

SETTLEMENT AND RESTRUCTURING PLAN

for the

MASSACHUSETTS PROPERTY INSURANCE UNDERWRITING ASSOCIATION

This Settlement and Restructuring Plan (“Restructuring Plan”) is entered into effective April 1, 2024 by and between the Massachusetts Property Insurance Underwriting Association (“MPIUA”) and the Massachusetts Commissioner of Insurance (“Commissioner”).

WHEREAS, MPIUA is an unincorporated association established pursuant to M.G.L. c. 175C for purposes of making basic property insurance more readily available to all eligible applicants who have been unable to secure such insurance in the voluntary market;

WHEREAS, MPIUA for many years operated using a structure pursuant to which its members issued policies through MPIUA, recorded proportionate shares of MPIUA profits and losses as their own profits and losses, and accumulated such profits and associated investment income within MPIUA as member equity;

WHEREAS, the Commissioner and his predecessors in office have developed concerns regarding this structure and proposals from MPIUA to distribute the member equity to the insurers that are members of MPIUA;

WHEREAS, the Commissioner and MPIUA desire to resolve these concerns by reorganizing MPIUA to operate as a standalone risk-bearing entity, distributing accumulated member equity, and using a portion of the distributed member equity to support MPIUA as it transitions to the new model of operations;

NOW THEREFORE, the Commissioner and MPIUA agree as follows:

A. MPIUA shall:

1. Adopt the Amended Constitution of MPIUA attached hereto as Exhibit A (the “Amended Constitution”);
2. Adopt the Amended Plan of Operations of MPIUA attached hereto as Exhibit B (the “Amended Plan of Operations”);
3. Execute the FairPlan Trust attached hereto as Exhibit C; and
4. Provide the Commissioner with a Schedule of Assets (including cash or invested assets) with a book value equal to the member equity as of the effective date of the Amended Constitution and Amended Plan of Operations (the “Schedule of Assets”) that MPIUA proposes to transfer to FairPlan Trust.

B. Upon receipt of records demonstrating completion of the undertakings set forth in Paragraph A, the Commissioner shall issue to MPIUA a Confirmatory Order (the “Confirmatory Order”) in the form of a letter that:

1. Approves the Amended Constitution;
2. Approves the Amended Plan of Operations;

3. Acknowledges the creation of FairPlan Trust;
4. Permits MPIUA to issue the Surplus Note to FairPlan Trust in consideration of the assets shown in the Consideration Schedule;
5. Authorizes MPIUA to take credit for the reinsurance coverage provided by the Reinsurance Agreement (attached to the FairPlan Trust as Schedule C) and deems FairPlan Trust to be an admitted reinsurer for the sole purpose of providing reinsurance to MPIUA under the Reinsurance Agreement (to the extent necessary, the Commissioner will confirm to MPIUA's independent auditors from time-to-time, in mutually suitable form, the permission hereby granted for the MPIUA to record amounts due from FairPlan Trust pursuant to the Reinsurance Agreement as reinsurance recoverable); and,
6. Authorizes MPIUA to transfer to FairPlan Trust the assets shown in the Schedule of Assets.

C. Upon receipt of the Confirmatory Order, MPIUA shall:

1. Transfer the assets shown in the Schedule of Assets to FairPlan Trust;
2. Issue the Surplus Note to FairPlan Trust in exchange for the consideration set forth in such Surplus Note; and,
3. Execute the Reinsurance Agreement.

D. In consideration of the Commissioner's approval of the Restructuring Plan, and to permit the MPIUA's post-restructuring operations and experience to mature, MPIUA agrees not to file any application for a rate increase concerning the business written by the MPIUA until at least March 6, 2026.

IN WITNESS WHEREOF, the parties hereto have caused this Settlement and Restructuring Plan to be executed and delivered as of the day and year first written above by their respective duly authorized officers.

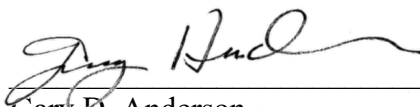
MASSACHUSETTS PROPERTY INSURANCE
UNDERWRITING ASSOCIATION

By: 

Name: Barbara P. Law

Title: President & Chief Executive Officer

MASSACHUSETTS COMMISSIONER OF
INSURANCE

By: 

Gary D. Anderson
Commissioner