed by these insurers in response to this statutory charge.

CAR operates pursuant to a Plan of Operation and Rules of Operation. CAR administers the Massachusetts Automobile Insurance Plan ("MAIP"), which is the residual market mechanism for private passenger business, according to Rules of Operation which pertain specifically to the assigned risk plan. The Rules of Operation also structure the commercial residual market, and provide the basis for sharing of the financial results of the plan, the product delivery system that provides the involuntary assignments of producers to companies known as Servicing Carriers, and the basis for the servicing carrier/producer relationship. Additionally, CAR's Rules provide for a system of review of the consequences of adhering to and/or deviating from the terms of these rules.

The Plan and Rules of Operation are approved by the Commissioner of Insurance. Changes to the adopted Rules must be submitted to the Commissioner and may be subject to a public hearing with a right of appeal to the Superior Court based upon the administrative record.

The Plan is administered by a Governing Committee consisting of executives from insurance companies and insurance agencies. These members are appointed to staggered six-year terms by the Commissioner of Insurance.

CAR has approximately 85 employees with a comprehensive employee benefit plan and a Personnel Policy and Procedures Handbook conferring numerous rights and obligations upon both CAR and its employees.

CAR retains outside counsel to advise on day-to-day matters, and also to handle the more complicated or specialized matters that arise from time to time. Senior management directs and coordinates counsel's efforts in these matters. Specifically, outside counsel's advice is sought on regulatory matters, such as interpretation of and amendments to CAR's Rules, CAR's statistical agent functions, and the Open Meeting Law. Additionally, counsel must advise on various areas of the law such as proprietary rights, employment, ERISA, anti-trust, information technology, and Federal legislation and regulation.

Outside counsel also represents CAR in litigation both as party plaintiff and party defendant. This may include representation before regulatory or administrative agencies; more infrequently outside counsel must represent CAR when litigation has been filed in the courts of the Commonwealth. Upon retention for a particular matter, outside counsel is called upon to represent CAR. Counsel is required to advise senior management as well as the Governing Committee of rights and responsibilities relevant to the subject in litigation, recommend legal strategies to be pursued, and keep both management and the Governing Committee current on the progress of all litigation, as well as representing CAR in the litigation itself.

Article I of the Plan of Operation provides, in pertinent part, the following: "... 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 Governing Committee and the Commissioner." In any situation where outside counsel or any member of his or her firm is asked to represent an insurance carrier, association of insurance companies, or producers, with regard to any matter having a nexus to motor vehicle insurance, it is incumbent upon the counsel to make a full disclosure of the nature of the relationship so that the disinterested members of the Governing Committee can consider whether to waive such a conflict.

CAR will consider alternate fee schedules, such as flat fee billing or retainer agreements, as well as traditional hourly billing arrangements. CAR requires that outside counsel present detailed invoices for services rendered on a regular basis for those matters which are billed on an hourly basis. These invoices must be broken down by subject matter and reflect the time spent by each individual performing services on behalf of the firm for CAR. The breakdown will describe the particular activity undertaken, the identity of the individual provider and the actual time spent in tenths of an hour. Invoices will be presented to CAR's President for review, prior to the authorization of payment.

If your firm is chosen to represent CAR as outside counsel pursuant to this RFP process, it will be required to sign an engagement letter setting forth the responsibilities and limitations on outside counsel, the responsibilities of CAR management, the fee schedule for all anticipated services, and such other terms and conditions as both parties may agree are necessary to be established.

Our selection will be based on a variety of factors, including:

the firm's experience in the Massachusetts motor vehicle regulatory environment,

the firm's experience in the specialized areas of the law referenced above, particularly in civil litigation,

the qualifications of the individual members of the firm who provide legal services to CAR, and

competitive professional rates and the demonstrated ability to complete assignments and respond to client inquiries effectively and on a timely basis.

Your response to this RFP should address the selection criteria listed above as well as the information in the outline on page 4, and be limited to 20 pages. In addition, your response should include a schedule of proposed billing rates by professional classification and discipline. Resumes of the projected client service team should also be included.

Please deliver at least twenty copies of your proposal no later than April 2, 2010, to the following:

Mr. Ralph A. Iannaco, President
Commonwealth Automobile Reinsurers
225 Franklin Street
Boston, MA 02110

All responses to this RFP will be reviewed by CAR management, who will narrow the pool of respondents. Copies of these responses will be provided to Legal Contract Review Subcommittee members. Additionally, further written or oral responses may be required prior to a list of finalists being submitted to the subcommittee for its review, which will include in-person interviews. Prior to being interviewed by the subcommittee, respondent firms may be required to meet with CAR's President to identify current insurance industry clients, potential conflicts, and proposed methods by which to resolve such conflicts, which will be reported to the Legal Contract Review Subcommittee. All meetings of the subcommittee, including all firm interviews, shall be conducted in accordance with the provisions of Section 11A1/2 of Chapter 30A. Once final selection is made, execution of an agreement will be subject to the negotiation of fees for services.

If you have any questions, or require further information concerning this request or our selection process, please contact Mr. Ralph A. Iannaco at 617-880-7265.

COMMONWEALTH AUTOMOBILE REINSURERS
REQUEST FOR PROPOSAL FOR LEGAL SERVICES

Please provide the following information in your proposal:

INDUSTRY KNOWLEDGE

1. Understanding of CAR and the Massachusetts residual market, including CAR's Rules and Plan of Operation, private passenger run-off, the MAIP, and the commercial automobile residual market
2. Describe industry expertise of staff in the local office that will perform legal services
3. Provide names and biographies of partners and associates to be assigned with particular emphasis on their experience in the industry of specified disciplines
4. Provide a list of clients in the industry
5. Other disciplines and their industry experience and expertise that will be consulted on this engagement
6. Describe the consulting and other services offered by your firm
7. Comment on any business issues affecting the industry
8. Briefly describe the industry related training programs offered by your firm that would be available to our staff
9. Indicate the methods by which your firm would keep CAR apprised on the status of pending matters

FEES

1. Please provide fee quotations including hourly rates by staff classification and function
2. Also, please include a separate explanation of out-of-pocket expenses anticipated with these services, and explain how you invoice for administrative and overhead costs
3. Please provide an explanation of what is included in the fee quotations (i.e., hours of impromptu research and consultation, business advisory support, education, etc.). Provide some examples of services that would and would not accrue additional charges under the fee structure noted above.

EVALUATION FACTORS

1. Understanding of CAR and the Massachusetts automobile insurance industry
2. Firm's technical experience in disciplines referenced
3. The legal team's experience and professional activities
4. Legal fees and associated costs

Please note:

All CAR Governing Committee, subcommittee (both standing and temporary) and advisory committee meetings are subject to the provisions of G.L. c. 30A, s. 11A1/2.