



# COMMONWEALTH AUTOMOBILE REINSURERS

225 Franklin Street Boston, Massachusetts 02110

[www.commauto.com](http://www.commauto.com)

617-338-4000

RALPH A. IANNACO  
PRESIDENT

## RECORDS OF MEETING

### MARKET REVIEW COMMITTEE – JANUARY 13, 2010

#### Members Present

Mr. Richard P. Jones – Chairman	Leslie S. Ray Insurance Agency, Inc.
Mr. Paul Coleman*	Safety Insurance Company
Mr. John V. Kelly**	The Commerce Insurance Company
Mr. Joseph P. Leahy	Leahy & Brown Insurance and Realty
Mr. Douglas R. Long	Liberty Mutual Group
Mr. James J. Moran, Jr.	Quincy Mutual Fire Insurance Company
Mr. John W. O’Donoghue, Jr.	O’Donoghue Insurance Agency, Inc.
Mr. M. John Olivieri, Jr.	J.K. Olivieri Insurance Agency, Inc.
Ms. Susan K. Scott	The Premier Insurance Company of Mass.
Mr. Joseph A. Vargas	Vargas & Vargas Insurance
Mr. Kenneth Willis***	Plymouth Rock Assurance Corporation

#### Substituted for:

Mr. James D. Berry\*  
Mr. David H. Cochrane\*\*  
Ms. Paula W. Gold\*\*\*

#### Not in Attendance:

N/A

#### 09.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Market Review Committee meeting of December 2, 2009.

#### 09.05 Pacific Insurance Agency/Metropolitan P & C Insurance Company

At its December 2, 2009 meeting, the Committee deliberated on the matters relative to Metropolitan’s alleged policy processing failures and inappropriate policy terminations, as presented by Ms. Linda Webster of the Pacific Insurance Agency. The Committee agreed that the company had failed to acknowledge and process transfer of insurer 2-A notices and non-renewed “clean-in-three” business, and expressed concern that sufficient efforts had not been made by Metropolitan to assure compliance with CAR Rules of Operation and the proper processing of policies. The Committee unanimously voted to require that within 30 days, Metropolitan had to develop and provide to CAR a remedial action plan that would address the processing of “clean-in-three” business and 2-A notices accurately, and further requested that the Division of Insurance be notified of its deliberations, action, and any subsequent finding.

At the January 13, 2010 meeting, Mr. Michael McCabe, Counsel for Metropolitan, presented to the Committee the remedial action plan developed by the Company and submitted an accelerated plan for accurately processing “clean-in-three” business, which included implementing a system change as of February 18, 2010, to eliminate system generated non-renewal notices.

Ms. Linda Webster, of the Pacific Insurance Agency addressed the Committee expressing her disapproval of Metropolitan’s plan indicating its implementation would be too late to address her concerns. She stated that all other Assigned Risk Companies had plans in place to comply with CAR Rules and appropriately process non-renewals and retain that business, which was considered to be “clean-in-three” since April of 2009. Further, she provided examples of 2-A notices that were submitted to Metropolitan in October and November of 2009, which have not been processed by the company. Instead, the company placed these policies in cancellation status. She noted this activity occurred subsequent to Metropolitan establishing specific procedures to address such activity by providing her with a dedicated underwriting fax line for 2-A submissions. Ms. Webster also cited instances where policies that were due to be renewed in December 2009 with operator merit rating steps of 99 , which were ‘clean-in-three” and were non-renewed by Metropolitan. The company indicated that the reason that non-renewal activity took place on these policies was that the merit rating status had not been returned in a timely manner by the Registry of Motor Vehicles.

Ms. Tracey Hornsby, Underwriting Manager for Metropolitan, explained the matter involving the policies’ missing merit rating data, stating that the company’s renewal process involves connecting the insured’s file name to the Registry’s system, and in these particular cases the system did not accurately read the names, resulting in a failed match at the Registry. She stated that Metropolitan’s IT department was contacted to identify any similar accounts and for now, they are reviewing all policies on a manual basis as well. Ms. Homsby noted that Ms. Webster was notified of the problem and Metropolitan renewed the policies in question.

The Committee discussed the level of progress Metropolitan has made and concurred that to some degree they are working on rectifying the problems. However, the producer should not have to go through her book of business constantly to ensure policies are being renewed. The Committee noted that CAR rules mandate the renewal of “clean-in-three” business as of April 1, 2009, which was in place since 2007, and to be in non-compliance, almost a full year later, is an egregious violation.

Following discussion, the Committee unanimously voted to direct Metropolitan P & C Insurance Company to conduct an audit of the agency’s in-force book of business as of April 1, 2009, to identify the action taken by the company relative to renewal and non-renewal activity that has occurred since that date. The audit would include the identification of the reasons for non-renewal and provide supporting documentation and is to be completed by February 1, 2010. The results of the audit are to be submitted to the agency and CAR and will be reviewed by the Committee at its next meeting.

ADRIANNE DONOVAN  
Residual Market Services Liaison

Boston, Massachusetts  
February 11, 2010

**ATTACHMENT LISTING**

Docket MR10.02, Exhibit #1

Attendance Listing

Docket MR09.05, Exhibit #8

Metropolitan Plan for Processing Clean-in-Three

Docket MR09.05, Exhibit #9

Correspondence from MET to Pacific Insurance Agency

MARKET REVIEW COMMITTEE MEETING  
 SIGN-IN SHEET  
 JANUARY 13, 2010

Individual's Name

Company / Agency

PLEASE PRINT

Individual's Name	Company / Agency
Paul Coleman	SAFETY
John O'Donoghue	O'DONOGHUE INS. AGENCY
John Kelly	Common Ins. Company
Ken Willis	Plymouth Rock
JOE LEAHY	LEAHY - Brown Ins. Agency
Joseph Vargas	Vargas & Vargas Ins
Susan Scott	PREMIER
John Oliveri Jr	agent
Tim Moran	QUINCY MOTOR
Douglas Loy	Liberty Mutual
JOHN METCALFE	CAR
Rich Deaver	Agent
Lanella Wallace	CAR



## **CAR Market Review Committee Docket # MR09.05**

### **Metropolitan Property and Casualty Insurance Company Plan for Processing of Clean in Three Business Accurately**

In order to ensure the accurate processing of clean in three risks, Metropolitan Property and Casualty Insurance Company ("Met P&C") is taking the following actions:

#### **Phase One**

- Institute immediate MIS weekly reporting of all Massachusetts automobile policies flagged for nonrenewal and issuance of system generated nonrenewal notices.
- Continue removal of do not renew flags from all policies identified by the above described lists by a dedicated team so that system generated non-renewal notices do not issue on these policies.
- All Massachusetts automobile policies of terminated agents will be manually reviewed by MA Underwriting Team for identification of clean in three risks.
- MA underwriting team will manually issue nonrenewal notices for non clean in three risks.
- Quality control procedures instituted requiring monthly review of a sampling of nonrenewal notices sent by underwriting on former Exclusive Representative Producer policies.
- All former Exclusive Representative Producers have a specifically assigned underwriter to contact with any questions or concerns.

#### **Phase Two**

- Installation of a system change on February 18, 2010 that will stop a terminated agent's policies from being sent to the policy writing system for "do not renew" processing. This change will eliminate the possibility of the problem we experienced with unintended issuance of system generated nonrenewal notices on clean in three business of terminated agents. No system generated nonrenewal notices will be sent on a terminated agent's book of business.

**MetLife Auto & Home\***  
700 Quaker Lane  
PO Box 350  
Warwick, RI 02887

**MetLife**<sup>(®)</sup>

January 7, 2010

**Michael J. McCabe**  
Counsel

Linda Webster  
Pacific Insurance Agency  
578 Columbia Road  
Dorchester, MA 02125

(401) 827-3841  
(401) 827-2674 FAX  
mmccabe@metlife.com

Re: CAR Market Review Committee Docket # MR09.05

Dear Ms. Webster,

I have reviewed the information you submitted to CAR yesterday in regard to the above captioned matter, and have to say that I am extremely disappointed that you chose to submit your complaints about the delay in issuance of renewal policies for George and Christie Simonelli, but chose not to include the explanation of what occurred with those policies that was provided to you, in writing, by Tracey Hornsby on January 5<sup>th</sup>, the day before you submitted this information to CAR. As Tracey explained to you, we had issues with getting back SDIP information for these policies, delaying issuance of the renewal policies. That problem has been corrected and, as Tracey advised you, the policies in question have remained active in our system. In my opinion, it is neither productive nor helpful to the Market Review Committee for you to submit new information, unrelated to your original complaints before that Committee, but fail to provide complete information that you had available to you.

In regard to your complaint about the termination notice sent to you on December 24, 2009, that notice was sent to you as part of a company initiative cleaning up our records regarding agent appointments that were incorrectly showing as active in our system. Notices like that were sent to a number of agents who no longer have active appointments with us, and the notice sent to you was certainly not sent for any superfluous or retaliatory reason.

As we stated at the hearing on December 2, 2009, it is our intent to work with you, in a spirit of cooperation, to resolve any problems that may arise with your customers' policies, and ask that you consider taking the same approach. To that end, if you would like to set up a conference call or meeting with us to discuss these new issues you have raised, please contact me to do so.

Sincerely,



Michael J. McCabe