



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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NOTICE OF MEETING

COMMERCIAL PROGRAM OVERSIGHT COMMITTEE

A meeting of the Commercial Program Oversight Committee will be held virtually via Zoom video conferencing software on

THURSDAY, AUGUST 31, 2023, AT 10:00 A.M.

If you plan to attend this meeting and are not a member of this Committee, please RSVP by completing the Visitor Security Form located in the Contact Us/Visitor Information section of CAR's website. CAR will then forward to you, via email, meeting access information. Please do not share access information provided by CAR but refer others wishing to attend the meeting to CAR's Visitor Security Form.

MEMBERS OF THE COMMITTEE

Mr. John Olivieri, Jr. – Chair
J.K. Olivieri Insurance Agency, Inc.

Mr. Brian Hayes
Ms. Sharon Murphy
Mr. Henry Risman
Ms. Meredith Woodcock

Quincy Mutual Group
Acadia Insurance Company
Risman Insurance Agency, Inc.
Liberty Mutual Insurance Companies

AGENDA

CPOC

23.01 Records of Previous Meeting

The Records of the Commercial Program Oversight Committee meeting of May 25, 2023 should be read and approved.

CPOC

23.03 CAR Conflict of Interest Policy

The Chair will read a statement relative to CAR's Conflict of Interest Policy.

CPOC

23.04 2022 Servicing Carrier Annual Report Review

The Commercial Servicing Carrier Annual Reports are intended to provide Servicing Carriers a framework to report annually to CAR their efforts in managing the commercial automobile residual market. At the meeting, the Committee should be prepared to review and discuss the 2022 Annual Report submissions by the four commercial automobile Servicing Carriers. To assist the Committee in its discussion, staff has prepared a summary of the Servicing Carrier's Annual Reports and data reports profiling the commercial residual market. The following exhibits are attached:

- 2022 Servicing Carrier Annual Report Summary (Docket #CPOC23.04, Exhibit #2)
- 2022 Annual Report – Arbellia (Docket #CPOC23.04, Exhibit #3)
- 2022 Annual Report – MAPFRE (Docket #CPOC23.04, Exhibit #4)
- 2022 Annual Report – Pilgrim (Docket #CPOC23.04, Exhibit #5)
- 2022 Annual Report – Safety (Docket #CPOC23.04, Exhibit #6)
- Commercial Residual Market Data Reports (Docket #CPOC23.04, Exhibit #7)

CPOC

23.05 Commercial Forms Implementation

At its last meeting, the Committee recommended that the update of commercial policy forms be implemented coincident with the Servicing Carrier appointment term to be effective January 1, 2027. To that end, the Committee discussed initiating the RFP to enable Servicing Carrier selection with sufficient lead time for needed planning, budgeting, and implementation activities. Based on comments from Servicing Carriers, staff has prepared an updated schedule for the Committee's consideration. (Docket #CPOC23.05, Exhibit #2)

Other Business

To transact any other business that may properly come before this Committee.

Executive Session

The Commercial Program Oversight Committee may convene in Executive Session in accordance with the provisions of G.L. c. 30A, § 21.

RICHARD DALTON
Residual Market Liaison

Attachments

Boston, Massachusetts
August 14, 2023



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Commercial Servicing Carrier Annual Report 2022 Review

A. Introduction

The purpose of the Commercial Servicing Carrier Annual Report is to provide Servicing Carriers a framework to report annually to CAR their efforts in managing the commercial automobile residual market. The Servicing Carriers will provide a self-assessment of their performance in addressing past commercial market concerns and the results of those efforts. The Servicing Carriers will outline their objectives to maintain current levels of achievement in dealing with the issues identified in the marketplace over the past years and strategies for maintaining or exceeding those expectations in upcoming years.

- One carrier commented in this introductory section that they focus on controlling the size of the residual market and improving the results of the pool. They have strong enforcement of eligibility guidelines and the premium volume they manage remained flat for a number of years while the entire program grew by over 13%.

B. Specific Areas for Servicing Carrier Comment

1. In the 2021 Annual Report, comments from the carriers outlined trends regarding inflationary and supply chain issues resulting from the COVID pandemic. Comment on the development of these issues during 2022 with respect to the Massachusetts commercial automobile residual market.
 - Inflationary and supply chain issues continued in 2022 affecting an increase in claim costs and longer wait times for claims to close.
 - Truckers greatly impacted due to fuel costs and delays in shipments coming to US.
 - During COVID, initial and largest impact to public transportation risks as they chose not to operate vehicles and/or reduce coverage. This resulted in premiums decreasing at a higher rate than policy and exposure counts. These risks started moving back to coverage/limit levels by the end of 2021.
 - Repair costs have increased due to labor and material costs and repair along with the complexity of Advanced Driver Safety Systems and electric vehicles.
 - Delays in repair times resulted in substitute transportation period being longer affecting the availability of substitute transportation vehicles.
2. The Ineligible Risk Application was introduced in November 2018 for use as an information sharing tool for the Servicing Carriers relative to the underwriting and management of business submissions to the residual market. Since its introduction, the application and information has been positively received, actively used and shared by each of the Servicing Carriers. Feedback from the Servicing Carriers in the 2021 annual report resulted in enhancements to the application including the ability to sort on different variations of the risk's name to assist in the alleviation of owed

premium avoidance as well as the addition of an owed premium indicator. Please comment on whether these enhancements have been helpful and what, if any, further opportunities exist within the database to assist Servicing Carriers in the consistent handling of business submissions.

- The ability to search by business address has been very helpful and allows for flexibility when carriers enter different names.
 - Streamlining and minimizing potentially duplicative information gathered from the Owed Premium Category and the ATLAS Registry system would be helpful.
 - Ability to confirm if a cancellation or declination emanated from a failure to supply documentation or ineligible characteristic, such as not being Massachusetts domiciled, is important to the underwriting process.
 - The database gives carriers a head-start on their investigations which prevents ineligible risks from jumping to other carriers.
 - The Owed Premium field gives carriers more information to evaluate risks and has proven useful to ensure that Owed Premium is collected on behalf of all carriers. Also, there has been success in collecting Owed Premium by declining those risks that do owe premium.
 - Fosters improved communications among the Servicing Carriers.
3. Several transportation network endorsements for policies effective February 2022 were implemented. Additionally, an out-of-state rating differential for zone-rated vehicles was approved for policies effective November 1, 2022.
- a. Comment on the impact of those endorsements and rating procedures have had since their implementation.
- Implementation of the TNC endorsements was an easy transition.
 - Introduction of three TNC forms has generated questions of accessibility of coverage.
 - Information to validate the percentage of operations derived from vehicle sharing versus other forms of public transportation is challenging to obtain. That is, an insured may be operating under a social service contract, a school bus contract, and operating as a car service simultaneously but there is limited documentation to determine the dominant class. Having a standard practice from CAR would create consistency among the carriers. [This recommendation is included with the list of recommendations contained in Question 8].
 - When presented with potential vehicle sharing exposure, the producer is made aware of the Exclusion Endorsement and, typically, no request to issue a policy follows.
 - Changes resulted in implementation costs due to systems changes needed to allow for the endorsements to be attached to the policies as well as system changes to attach endorsements to correct classifications.
 - Changes resulted in more underwriting research to identify potential TNC risks and to accurately classify risks. Saw instances of new risks classified as PPT but, with further investigation, discovered the insured is providing on-demand services which results in a change in class and increase in premium. Suggest CAR provide additional information to agents to assist them in accurately classifying vehicles engaged in transportation network activities. [This recommendation is included with the list of recommendations contained in Question 8].
 - Out-of-state rating differential resulted in some insureds shopping for other carriers and created questions in the rate change.
 - In some cases, a number of vehicles are being removed from the policy upon application of the rating factor for vehicles principally garaged in states other than Massachusetts, New Hampshire, Maine, and Vermont.

- Regarding trucking risks, majority of vehicles being removed from policies are those under long-term lease with drivers. Due to premium increase associated with rating factor, many risks have terminated leases or removed vehicles from the policy.
 - From a claims perspective, it is standard practice to investigate the potential of an insured vehicle being used for TNC purposes. The investigative work of underwriting has rendered claims involving coverage disputes pertaining to TNC non-existent.
- b. Comment on any other issues that may have developed or may arise from the implementation of those forms and procedures.
- Increase in leasing or rental concern risks many of which are written in an individual's name rather than a business entity. Some engage in car-sharing such as Turo for which there is no established place of business so a home address is used. Direction from CAR on how to manage these risks would be helpful. [This recommendation is included with the list of recommendations contained in Question 8].
 - Increased insurance requirements by TNC providers along with other transportation network legislation may lessen exposure concerns among standard carriers increasing their willingness to offer coverage reducing concerns in the residual market.
 - Increase volume of questions regarding coverage of peer-to-peer vehicle sharing from agents. Additional information provided to agents would be beneficial especially as it relates to coverage for risks engaged in transportation network services and peer-to-peer car sharing, as well as how to correctly classify these risks. [This recommendation is included with the list of recommendations contained in Question 8].
4. The Taxi/Limo/Car Service Program and the Commercial Servicing Carrier Program were combined as of the 2022 Servicing Carrier term. Comment on any significant implementation, classification, and/or book distribution issues or trends associated with combining the two programs.
- In general, no issues with combining the programs but it did require some IT resources to administer system changes up front.
 - Positive feedback with having one carrier for all commercial business as well as combining the programs resulted in less policy splits among the carriers.
 - Positive feedback from agents from combining the programs as it resulted in a greater ease of doing business. Agents are able to place all insured's commercial autos with one SC resulting in streamlined billing, mailing, and claims handling.
5. Identify any new trends or red flags observed in the commercial automobile residual market with regard to an increase in new classifications being written or the re-classification of risks.
- For public vehicle classification, such as social service and school bus, and the trucker's classification, see an increase in the number of applications for commercial entities being written under personal names. Applicants do not have enough credit history and/or business experience to qualify for a bank loan under the business name according to agents. Additionally, auto dealerships are registering vehicles in the insured's personal name at the request of banks due to a lack of business credit history.
 - Influx of short-term leasing concerns – insureds starting car rental companies – where an applicant purchased a fleet of vehicles to rent out to others who are driving for Uber/Lyft. The insured would provide the vehicle for a fee and make a commission off the trips that the person would do for Uber/Lyft. Agents seem to be classifying these risks as PPTs.

- Increase in loss severity trends across the industry coupled with the continuation of new ventures in the transportation sector, may increase risk placement in the residual market as carriers take a more conservative approach to underwriting. There has been an increase in the validity of the documentation provided to substantiate vehicle garaging.
 - Increase in Social Services risks, especially, Home Health Services. Clarification of the Social Service classification in the CAR manual and additional guidance for agents and Servicing Carriers to properly classify these risks would be helpful.
 - Increase in risks classified as PPTs but should be classified as short-term rental operations.
6. As outlined in the RFP, Servicing Carriers are requested to provide CAR with annual expense data containing the same information and detail level that your company provided in its proposal for the RFP (Exhibit 5.1.1).

In Sections A, B, C and D, separately identify total policy year 2022 company expenses for servicing ceded business by ULAE expenses, Underwriting/Technical Services expenses, Loss Control Services expenses, and Company/General expenses. As discussed by CPOC in evaluating the 2021 proposals, Servicing Carriers should report only expenses specifically incurred in relation to servicing ceded business and should not include enhancements implemented to improve their total market operations.

This information will be distributed under separate cover to Committee members only.

7. Comment on any other successes and/or challenges in 2022 relative to the commercial automobile residual market activities.

Arbella: Grew at a faster rate compared to the industry (+2.4% vs +0.3%, respectively). Bus classes offset the shrinking exposures within TTT and PPT classes for both the industry and Arbella. At over 40% of the premium and exposure, the Non-Fleet/Fleet TTTs continue to be the largest group for Arbella and industry. This group continues to drive the results that mirror the book in total.

Private Passenger Types – Non-Fleet make up less than 5% of premium in total; however, this class type helped improve Arbella's results compared to the industry. Arbella had a 16-point or larger improvement in the loss ratio for this class compared to the industry over the last three years despite having an average premium for this class consistently lower than the industry. Our rating methodology for this class accurately prices these risks and has led to improved loss ratios. Arbella's pre-screening process for all ceded, non-fleet PPT new business helps determine that it qualifies for a commercial auto policy. Arbella continues to face obstacles in attempting to obtain contracts for school districts, social service agencies such as MART, Uber/Lyft, and truckers who are delivering for Amazon and in obtaining parking lease agreements for truckers.

MAPFRE: MAPFRE introduced a new agency front end system for both voluntary and ceded auto and garage business in 2022. This automation made available several classes of business and coverages for quoting, improving the agent experience for the agents.

Pilgrim: Pilgrim again focused on continuing to provide exceptional service while delivering positive results to the program in 2022.

Safety: Inflation had a negative impact on the insurance industry and the commercial automobile residual market. Increased cost of repairs and replacement costs, supply chain issues, reduction in vehicle inventories including rental vehicles lead to increased costs and repair times.

The combination of the Taxi, Limo, and Car Service Program with the Commercial Auto Servicing Carrier Program was a considerable success in 2022. Safety has had positive feedback from our agents due to the ease of doing business.

The four Serving Carriers and their underwriting staff have done an excellent job communicating within and outside of the CAR IRD to deter fraud and premium avoidance.

Agents continue to have trouble obtaining documentation to validate radius of operations and geographic classifications for TTT's and Public Autos. For instance, Safety has underwritten risks that have clearly been in operation for a period of more than 6 months, as confirmed by the vehicle registration date, FMSCA inspections and Trucker Addendum, confirming that the risk should be zone-rated. However, the agent, or insured, does not provide the necessary documentation to zone rate the risk, as outlined in CAR Bulletin 1075.

8. Servicing Carrier Program Recommendations for 2023 and later:

- a. Identify any market concerns, red flags, opportunities, or conditions not currently being addressed by the commercial automobile residual market. Provide suggested recommendations for addressing these issues in 2023 and beyond.

Staff comment: The recommendations listed below represent a compilation of the recommendations included in the annual report responses. They are organized into different categories for discussion purposes and to indicate staff's recommendations on addressing them.

1. Items committees are currently discussing:

- Peer to Peer Vehicle Sharing (Commercial Automobile Committee)
 - The Commercial Auto Committee recently had an excellent discussion about the eligibility of risks engaged in peer-to-peer vehicle sharing programs, such as Turo. Should continue discussion in determining the extent to which this exposure will be covered by the residual market.
 - There is an increase in leasing or rental concern risks written in an individual's name rather than a business entity's name. A percentage of these risks engage in car-sharing such as Turo for which there is no established place of business so a home address is used. Direction from CAR on how to manage these risks would be helpful.
 - There has been an increase volume of questions regarding coverage of peer-to-peer vehicle sharing from agents. Additional information provided to agents would be beneficial especially as it relates to coverage for risks engaged in transportation network services and peer-to-peer car sharing, as well as how to correctly classify these risks.
- Impact of FWMA on residual market size (Actuarial Committee)
 - With legislation going into effect on 7/1/2023 allowing undocumented immigrants to apply for a driver's license, Servicing Carriers and CAR will need to monitor this for any associated trends. This has the ability to affect both the personal and commercial markets.

2. Potential new items for the CAC Issues List:

- Update the Non-Fleet Private Passenger Type Certification
 - One company has suggested that the form should be applicable to both Fleet and Non-Fleet Private Passenger Type vehicles.
 - Another company suggested that the form be applicable to all vehicle types and businesses, as it has seen an increase in excluded owners being involved in accidents.

- Evaluate the request for required CAR forms when agents are being reassigned to a new Servicing Carrier. This will create consistency among the SCs and address concerns regarding disruption to the books being moved. This includes Principle Place of Business Form, Non-fleet PPT Form, General Applications, and Supplemental Application.
 - Clarification on information to validate the percentage of operations derived from vehicle sharing versus other forms of public transportation is challenging to obtain. An insured may be operating under a social service contract, a school bus contract, and operating as a car service simultaneously but there is limited documentation to determine the dominant class. Having a standard practice from CAR would create consistency among the carriers.
3. Items that require additional CAR research and/or development and then potential Committee review:
- Consider reviewing the Garagekeepers coverage in light of the recent AIB form filed for On-Hook coverage to address inconsistencies.
 - Review the current rules for applications and inspection among the taxi, limo and car service business for consistency with other residual market processes.
4. Items that CAR will work directly with the SC to determine specific issue:
- Review the Ongoing Exclusive Representative Producer Requirements in CAR's Rules of Operation to address proper handling of repeat violations.
 - CAR should consider updating the Stated Amount procedures for consistency among the Servicing Carriers on how to arrive at an accurate value. Unlike Agreed Amount procedures, Stated Amount procedures also do not require an appraisal and a review by CAR would help to ensure consistent methodologies in determining the vehicle's value.
 - There is concern with the agents' use of Stated Amount, especially among trucker's risks to significantly reduce physical damage premium. Implement a procedure to stop this practice, such as a minimum age limit to qualify for Stated Amount coverage, appraisal requirements.
 - Some agents have reported that they have noticed better rates in CAR than in the voluntary market for certain risks (i.e. truckers).
5. Items to be referred to CAR and AIB for consideration in a future rate filing:
- Deductibles
 - Explore a higher deductible for zone-rated vehicles as the highest deductible in the manual for this class of business is only \$3,000.

- Explore the deductible structure of other residual markets as the premium difference for choosing a higher deductible may not be significant enough to entice an insured to consider self-insuring at a higher deductible currently.
 - The rating methodology used to determine premium on high-valued vehicles should be reviewed to ensure that the rates are adequate.
 - There seems to be an increase in risks traveling to Canada, but there is no specific garaging territory or zone-rated territory for these risks. CAR should investigate and determine whether the current rating methodology is adequate for out-of-country travel.
 - Assess the rating of split policies and manual rules to identify when experience rating applies to part voluntary and part ceded policies.
- b. Provide suggestions, recommendations and/or solutions that would further control claims and service costs for 2023 and later.
- Continued vigilance and awareness required with the supply chain, staffing, and inflationary issues that continue to affect the insurance market. Be aware of the impact of staffing issues across the industry as well as supply chain delays on cycle time for repairs.
 - Advance Driver Assistance Systems vehicle materials warranty repair continue to increase overall costs which further restricts supply of replacement vehicles also negatively impacting costs.
 - With the increase in out-of-state business owners and operators and the adoption of the new law, there would be benefits in discussing at CAR committees.
 - With changing exposures and new policy forms, on-going training with underwriting and claims will bring awareness to new issues.
 - Emerging technology and data should be explored and leveraged where available.

C. General Topics to be Addressed by the Servicing Carrier in the Annual Report

Servicing Carriers are expected to comment on market conditions and experience both relative to the industry and specific to their company in the handling of commercial automobile residual market business during the 2022 policy year. Comment on the industry and your company's efforts, challenges and successes in handling this business. The charts below provide industry and company data as of December, 2022 to assist you in your evaluation and comments. Additional data reports can be found on CAR's website on the Commercial Only – Servicing Carrier Profile Page.

Arbella: No comment

MAPFRE: Regular TTT and TTT-Fleet segment remains highest of all categories for both the industry and MAPFRE. Overall, TTT segment remained flat while MAPFRE decreased 10.7%. With redistribution in 2022, some sizable accounts were moved to other carriers.

MAPRE began writing taxi/limo/car service business as a result of it being combined with LSC program in 2022. The diligent actions of CAR Committees to effect rate where needed and the carriers' underwriting and claims practices have been beneficial.

Specific to MAPFRE, results for commercial buses and bus fleets are primarily driven by one claim on a policy with a \$5MM liability limit.

The loss ratio in zone-rated buses and zone-rated fleet buses is high due to much less premium. One loss accounts for 60% of the loss dollars.

Pilgrim: Successfully and seamlessly handled the accompanying producer redistribution. The data shows Pilgrim's successful management of its portion of the program. Pleased with results including, but not limited to, depopulation, loss ratio, and the contribution to the recent surpluses. Focus remains on controlling the size of the commercial residual market and to improve results of the pool.

Safety: During the past year Safety suggested creating a standardized taxi/limo/car service inspection form and adding business owner address to the Ineligible Risk Database.

Safety experienced success in addressing poorly performing classes in the market. Saw significant improvement in the loss ratios of Zone-Rated buses and, in 2022, Safety's loss ratio for these risks was lower than the industry average. Safety's loss ratio for a number of classes (PPT Buses, Garages, PPT Fleet, Special Types and Motorcycles, and Limousines were all lower than the industry average.

Implemented the following initiatives to improve loss ratios:

- Assignment of experienced underwriters to review risks properly and thoroughly; to accurately classify and rate risks in accordance with CAR rules.
- Coordinate efforts of Underwriters and SIU Investigators to identify potential fraud and premium avoidance.
- Non-renew and cancel risks that do not have their Principal Place of Business ("PPOB") in Massachusetts.
- Properly apply the new Zone and Zone Combination rules.
- Proper application of Bulletin 1075 to validate radius of operations and geographic classification of Trucks, Tractors and Trailers, and Public Automobiles
- Ensure communication between Underwriting and Claims to uncover fraud and premium avoidance.
- Underwrite risks using resources to determine proper classification, territory, and operations (SAFER inspection information, IFTA's/trip logs, internet searches, Safety's Zone Rating Questionnaire, CAR forms, etc.).

Underwriting, Claims, SIU, and Marketing/Agent Support departments continue to work closely to address industry concerns. Continue to review individual risks, and entire book of business versus the industry, to identify underwriting concerns, fraudulent activity, and premium leakage. Additionally, focused on reviewing the business mix and growth of individual agent's books of business to identify areas of growth that may warrant additional review.



COMMONWEALTH AUTOMOBILE REINSURERS
COMMERCIAL SERVICING CARRIER ANNUAL REPORT – 2022 REVIEW

In partnership with CAR, Arbella Protection Insurance Company has worked diligently to manage the commercial automobile residual market and address the issues and concerns that have arisen successfully.

The loss ratio for the residual market business continued to improve for both the industry as well as Arbella in 2022. The loss ratio for business written by Arbella was better than the industry for the third straight year.

- B.1. The inflationary and supply chain issues that developed post-pandemic continued to challenge the commercial auto line during 2022. With more autos back on the road, demand for auto parts increased while manufacturing snags, factory shutdowns and shipping issues contributed to long wait times and higher prices at repair shops. We found that truckers took a hard hit during 2022 because of high fuel prices and delays of shipments coming in to the US; those issues combined with the rate change in November led to trucking risks shopping for rate.
- B.2. The new enhancements to the Ineligible Risk Log have improved the usefulness of this tool. The capability to search by an address has provided us with another way to search for an insured, which has been especially helpful.
- B.3. CAR's introduction of the TNC endorsements was an easy transition; Arbella has not received any negative feedback from agents. The out-of-state rating differential for zone rated vehicles does, at times, cause the insured to shop around but most of our insured's garage all of their vehicles in Massachusetts.
 - a. From an underwriting standpoint, the TNC endorsements do not appear to have had an impact on submissions. The out-of-state rating differential has caused insureds to move to other carriers. We have also found that with the trucker rate change there was a large increase per truck which resulted in calls from agents not understanding why prices had risen so sharply.
 - b. We write very few taxi and limo policies. Applications for car service coverage end up being mostly quotes that we don't hear back on. We have also seen an uptick in the submission of leasing or rental concern operators. Many of these come in under a personal name because their vehicles have loans and banks are not willing to lend to them under recently-established business names. These submissions by entities operating under personal names are also a concern because a number of these applicants engage in Turo (car sharing) with their vehicles; for these risks, there is no established business and the principal place of business is the individual's home address. Direction from CAR on how we should be handling these would be very helpful.
- B.4. When the Taxi, Limo/Car Service Program was combined with the Commercial Servicing Carrier Program, Arbella expected to receive more than 300 taxi, limousine and car service policies. That didn't happen. We have had no issues with the combination of the programs.

The Taxi Limo and Car Service inspections have been fairly straightforward, however housing the pictures of the vehicles is still an issue we need to resolve for future CAR audits.
- B.5. We are seeing a number of applications for commercial entities being written in personal names, either for a public vehicle (social service, school bus, etc.) or a trucker. According to the agents, this is happening because the applicants do not have enough credit history/business experience to qualify for bank loans in the business name. It appears that



auto dealerships are registering vehicles in the insured's personal name at the behest of banks, apparently because of a lack of business credit history.

We have had an influx of short-term leasing concerns -- insureds starting car rental companies. We recently issued a quote (for a policy we did not write) for an applicant who was purchasing a fleet of vehicles and wanted to rent them out to others who are driving for Uber/Lyft. The insured would provide the vehicle for a fee and also make a commission off of the trips that person would do for Uber/Lyft.

B.6

Summary of PY 2022 Expenses

A. ULAE Expenses

Expenses

Claims Management Services Loaded Annual Staffing Costs	[REDACTED]
Overhead/Traveling Expenses* *All salaries, including ULAE-related salaries, should be reported in the salary supplement.	
Special Investigations (concerning the facts of the loss)	[REDACTED]
Adjusters Fees	[REDACTED]
Motor Vehicle Appraisal Fees	
Fees for retrieval of pre-inspection reports	
Other	[REDACTED]
Total	[REDACTED]

B. Underwriting/Technical Services Expenses

Expenses

Underwriting/Technical Services Loaded Annual Staffing Costs	[REDACTED]
Agency Education and Training	[REDACTED]
General Processing Expenses	[REDACTED]
Other	[REDACTED]
Total	[REDACTED]



C. Loss Control Services Expenses

Expenses

Loss Control Services Loaded Annual Staffing Costs		
Surveys of New Insureds		
Surveys of Renewal Insureds		
Cost for Vehicle Inspection		
Educational Programs		
Monitoring of Loss Control Recommendations		
Special Services		
Other		
Total		

D. Company/General Expenses

Expenses

Other Loaded Annual Staffing Costs		
Administrative/Account Management Services		
Management Information System Services		
All Other Services		
Rent and Rent Items		
Office Equipment & Supplies		
Professional Services (Auditors, Actuarial, Legal, etc.)		
Taxes, Licenses, & Fees		
Other		
Total		

E. Calculation of Total Expenses

Expenses

Section A. Total: ULAE Expenses		
Section B. Total: Underwriting/Technical Services Expenses		
Section C. Total: Loss Control Services Expenses		
Section D. Total: Company/General Expenses		
TOTAL: (A+B+C+D)		

B.7. In 2022, Arbella grew at a faster rate compared to the Industry (+2.4% vs +0.3%, respectively). Buses, including commercial, zone rated and PPT buses were largely responsible for that growth rate. Buses of all types offset the shrinking exposures grouped within TTT and PPT for both the industry and Arbella.

Although written premium growth was around 3% for both the industry and Arbella, the industry's premium growth was driven by higher average premium per exposure (+2.9%) while Arbella's premium growth primarily came from exposure growth at only a slightly higher average premium (+0.6%).



As mentioned above, the loss ratio for the residual market business continued to improve for both the industry as well as Arbella in 2022. We're proud to have achieved a loss ratio that was better than the industry for the third straight year.

As with the industry, TTT (Non-Fleet/Fleet) continues to be the largest group for Arbella at over 40% of the premium and exposure. This group continues to drive the results that mirror the book in total.

Even though Private Passenger Types – Non Fleet make up less than 5% of premium in total, this class type is also a driver of the improved results for Arbella compared to the industry. There is a 16-point or larger improvement in the loss ratio compared to the industry over the last 3 years, despite the fact that the average premium for this class is consistently lower than the industry. Our rating methodology for this class accurately prices these risks and has led to improved loss ratios. Additionally, Arbella's pre-screening process for all ceded non-fleet PPT new business helps us determine upon receipt of the submission that it qualifies for a commercial auto policy. The tools that CAR has provided, including the Non-Fleet Private Passenger Type Certification Form, Principal Place of Business Certification Form, Operator Exclusion Form and Ineligible Risk Application, continue to be instrumental in helping us achieve these results.

Servicing residual market business is not without its challenges. We continue to face obstacles in obtaining contracts for school districts, social service agencies such as MART, Uber/Lyft, and truckers who are delivering for Amazon. There are also hurdles to obtaining parking lease agreements for truckers.

B.8. A. Concerns and red flags include the following:

- We have also seen an uptick in DOR's with excluded operators who are involved in claims. In many of these cases, it is the owner of the company who has signed the operator exclusion form, We suggest that CAR update their non-fleet PPT form to include all types of vehicles/businesses instead of just non-fleet PPTs. We believe the servicing carriers should have a uniform approach for addressing this scenario, either cancelling for misrepresentation or paying minimum limits.
 - The Commercial Auto Committee recently had an excellent discussion about the eligibility of risks engaged in peer-to-peer vehicle sharing programs, such as Turo. Arbella supports the thoughtful consideration being given to determining the extent to which this exposure will be covered by the residual market.
- B. The issues that developed during the pandemic and that continue to affect the insurance market require continued vigilance and awareness. For example, we believe it's important to be aware of the impact of supply chain delays relative to cycle time for repairs and anomalies in staffing issues across the industry. The impacts of advanced driver assistance systems (ADAS), vehicle materials and composition, and manufacturer warranty repair requirements/suggestions continue to increase overall costs. Further, restricted supply of replacement vehicles is negatively impacting costs associated with substitute transportation.

We continue to see of out-of-state licensed business owners and operators with out-of-state licenses. We are preparing for implementation of the new law relative to eligibility for a Massachusetts driver's license, and this may be an area that would benefit from discussion at CAR.



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A. Introduction

The purpose of the Commercial Servicing Carrier Annual Report is to provide Servicing Carriers a framework to report annually to CAR their efforts in managing the commercial automobile residual market. The Servicing Carriers will provide a self-assessment of their performance in addressing past commercial market concerns and the results of those efforts. The Servicing Carriers will outline their objectives to maintain current levels of achievement in dealing with the issues identified in the marketplace over the past years and strategies for maintaining or exceeding those expectations in upcoming years.

Please comment on each area identified below and submit to CAR staff.

B. Specific Areas for Servicing Carrier Comment

1. In the 2021 Annual Report, comments from the carriers outlined trends regarding inflationary and supply chain issues resulting from the COVID pandemic. Comment on the development of these issues during 2022 with respect to the Massachusetts commercial automobile residual market.

Continued increases in severity and economic inflation remain factors contributing to a hardening market in 2022. The industry continued to suffer from lingering supply chain issues, claims remaining open longer as well as increased labor and material costs. Of recent, there does seem to be some relief regarding supply chain and parts availability. However, there are still issues with safety and certain non-safety parts availability. Repair costs continue to be on the rise, driven by parts prices, labor rates and repair complexity, due to factors including more Advanced Driver Safety Systems (ADAS) and electric vehicles (EVs).

2. The Ineligible Risk Application was introduced in November 2018 for use as an information sharing tool for the Servicing Carriers relative to the underwriting and management of business submissions to the residual market. Since its introduction, the application and information has been positively received, actively used and shared by each of the Servicing Carriers. Feedback from the Servicing Carriers in the 2021 annual report resulted in enhancements to the application including the ability to sort on different variations of the risk's name to assist in the alleviation of owed premium avoidance as well as the addition of an owed premium indicator. Please comment on whether these enhancements have been helpful and what, if any, further opportunities exist within the database to assist Servicing Carriers in the consistent handling of business submissions.

The Ineligible Risk Application continues to be a useful tool for information sharing among the Servicing Carriers providing the opportunity to focus on details critical to eligibility and ensure consistency among the carriers. The ability to confirm if a cancellation or declination emanated from a failure to supply documentation or ineligible characteristic such as not being Massachusetts domiciled is important to the underwriting process. Regarding future enhancements, streamlining and minimizing potentially duplicative information gathered from the Owed Premium Category and the ATLAS Registry system would be helpful.

3. Several transportation network endorsements for policies effective February 2022 were implemented. Additionally, an out-of-state rating differential for zone-rated vehicles was approved for policies effective November 1, 2022
 - a. Comment on the impact of those endorsements and rating procedures have had since their implementation.

There continues to be an increase in home delivery services coupled with transportation network business for delivery of goods, ride sharing and vehicle sharing. Post Covid, these exposures are on the rise in the business communities. The introduction of three TNC forms in 2022 aimed at addressing these exposures in the residual market have generated some concern among agents' accessibility of coverage. Most recently vehicle sharing platforms, such as Turo, have raised concerns due to the total exclusion applied to all businesses.

The above mentioned forms are as follows:

- CR 99 06 – TNC - Public / Livery Passenger Conveyance & On-Demand Delivery Exclusion
- CR 99 04 – TNC - Public / Livery Passenger Conveyance & On-Demand Delivery – Other Ins Condition
- CR 99 05 - Vehicle Sharing Program Exclusion

From the carrier perspective, information to validate the percent of operations derived from vehicle sharing versus other forms of public transportation is challenging to obtain. Vehicles could be involved in multiple operations. For example, an insured may be operating under a social service contract, a school bus contract and operating as a car service operation simultaneously. However, there is limited documentation accessible to determine the dominant class. Having a standard practice from CAR would create consistency among the servicing carriers.

No concerns or feedback to note regarding the out-of-state differential for zone rated vehicles at this time. Overall rates for zone rated vehicles are noted to be higher with the approved changes to the base rates and primary class factors.

- b. Comment on any other issues that may have developed or may arise from the implementation of those forms and procedures.

Specific to transportation networks, the concerns noted above regarding vehicle sharing have been brought forward to MAIA. This topic, along with other transportation network legislation should continue to be monitored for impacts to the industry and residual market. Increased insurance requirements by the transportation network providers may lessen exposure concerns among standard carriers increasing their willingness to offer coverage, reducing concerns regarding accessibility in the residual market.

4. The Taxi/Limo/Car Service Program and the Commercial Servicing Carrier Program were combined as of the 2022 Servicing Carrier term. Comment on any significant implementation, classification, and/or book distribution issues or trends associated with combining the two programs.

At the outset, the implementation did provide an IT challenge including the high cost to program the forms within our system(s). Once programmed, no additional challenges were noted in 2022. The inspection process outlined for taxi / limo / car service risks varied by carrier with each using their own form and inspection process. This item was addressed by the CAR committees and a standardized form introduced early 2023.

Agent feedback has indicated combining the programs was positive from an ease of doing business perspective, having only one assigned carrier for all residual market business. From a carrier perspective this has resulted in less policies split among carriers making the underwriting review, rating and experience rating more efficient.

5. Identify any new trends or red flags observed in the commercial automobile residual market with regard to an increase in new classifications being written or the re-classification of risks.

Increasing loss severity trends across the industry along with the continuation of more new ventures in the transportation sector, may increase the placement in the residual market as carriers take a more conservative approach to their underwriting.

Regarding reclassification, there has been an observed increase in the validity of the documentation provided to substantiate vehicle garaging. More specifically, the documentation provided to support a lower rated garaging was proven through investigation to be invalid.

6. As outlined in the RFP, Servicing Carriers are requested to provide CAR with annual expense data containing the same information and detail level that your company provided in its proposal for the RFP (Exhibit 5.1.1).

In Sections A, B, C and D, separately identify total policy year 2022 company expenses for servicing ceded business by ULAE expenses, Underwriting/Technical Services expenses, Loss Control Services expenses, and Company/General expenses. As discussed by CPOC in evaluating the 2021 proposals, Servicing Carriers should report only expenses specifically incurred in relation to servicing ceded business and should not include enhancements implemented to improve their total market operations.

Summary of PY 2022 Expenses

A. ULAE Expenses **Expenses**

Claims Management Services Loaded Annual Staffing Costs	██████████
Overhead/Traveling Expenses* *All salaries, including ULAE-related salaries, should be reported in the salary supplement.	
Special Investigations (concerning the facts of the loss)	██████████
Adjusters Fees	██████████
Motor Vehicle Appraisal Fees	██████████
Fees for retrieval of pre-inspection reports	
Other	██████████
Total	██████████

B. Underwriting/Technical Services Expenses

Expenses

Underwriting/Technical Services Loaded Annual Staffing Costs	████████
Agency Education and Training	
General Processing Expenses	████████
Other	
Total	████████

C. Loss Control Services Expenses

Expenses

Loss Control Services Loaded Annual Staffing Costs	
Surveys of New Insureds	██████
Surveys of Renewal Insureds	
Cost for Vehicle Inspection	██████
Educational Programs	
Monitoring of Loss Control Recommendations	
Special Services	
Other	
Total	██████

D. Company/General Expenses

Expenses

Other Loaded Annual Staffing Costs	
Administrative/Account Management Services	████████
Management Information System Services	████████
All Other Services	
Rent and Rent Items	████████
Office Equipment & Supplies	████████
Professional Services (Auditors, Actuarial, Legal, etc.)	████████
Taxes, Licenses, & Fees	████████
Other	████████
Total	████████

E. Calculation of Total Expenses

Expenses

Section A. Total: ULAE Expenses	████████
Section B. Total: Underwriting/Technical Services Expenses	████████
Section C. Total: Loss Control Services Expenses	██████
Section D. Total: Company/General Expenses	████████
TOTAL: (A+B+C+D)	████████

7. Comment on any other successes and/or challenges in 2022 relative to the commercial automobile residual market activities.

MAPFRE introduced a new agency front end for both voluntary and ceded auto and garage business in 2022 with increased automation for our agents making several classes of business and coverages available for quoting improving the agent experience.

8. Servicing Carrier Program Recommendations for 2023 and later:

- a. Identify any market concerns, red flags, opportunities, or conditions not currently being addressed by the commercial automobile residual market. Provide suggested recommendations for addressing these issues in 2023 and beyond.

CAR and the existing CAR committees have made great strides in addressing emerging trends, residual market exposures and rate needs. With the legislation going into effect on 7/1/2023 allowing undocumented immigrants to apply for a driver's license, Servicing Carriers and CAR will need to monitor for any associated trends. This has the ability to affect both the personal and commercial markets.

MAPFRE also recommends a review of the following items:

- Evaluate the request for required CAR forms when agents are being reassigned to a new Servicing Carrier. This will create consistency among the Servicing Carriers and address concerns regarding disruption to the books being moved. This would include the Principle Place of Business Form, Non-fleet PPT form, General Applications and Supplemental Applications.
 - Review garagekeepers coverage in light of the recent AIB form filed for On-Hook to address inconsistencies in the application of this coverage.
 - Assess the rating of split policies and manual rules to identify when experience rating applies to part voluntary and part ceded policies.
 - Review the current rules for applications and inspection among the taxi / limo / car service business for consistency with other residual market processes.
 - Review the Ongoing Exclusive Representative Producer Requirements in CAR's Rules of Operation to address proper handling of repeat violations.
- b. Provide suggestions, recommendations and/or solutions that would further control claims and service costs for 2023 and later.

Past identification of fraud and premium leakage have prompted changes to remedy these identified issues. With changing exposures and new policy forms being introduced, ongoing training at Servicing Carriers for both Underwriting and Claims will bring a further awareness of new issues. Emerging technology and data should be explored and leveraged where available.

MAPFRE appreciates the opportunity to provide this detail regarding our experiences with the residual market and participate in the CAR committees. We are proud of the underwriting and claims expertise that continue to identify and address actions affecting both our voluntary business and residual market business.

C. General Topics to be Addressed by the Servicing Carrier in the Annual Report

Servicing Carriers are expected to comment on market conditions and experience both relative to the industry and specific to their company in the handling of commercial automobile residual market business during the 2022 policy year. Comment on the industry and your company’s efforts, challenges and successes in handling this business. The charts below provide industry and company data as of December, 2022 to assist you in your evaluation and comments. Additional data reports can be found on CAR’s website on the Commercial Only – Servicing Carrier Profile Page.

Ceded Written Premium by Vehicle Type for Policy Years 2020-2022

Industry					
Class Type Group	2020	2021	21/20 % Chg	2022	22/21 % Chg
Regular TTT and Regular TTT - Fleet	78,242	84,596	8.1%	85,249	0.8%
Zone Rated TTT and Zone Rated TTT - Fleet	21,989	23,837	8.4%	24,727	3.7%
Commercial Buses and Commercial Buses - Fleet	14,616	15,077	3.2%	16,155	7.1%
Zone Rated Buses and Zone Rated Buses - Fleet	2,769	4,116	48.6%	3,725	-9.5%
PPT Buses and PPT Buses - Fleet	16,419	17,527	6.7%	20,840	18.9%
Garages Subject to Compulsory Law	11,129	11,683	5.0%	12,300	5.3%
Garages - Premises and Garages Not Subject to Compulsory Law	61	59	-3.3%	65	10.2%
Van Pools	703	683	-2.8%	711	4.1%
Private Passenger Types - Non Fleet	8,540	7,218	-15.5%	6,546	-9.3%
Private Passenger Types - Fleet	3,624	3,549	-2.1%	3,785	6.6%
Special Types and Motorcycles	6,996	7,191	2.8%	7,723	7.4%
Non-Owned, Special Rating and Gross Receipts and Mileage	3,070	3,291	7.2%	3,335	1.3%
Taxi	1,553	1,623	4.5%	1,570	-3.3%
Limosuine	464	452	-2.6%	577	27.7%
Car Service	2,461	2,547	3.5%	2,045	-19.7%
Total	172,636	183,449	6.3%	189,353	3.2%
Commerce					
Class Type Group	2020	2021	21/20 % Chg	2022	22/21 % Chg
Regular TTT and Regular TTT - Fleet	24,619	26,820	8.9%	23,939	-10.7%
Zone Rated TTT and Zone Rated TTT - Fleet	3,435	3,810	10.9%	4,136	8.6%
Commercial Buses and Commercial Buses - Fleet	3,645	3,920	7.5%	3,860	-1.5%
Zone Rated Buses and Zone Rated Buses - Fleet	176	293	66.5%	217	-25.9%
PPT Buses and PPT Buses - Fleet	4,470	5,101	14.1%	5,977	17.2%
Garages Subject to Compulsory Law	3,450	3,884	12.6%	3,963	2.0%
Garages - Premises and Garages Not Subject to Compulsory Law	16	17	6.3%	18	5.9%
Van Pools	168	156	-7.1%	152	-2.6%
Private Passenger Types - Non Fleet	2,062	1,718	-16.7%	1,505	-12.4%
Private Passenger Types - Fleet	1,285	1,233	-4.0%	1,361	10.4%
Special Types and Motorcycles	1,833	1,978	7.9%	1,743	-11.9%
Non-Owned, Special Rating and Gross Receipts and Mileage	991	1,098	10.8%	1,079	-1.7%
Taxi	0	0	0.0%	667	0.0%
Limosuine	0	0	0.0%	102	0.0%
Car Service	0	0	0.0%	473	0.0%
Total	46,150	50,028	8.4%	49,192	-1.7%
Written Premium (000) based on statistically reported data for all coverages combined					

The comparison above shows similarity between the Industry and MAPFRE when accounting for agent redistribution beginning January 2022. The Regular TTT and TTT – Fleet segment remains the highest of all categories for both the industry and MAPFRE. Overall, the TTT segment remained relatively flat while MAPFRE decreased 10.7%. Through the redistribution process in 2022, a few sizeable accounts were moved to other Servicing Carriers. With the combination of the taxi / limo / car service program with the LSC program in 2022, MAPFRE began writing these classes of business.

C. General Topics to be Addressed by the Servicing Carrier in the Annual Report (continued)

Ceded PDL Exposures by Vehicle Type for Policy Years 2020-2022

Industry					
Class Type Group	2020	2021	21/20 % Chg	2022	22/21 % Chg
Regular TTT and Regular TTT - Fleet	18,591	18,592	0.0%	18,537	-0.3%
Zone Rated TTT and Zone Rated TTT - Fleet	3,725	3,484	-6.5%	2,984	-14.4%
Commercial Buses and Commercial Buses - Fleet	3,605	2,469	-31.5%	2,694	9.1%
Zone Rated Buses and Zone Rated Buses - Fleet	267	266	-0.2%	207	-22.4%
PPT Buses and PPT Buses - Fleet	4,806	3,759	-21.8%	4,473	19.0%
Garages Subject to Compulsory Law	3,254	3,240	-0.4%	3,361	3.7%
Van Pools	135	129	-4.6%	136	5.6%
Private Passenger Types - Non Fleet	3,892	3,185	-18.2%	2,811	-11.8%
Private Passenger Types - Fleet	952	923	-3.0%	983	6.5%
Special Types and Motorcycles	1,711	1,679	-1.9%	1,763	5.0%
Taxi	249	226	-9.3%	227	0.3%
Limosuine	104	108	3.8%	126	16.0%
Car Service	509	512	0.6%	401	-21.7%
Total	41,801	38,574	-7.7%	38,702	0.3%
Commerce					
Class Type Group	2020	2021	21/20 % Chg	2022	22/21 % Chg
Regular TTT and Regular TTT - Fleet	5,424	5,557	2.5%	5,194	-6.5%
Zone Rated TTT and Zone Rated TTT - Fleet	650	642	-1.2%	624	-2.8%
Commercial Buses and Commercial Buses - Fleet	667	680	1.9%	703	3.4%
Zone Rated Buses and Zone Rated Buses - Fleet	15	24	59.9%	18	-24.4%
PPT Buses and PPT Buses - Fleet	927	1,007	8.7%	1,247	23.9%
Garages Subject to Compulsory Law	1,068	1,123	5.2%	1,068	-4.9%
Van Pools	33	30	-8.3%	29	-4.7%
Private Passenger Types - Non Fleet	620	491	-20.8%	417	-15.1%
Private Passenger Types - Fleet	297	300	1.1%	316	5.3%
Special Types and Motorcycles	494	489	-1.0%	470	-3.9%
Taxi	0	0	0.0%	90	0.0%
Limosuine	0	0	0.0%	13	0.0%
Car Service	0	0	0.0%	55	0.0%
Total	10,194	10,343	1.5%	10,246	-0.9%
Note: Excludes Garage Premises, Not Subject to Compulsory Law, Special Rating, and Gross Receipts that do not report exposures on a car months basis.					

C. General Topics to be Addressed by the Servicing Carrier in the Annual Report (continued)

Ceded Loss Ratio by Vehicle Type for Policy Years 2020-2022

Industry			
Class Type Group	2020	2021	2022
Regular TTT and Regular TTT - Fleet	51.5%	55.3%	41.0%
Zone Rated TTT and Zone Rated TTT - Fleet	83.6%	57.8%	36.0%
Commercial Buses and Commercial Buses - Fleet	29.0%	47.8%	61.9%
Zone Rated Buses and Zone Rated Buses - Fleet	45.8%	154.3%	30.1%
PPT Buses and PPT Buses - Fleet	50.0%	48.8%	49.4%
Garages Subject to Compulsory Law	74.9%	48.5%	49.1%
Garages - Premises and Garages Not Subject to Compulsory Law	0.0%	5.7%	0.0%
Van Pools	17.8%	51.9%	122.4%
Private Passenger Types - Non Fleet	91.2%	81.1%	68.9%
Private Passenger Types - Fleet	38.8%	39.8%	46.7%
Special Types and Motorcycles	39.5%	44.0%	21.7%
Non-Owned, Special Rating and Gross Receipts and Mileage	86.4%	64.9%	32.9%
Taxi	44.6%	60.8%	41.1%
Limosuine	82.3%	51.9%	27.6%
Car Service	40.8%	42.5%	59.5%
Total	56.5%	56.4%	44.0%
Commerce			
Class Type Group	2020	2021	2022
Regular TTT and Regular TTT - Fleet	53.4%	70.9%	43.2%
Zone Rated TTT and Zone Rated TTT - Fleet	185.9%	57.4%	22.5%
Commercial Buses and Commercial Buses - Fleet	12.4%	41.5%	120.6%
Zone Rated Buses and Zone Rated Buses - Fleet	50.2%	65.8%	128.7%
PPT Buses and PPT Buses - Fleet	55.6%	60.3%	59.5%
Garages Subject to Compulsory Law	79.3%	34.5%	32.6%
Garages - Premises and Garages Not Subject to Compulsory Law	0.0%	19.9%	0.0%
Van Pools	6.4%	62.2%	99.3%
Private Passenger Types - Non Fleet	154.6%	104.1%	41.9%
Private Passenger Types - Fleet	70.5%	32.7%	51.5%
Special Types and Motorcycles	46.0%	58.7%	41.7%
Non-Owned, Special Rating and Gross Receipts and Mileage	1.5%	10.8%	0.5%
Taxi	0.0%	0.0%	19.8%
Limosuine	0.0%	0.0%	31.0%
Car Service	0.0%	0.0%	28.9%
Total	65.6%	62.0%	47.7%
Loss Ratio = (Incurred Losses including ALAE / (Earned Premium)). This data reflects statistically reported data only, with no premium or loss development / IBNR.			

MAPFRE's experience and the industry overall continue to show favorable trends in their total loss ratio results for 2022. With post pandemic loss experience challenging results across the industry, the diligent actions of the committees to effect rate where needed and the carriers' underwriting practices and claims practices have been beneficial. MAPFRE's specific results in the Commercial Buses and Bus fleets segment is primarily being driven by one claim on a policy with a \$5mm liability limit. The loss ratio in the Zone Rated Buses and Zone Rated Buses – Fleet segment is also high however there is much less premium in this segment and one loss that accounts for 60% of the loss dollars in that segment.

C. General Topics to be Addressed by the Servicing Carrier in the Annual Report (continued)

Ceded Exposures by Class Type Group and Liability Limit for Policy Year 2022 at 12/2022

Industry													
CSL	TTT	ZR TTT	AO Buses	ZR Buses	PPT Buses	Van Pools	Garages	PPT NF	PP Fleet	Special Types	Taxi	Limo	Car Services
45,000	2	0	2	0	6	0	0	0	0	0	0	0	0
50,000	0	0	2	0	0	0	0	0	0	0	0	0	0
75,000	0	0	0	0	0	0	0	0	0	0	0	0	0
100,000	34	0	3	0	5	0	16	7	2	7	0	0	6
150,000	0	0	0	0	0	0	0	0	0	0	0	0	0
200,000	2	0	1	0	0	0	5	1	0	0	0	0	0
250,000	0	0	0	0	0	0	0	1	0	0	0	0	0
300,000	72	0	3	0	12	6	22	27	4	6	0	0	0
400,000	0	0	0	0	0	0	0	0	0	0	0	0	0
500,000	269	0	53	0	246	3	72	48	48	33	0	0	14
750,000	116	2	0	0	0	0	26	3	2	4	0	0	1
1,000,000	12,580	2,917	1,109	0	2,324	82	2,034	1,024	624	1,116	0	83	69
1,500,000	4	0	158	10	93	0	0	0	1	0	0	1	1
3,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0
5,000,000	271	46	978	195	25	0	1	0	1	1	0	0	0
7,500,000	0	0	0	0	0	0	0	0	0	0	0	0	0
All Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	13,350	2,965	2,309	205	2,711	91	2,176	1,111	682	1,168	0	83	91
BI Single Limit	TTT	ZR TTT	AO Buses	ZR Buses	PPT Buses	Van Pools	Garages	PPT NF	PP Fleet	Special Types	Taxi	Limo	Car Services
20/40	4	0	1	0	0	1	3	0	0	5	0	0	1
20/40 w/optional BI	735	10	35	0	197	1	306	223	62	220	166	1	149
20/50	57	0	0	0	0	1	7	96	0	3	1	17	42
25/60	0	0	1	0	0	0	0	2	0	0	0	0	0
25/50	460	0	15	0	16	4	37	171	26	7	8	0	5
30/70	7	0	0	0	0	0	0	0	0	0	0	0	0
35/80	200	0	0	0	0	0	9	70	16	6	0	0	0
50/100	936	0	25	0	151	3	161	225	54	65	4	20	77
100/300	2,021	9	172	0	315	16	469	623	98	186	16	2	16
250/500	552	0	95	1	951	18	138	245	42	88	30	2	18
500/500	69	0	12	0	20	1	22	15	0	11	0	0	0
500/1000	33	0	8	1	46	0	16	9	6	12	0	0	0
1000/1000	86	0	22	0	63	1	4	16	1	24	0	0	0
All Other	30	0	0	0	7	0	15	5	2	1	0	0	0
No BI	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	5,191	19	385	2	1,765	45	1,185	1,701	307	628	226	42	309
PDL Single Limit	TTT	ZR TTT	AO Buses	ZR Buses	PPT Buses	Van Pools	Garages	PPT NF	PP Fleet	Special Types	Taxi	Limo	Car Services
5,000	78	0	15	0	118	1	48	9	12	98	11	0	9
10,000	3	0	0	0	0	0	3	2	0	20	0	1	1
15,000	0	0	0	0	0	0	0	0	0	0	0	0	0
25,000	5	0	1	0	28	0	12	1	2	21	3	0	21
35,000	1	0	0	0	0	0	0	3	0	1	0	0	0
50,000	100	0	17	0	92	0	54	60	11	13	174	1	56
100,000	4,051	19	246	1	1,328	36	868	1,365	253	322	37	38	209
250,000	736	0	76	1	166	8	148	217	19	90	0	2	13
500,000	100	0	20	0	20	1	28	9	3	16	0	0	0
750,000	0	0	0	0	0	0	0	1	0	0	0	0	0
1,000,000	13	0	0	0	0	0	1	4	0	1	0	1	0
All Other	101	0	10	0	10	0	23	28	2	11	0	0	0
PDL Deductible	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	5,186	19	385	2	1,762	45	1,185	1,700	301	594	226	42	309

*Garage Premises, Non-Owned, Special Rating and Gross Receipts and Mileage are excluded

C. General Topics to be Addressed by the Servicing Carrier in the Annual Report (continued)

Ceded Exposures Distribution by Class Type Group and Liability Limit for Policy Year 2022

Industry													
CSL	TTT	ZR TTT	AO Buses	ZR Buses	PPT Buses	Van Pools	Garages	PPT NF	PP Fleet	Special Types	Taxi	Limo	Car Services
45,000	0.01%	0.00%	0.10%	0.00%	0.23%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
50,000	0.00%	0.00%	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
75,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
100,000	0.26%	0.00%	0.13%	0.00%	0.17%	0.00%	0.74%	0.65%	0.29%	0.60%	0.00%	0.00%	6.57%
150,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
200,000	0.01%	0.00%	0.04%	0.00%	0.00%	0.00%	0.23%	0.09%	0.00%	0.00%	0.00%	0.00%	0.00%
250,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%	0.00%	0.00%	0.00%	0.00%	0.00%
300,000	0.54%	0.00%	0.15%	0.00%	0.46%	6.61%	1.00%	2.41%	0.57%	0.55%	0.00%	0.00%	0.00%
400,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
500,000	2.02%	0.00%	2.30%	0.00%	9.08%	3.31%	3.31%	4.30%	7.05%	2.82%	0.00%	0.00%	15.42%
750,000	0.87%	0.06%	0.00%	0.00%	0.00%	0.00%	1.21%	0.27%	0.29%	0.35%	0.00%	0.00%	1.09%
1,000,000	94.23%	98.40%	48.03%	0.00%	85.72%	90.08%	93.47%	92.20%	91.49%	95.60%	0.00%	98.90%	75.82%
1,500,000	0.03%	0.00%	6.83%	4.92%	3.43%	0.00%	0.00%	0.00%	0.15%	0.00%	0.00%	1.10%	1.09%
3,000,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5,000,000	2.03%	1.55%	42.34%	95.08%	0.91%	0.00%	0.05%	0.00%	0.15%	0.09%	0.00%	0.00%	0.00%
7,500,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BI Single Limit	TTT	ZR TTT	AO Buses	ZR Buses	PPT Buses	Van Pools	Garages	PPT NF	PP Fleet	Special Types	Taxi	Limo	Car Services
20/40	0.08%	0.00%	0.26%	0.00%	0.00%	1.66%	0.25%	0.00%	0.00%	0.85%	0.00%	0.00%	0.38%
20/40 w/optional BI	14.16%	52.17%	9.15%	0.00%	11.19%	2.21%	25.82%	13.14%	20.05%	35.05%	73.53%	3.35%	48.03%
20/50	1.10%	0.00%	0.00%	0.00%	0.00%	2.21%	0.59%	5.65%	0.00%	0.45%	0.44%	40.24%	13.55%
25/60	0.00%	0.00%	0.26%	0.00%	0.00%	0.00%	0.00%	0.12%	0.00%	0.00%	0.00%	0.00%	0.00%
25/50	8.87%	0.00%	3.92%	0.00%	0.91%	8.66%	3.12%	10.04%	8.42%	1.12%	3.69%	0.00%	1.75%
30/70	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
35/80	3.86%	0.00%	0.00%	0.00%	0.00%	0.00%	0.75%	4.14%	5.35%	1.00%	0.00%	0.00%	0.00%
50/100	18.04%	0.00%	6.36%	0.00%	8.55%	6.63%	13.54%	13.20%	17.47%	10.29%	1.77%	46.94%	25.03%
100/300	38.94%	46.09%	44.59%	0.00%	17.83%	34.99%	39.54%	36.60%	32.09%	29.70%	7.09%	4.73%	5.28%
250/500	10.64%	0.00%	24.73%	50.00%	53.87%	39.23%	11.63%	14.42%	13.67%	14.01%	13.47%	4.73%	5.87%
500/500	1.32%	0.00%	3.01%	0.00%	1.11%	2.21%	1.86%	0.90%	0.00%	1.73%	0.00%	0.00%	0.00%
500/1000	0.63%	0.00%	2.08%	50.00%	2.60%	0.00%	1.31%	0.55%	1.96%	1.91%	0.00%	0.00%	0.00%
1000/1000	1.66%	1.74%	5.65%	0.00%	3.57%	2.21%	0.32%	0.96%	0.33%	3.74%	0.00%	0.00%	0.11%
All Other	0.58%	0.00%	0.00%	0.00%	0.38%	0.00%	1.27%	0.29%	0.65%	0.16%	0.00%	0.00%	0.00%
No BI	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PDL Single Limit	TTT	ZR TTT	AO Buses	ZR Buses	PPT Buses	Van Pools	Garages	PPT NF	PP Fleet	Special Types	Taxi	Limo	Car Services
5,000	1.50%	0.00%	3.86%	0.00%	6.70%	1.66%	4.04%	0.54%	3.82%	16.45%	4.87%	0.00%	2.91%
10,000	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.25%	0.14%	0.00%	3.42%	0.00%	2.37%	0.32%
15,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25,000	0.09%	0.00%	0.26%	0.00%	1.59%	0.00%	1.01%	0.03%	0.64%	3.53%	1.51%	0.00%	6.63%
35,000	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.18%	0.00%	0.22%	0.00%	0.00%	0.00%
50,000	1.93%	0.00%	4.40%	0.00%	5.21%	0.00%	4.51%	3.54%	3.68%	2.26%	77.15%	1.18%	18.16%
100,000	78.11%	100.00%	63.89%	50.00%	75.35%	78.45%	73.27%	80.31%	83.97%	54.26%	16.46%	89.35%	67.62%
250,000	14.19%	0.00%	19.77%	50.00%	9.44%	17.68%	12.52%	12.75%	6.23%	15.16%	0.00%	4.73%	4.31%
500,000	1.92%	0.00%	5.20%	0.00%	1.13%	2.21%	2.40%	0.55%	1.00%	2.69%	0.00%	0.00%	0.00%
750,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.06%	0.00%	0.00%	0.00%	0.00%	0.00%
1,000,000	0.24%	0.00%	0.00%	0.00%	0.00%	0.00%	0.08%	0.24%	0.00%	0.17%	0.00%	2.37%	0.00%
All Other	1.94%	0.00%	2.62%	0.00%	0.59%	0.00%	1.91%	1.66%	0.66%	1.84%	0.00%	0.00%	0.05%
PDL Deductible	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*Garage Premises, Non-Owned, Special Rating and Gross Receipts and Mileage are excluded

Completed Annual Report responses for 2022 will be due to CAR by May 12, 2023. In June 2023, the Commercial Program Oversight Committee will hold a meeting to discuss its review of the reports. Servicing Carriers are expected to be present at that meeting to respond to any questions from Committee members.

2022 Annual Report Schedule

April 1-14, 2023	CAR data and cover document sent to Servicing Carriers
May 12, 2023	Servicing Carrier Annual Reports due to CAR
June, 2023	Oversight Committee Review of Annual Reports



More Than Just Insurance.



**PILGRIM INSURANCE COMPANY
695 ATLANTIC AVENUE
BOSTON, MA 02111**

**2022 ANNUAL REPORT FOR
MASSACHUSETTS RESIDUAL MARKET
COMMERCIAL SERVICING CARRIER PROGRAM**

SUBMITTED TO:

**COMMONWEALTH AUTOMOBILE REINSURERS
101 ARCH STREET
BOSTON, MA 02110**

MAY 10, 2023

A. Introduction

The purpose of the Commercial Servicing Carrier Annual Report is to provide Servicing Carriers a framework to report annually to CAR their efforts in managing the commercial automobile residual market. The Servicing Carriers will provide a self-assessment of their performance in addressing past commercial market concerns and the results of those efforts. The Servicing Carriers will outline their objectives to maintain current levels of achievement in dealing with the issues identified in the marketplace over the past years and strategies for maintaining or exceeding those expectations in upcoming years.

Pilgrim Insurance Company is pleased to present a 2022 overview as it pertains to our participation as a servicing carrier with CAR’s Commercial Servicing Carrier program. Our focus remains to control the size of the commercial automobile residual market and to improve the results of the pool. Company and industry data provided by CAR in this report illustrate that we have been successful in both aspects. Pilgrim has historically had difficulty maintaining a 25% share of premium, exposures and revenue as a result of its exemplary enforcement of eligibility guidelines. The premium managed by Pilgrim was flat from 2017 through 2019 while the entire pool grew by over 13%, shrinking Pilgrim’s share to barely 21%. A redistribution of agents completed in 2020 temporarily remedied the situation, but Pilgrim’s share slipped back down to 23.6% in 2022.

CSC Program Premium

	<u>Pilgrim</u>	<u>Total CSC</u>	<u>Pilgrim's % of Industry</u>
2017	\$41,190,171	\$173,671,320	23.7%
2018	\$42,762,282	\$192,076,311	22.3%
2019	\$41,385,971	\$196,460,879	21.1%
2020	\$43,685,495	\$172,511,684	25.3%
2021	\$46,812,222	\$181,764,779	25.8%
2022*	\$44,626,328	\$189,364,088	23.6%

Data from CAR's Cesion Volume Analysis @ 12/2022

* 2022 includes Taxi/Limo/Car Service premiums

Pilgrim’s share of the pool’s written exposures was also below 25% of the total commercial pool for 2017 through 2019, until the above mentioned redistribution. Note that our 2020 exposures also included a large public transportation risk that was ceded for one year before moving back to the voluntary market in 2021.

CSC Program Exposures

	<u>Pilgrim</u>	<u>Total CSC</u>	<u>Pilgrim's % of Industry</u>
2020	11,761	40,939	28.7%
2021	9,300	37,728	24.7%
2022	8,596	38,702	22.2%

CAR data as of 4th Quarter 2022

* 2022 includes Taxi/Limo/Car Service exposures

Lastly, the loss ratio associated with the business we manage has been consistently better than the industry for all five years of the prior program term as well as for the first year of the current term. Additionally our results would compare even more favorably to the average of just the other three carriers, excluding Pilgrim.

Ceded loss Ratio*

	<u>Pilgrim</u>	<u>Total Ceded</u>
2020	44.0%	56.5%
2021	47.7%	56.4%
2022	32.4%	44.0%

CAR data as of 4th Quarter 2022 (Incurred incl. ALAE / Earned Premium)

* All years include Taxi/Limo/Car Service program data

B. Specific Areas for Servicing Carrier Comment

1. In the 2021 Annual Report, comments from the carriers outlined trends regarding inflationary and supply chain issues resulting from the COVID pandemic. Comment on the development of these issues during 2022 with respect to the Massachusetts commercial automobile residual market.

As the COVID-19 pandemic began affecting the United States in 2020, and consistent with various Executive Orders and Bulletins, Pilgrim worked with risks to provide as much flexibility as was reasonably possible to maintain existing coverage on a case-by-case basis. Although all class types were affected by COVID, our experience was that the initial and largest impact was to public transportation risks, and we worked with them on strategies that made sense to both parties. In many cases, risks chose to not operate vehicles but to reduce or remove coverages in lieu of cancelling registrations and removing vehicles from the policy, resulting in premiums managed by Pilgrim decreasing at a higher rate than policy and exposure counts during the height of the restrictions. Coverages and/or limits had been subsequently brought back to pre-COVID levels by the end of 2021. We have updated the chart below that we originally provided in our 2021 Annual Report to include data through 2022. As we detail after the chart, there were additional factors that have affected our volume of business managed over the past few years.

Pilgrim Inforce Data

	<u>Dec 2019</u>	<u>June 2020</u>	<u>Dec 2020</u>	<u>June 2021</u>	<u>Dec 2021</u>	<u>June 2022</u>	<u>Dec 2022</u>
Premium (in Mils)	\$40.1	\$35.1	\$43.6	\$48.3	\$46.4	\$44.8	\$43.8
Policies	2,458	2,398	2,716	2,914	2,904	2,685	2,367
Exposures	10,404	9,952	12,448	12,721	9,783	9,226	8,922

% Change each six months

	<u>12/19-6/20</u>	<u>6/20-12/20</u>	<u>12/20-6/21</u>	<u>6/21-12/21</u>	<u>12/21-6/22</u>	<u>6/22-12/22</u>
Premium	-12.5%	24.2%	10.9%	-3.9%	-3.5%	-2.3%
Policies	-2.4%	13.3%	7.3%	-0.3%	-7.5%	-11.8%
Exposures	-4.3%	25.1%	2.2%	-23.1%	-5.7%	-3.3%

During the first half of 2020, we experienced a 12.5% COVID-related decline in inforce premiums but much lesser decreases of 2.4% and 4.3% in policies and exposures, respectively. Over the next six-month period, Pilgrim's volume rebounded as a result of the May 2020 effective producer redistribution and a large (approximately \$3.2 million in premium and 3,100 exposures) risk unexpectedly written in the fourth quarter. In addition to the COVID-related coverages/limits being restored in 2021, the June 2021 data includes the balance of the 2020 producer redistribution. The December 2021 data reflects the loss of the aforementioned risk, as it once again found a home in the voluntary market. Lastly, the January 2022 effective producer redistribution associated with the start of the 2022 – 2026 CSC term was based on volumes prior to Pilgrim losing the large risk mentioned above. Accordingly, we expected to see our share of the pool drop during 2022.

2. The Ineligible Risk Application was introduced in November 2018 for use as an information sharing tool for the Servicing Carriers relative to the underwriting and management of business submissions to the residual market. Since its introduction, the application and information has been positively received, actively used and shared by each of the Servicing Carriers. Feedback from the Servicing Carriers in the 2021 annual report resulted in enhancements to the application including the ability to sort different variations of the risk's name to assist in the alleviation of owed premium avoidance as well as the addition of an owed premium indicator. Please comment on whether these enhancements have been helpful and what, if any, further opportunities exist within the database to assist Servicing Carriers in the consistent handling of business submissions.

We believe that the Ineligible Risk Application is one of the best tools we have in place. The submission of data and the daily reporting of it to all carriers allows a head start on investigations and serves to prevent ineligible risks from jumping between carriers. The addition of Owed Premium to the database made sense as it provides carriers additional information to evaluate. We still follow industry accepted procedures to verify uncollected earned premium in the RMV's ATLAS system and, if needed, reach out to the appropriate carrier for additional information or clarification. The search enhancement, including the added flexibility to search on partial names, has improved our ability to identify risks where information is not entered exactly the same by carriers. We do not have suggestions for additional enhancements at this time, but will bring these to the Commercial Automobile Committee should any arise.

3. Several transportation network endorsements for policies effective February 2022 were implemented. Additionally, an out-of-state rating differential for zone-rated vehicles was approved for policies effective November 1, 2022.

- a. Comment on the impact of those endorsements and rating procedures have had since their implementation.

When presented with a potential Vehicle Sharing exposure, we reach out to the producer to make sure they are aware of the exclusion endorsement. Typically, we do not get a request to issue the policy, though whether coverage was bound elsewhere or the applicant abandoned the proposed venture is unknown to us. We have experienced a number of vehicles being removed from the policy upon application of the rating factor (1.20) for vehicles principally garaged in states other than Massachusetts, New Hampshire, Maine and Vermont. Specific to trucking risks, the majority of the vehicles being removed from the policy are vehicles under long-term lease with drivers. Due to the premium increase associated with the rating factor, many of these risks have elected to terminate the leases and remove the vehicles from the policy.

From a claims perspective, it is standard practice for us to investigate the potential of the insured vehicle being used for transportation network purposes. The aforementioned work by our underwriting team has rendered claims involving coverage disputes pertaining to transportation networks almost non-existent.

b. Comment on any other issues that may have developed or may arise from the implementation of those forms and procedures.

We have not experienced issues but will bring them to the attention of the Commercial Automobile Committee if we do.

4. The Taxi/Limo/Car Service Program and the Commercial Servicing Carrier Program were combined as of the 2022 Servicing Carrier term. Comment on any significant implementation, classification, and/or book distribution issues or trends associated with combining the two.

As Pilgrim served as a servicing carrier for the Taxi/Limo/Car Service program since its inception in 1995, we have long been familiar with these classes of vehicles and we effectively added these vehicle types to our Commercial Servicing Carrier system configurations. We also provided our knowledge and assistance to other carriers as they did the same. Additionally, the redistribution of producers progressed smoothly.

5. Identify any new trends or red flags observed in the commercial automobile residual market with regard to an increase in new classifications being written or the re-classification of.

Pilgrim did not identify or experience any new trends or red flags pertaining to vehicle classifications during 2022.

6. As outlined in the RFP, Servicing Carriers are requested to provide CAR with annual expense data containing the same information and detail level that your company provided in its proposal for the RFP (Exhibit 5.1.1).

In Sections A, B, C and D, separately identify total policy year 2022 company expenses for servicing ceded business by ULAE expenses, Underwriting/Technical Services expenses, Loss Control Services expenses, and Company/General expenses. As discussed by CPOC in evaluating the 2021 proposals, Servicing Carriers should report only expenses specifically incurred in relation to servicing ceded business and should not include enhancements implemented to improve their total market.

Summary of PY 2022 Expenses

	<u>Expenses</u>
A. ULAE Expenses	
Claims Management Services Loaded Annual Staffing Cost	[REDACTED]
Overhead/Traveling Expenses	[REDACTED]
Special Investigations (concerning the facts of the loss)	[REDACTED]
Adjusters Fees	[REDACTED]
Motor Vehicle Appraisal Fees	[REDACTED]
Fee for Retrieval of Preinspection Reports	[REDACTED]
Other	[REDACTED]

Total	[REDACTED]
B. Underwriting/Technical Services Expenses	
Underwriting/Technical Services Loaded Annual Staffing Cost	[REDACTED]
Agency Education and Training	[REDACTED]
General Processing Expenses	[REDACTED]
Other	[REDACTED]

Total	[REDACTED]
C. Loss Control Services Expenses	
Loss Control Services Loaded Annual Staffing Cost	[REDACTED]
Surveys of New Insureds	[REDACTED]
Surveys of Renewal Insureds	[REDACTED]
Cost for Vehicle Inspection	[REDACTED]
Educational Programs	[REDACTED]
Monitoring of Loss Control Recommendations	[REDACTED]
Special Services	[REDACTED]
Other	[REDACTED]

Total	[REDACTED]
D. Company/General Expenses	
Other Loaded Annual Staffing Cost	[REDACTED]
Administrative/Account Management Services	[REDACTED]
Management Information System Services	[REDACTED]
All Other Services	[REDACTED]
Rent and Rent Items	[REDACTED]
Office Equipment & Supplies	[REDACTED]
Professional Services (Auditors, Actuarial, Legal, etc.)	[REDACTED]
Taxes, Licenses, & Fees	[REDACTED]
Other	[REDACTED]

Total	[REDACTED]
E. Calculation of Total Expenses	
Section A. Total: ULAE Expenses	[REDACTED]
Section B. Total: Underwriting/Technical Services expenses	[REDACTED]
Section C. Total: Loss Control Services Expenses	[REDACTED]
Section D. Total: Company/General Expenses	[REDACTED]

Total (A+B+C+D)	[REDACTED]

7. Comment on any other successes and/or challenges in 2022 relative to the commercial automobile residual market activities.

Other than what has been previously addressed in this report, Pilgrim again focused on continuing to provide exceptional service while delivering positive results to the program in 2022.

8. Servicing Carrier Program Recommendations for 2023 and later:

- a. Identify any market concerns, red flags, opportunities, or conditions not currently being addressed by the commercial automobile residual market. Provide suggested recommendations for addressing these issue in 2023 and beyond.

One carry-over suggestion from our 2021 Annual Report is to consider amending the Non-Fleet Private Passenger Type (NF-PPT) Certification Form to include PPT types written on fleet policies. Through underwriting efforts and claims investigations, we have identified multiple situations where vehicles written on fleet policies are not used in the business operations. The example we originally cited was a newer Porsche written on a Social Service policy that was actually taken to college by a family member. A second example is larger fleet risk with multiple PPT types, including three with cost new values of over \$130,000 each. As the current form is specific to non-fleet risks, the insured is not required to complete the form and provide information that would allow the servicing carrier to handle all PPT types in a consistent manner.

A second suggestion involves deductibles. In our opinion, the premium difference for choosing a higher deductible may not be significant enough to entice an insured to essentially consider self-insuring at a higher deductible. We would be interested in exploring the deductible structure of other residual market programs to understand how the CSC program matches up. Additionally, we are interested in exploring higher deductibles for zone-rated vehicles as the highest deductible in the manual for this class of business is only \$3,000.

- b. Provide suggestions, recommendations and/or solutions that would further control claims and service costs for 2023 and later.

As the data provided by CAR in the RFP indicates, the program has improved significantly the past six years. Vehicle class types that not only had historically high loss ratios associated with them but were also determined to have a significant volume of ineligible exposures were addressed. As the chart below indicates, the depopulation efforts for both Zone-Rated Buses and non-fleet PPT exposures have been extremely successful.

Written Exposures by Policy Year

	<u>Zone Rated Buses</u>	<u>PPT - Non Fleet</u>
2017	1,176	12,301
2019	747	6,579
2021	266	3,186
% change		
2017 to 2021	-77.4%	-74.1%

As the chart below illustrates, CAR’s Loss Reserving Committee is projecting surpluses for not only the COVID affected years of 2020 and 2021, but also for the 2019 and 2022 policy years. We have in place a combination of expense allowance, improved loss performance, and a reduced/stable exposure volume that is producing the desired results.

Ultimate Policy Year (Deficit) Surplus Projections @ 12/31/2022 (In Millions)*

	<u>PY 2019</u>	<u>P Y 2020</u>	<u>P Y 2021</u>	<u>P Y 2022</u>
Premium	\$190,284	\$172,644	\$183,400	\$185,700
Losses Incurred and ALAE	\$141,187	\$107,632	\$122,144	\$135,190
Underwriting Expenses	\$41,379	\$37,120	\$36,370	\$43,899
Underwriting Result	\$7,718	\$27,892	\$24,886	\$6,611

*Data from March 2023 CAR Loss Reserving Committee Meeting

We have proactively brought forth multiple suggestions and have initiated much discussion in an effort to get all carriers to handle business in a similar fashion, control the size of the pool, and improve results. We are extremely pleased at how positively the relationships across carriers have developed. Although we do not have recommendations at this time that would further improve results materially, we look forward to continuing the work with our peers at the other carriers as well as through the CAR committee structure on issues as they arise.

C. General Topics to be Addressed by the Servicing Carrier in the Annual Report

Servicing Carriers are expected to comment on market conditions and experience both relative to the industry and specific to their company in the handling of commercial automobile residual market business during the 2022 policy year. Comment on the industry and your company’s efforts, challenges and successes in handling this business. The charts below provide industry and company data as of December, 2022 to assist you in your evaluation and comments. Additional data reports can be found on CAR’s website on the Commercial Only – Servicing Carrier Profile Page.

2022 was a rather uneventful year. It was the start of a new five-year term, and we successfully and seamlessly handled the accompanying producer redistribution. The data in this report speak volumes about Pilgrim’s successful management of its portion of the program. We continue to be pleased with our results including, but not limited to, depopulation, loss ratio, and the contribution to the recent surpluses. As we stated at the start of this report, our focus remains to control the size of the commercial automobile residual market and to improve the results of the pool.

APPENDIX

Ceded Written Premium by Vehicle Type for Policy Years 2020-2022

Industry					
Class Type Group	2020	2021	21/20 % Chg	2022	22/21 % Chg
Regular TTT and Regular TTT - Fleet	78,242	84,596	8.1%	85,249	0.8%
Zone Rated TTT and Zone Rated TTT - Fleet	21,989	23,837	8.4%	24,727	3.7%
Commercial Buses and Commercial Buses - Fleet	14,616	15,077	3.2%	16,155	7.1%
Zone Rated Buses and Zone Rated Buses - Fleet	2,769	4,116	48.6%	3,725	-9.5%
PPT Buses and PPT Buses - Fleet	16,419	17,527	6.7%	20,840	18.9%
Garages Subject to Compulsory Law	11,129	11,683	5.0%	12,300	5.3%
Garages - Premises and Garages Not Subject to Compulsory Law	61	59	-3.3%	65	10.2%
Van Pools	703	683	-2.8%	711	4.1%
Private Passenger Types - Non Fleet	8,540	7,218	-15.5%	6,546	-9.3%
Private Passenger Types - Fleet	3,624	3,549	-2.1%	3,785	6.6%
Special Types and Motorcycles	6,996	7,191	2.8%	7,723	7.4%
Non-Owned, Special Rating and Gross Receipts and Mileage	3,070	3,291	7.2%	3,335	1.3%
Taxi	1,553	1,623	4.5%	1,570	-3.3%
Limosuine	464	452	-2.6%	577	27.7%
Car Service	2,461	2,547	3.5%	2,045	-19.7%
Total	172,636	183,449	6.3%	189,353	3.2%
Pilgrim					
Class Type Group	2020	2021	21/20 % Chg	2022	22/21 % Chg
Regular TTT and Regular TTT - Fleet	15,762	19,642	24.6%	19,045	-3.0%
Zone Rated TTT and Zone Rated TTT - Fleet	8,381	8,416	0.4%	5,899	-29.9%
Commercial Buses and Commercial Buses - Fleet	5,260	4,199	-20.2%	4,644	10.6%
Zone Rated Buses and Zone Rated Buses - Fleet	1,206	1,186	-1.7%	891	-24.9%
PPT Buses and PPT Buses - Fleet	6,140	5,350	-12.9%	6,634	24.0%
Garages Subject to Compulsory Law	2,376	2,529	6.4%	2,657	5.1%
Garages - Premises and Garages Not Subject to Compulsory Law	16	14	-12.5%	16	14.3%
Van Pools	178	205	15.2%	120	-41.5%
Private Passenger Types - Non Fleet	981	923	-5.9%	719	-22.1%
Private Passenger Types - Fleet	790	720	-8.9%	652	-9.4%
Special Types and Motorcycles	1,265	1,290	2.0%	2,508	94.4%
Non-Owned, Special Rating and Gross Receipts and Mileage	605	700	15.7%	584	-16.6%
Taxi	936	1,112	18.8%	59	-94.7%
Limosuine	115	108	-6.1%	47	-56.5%
Car Service	763	945	23.9%	151	-84.0%
Total	44,774	47,339	5.7%	44,626	-5.7%
Written Premium (000) based on statistically reported data for all coverages combined					

Ceded PDL Exposures by Vehicle Type for Policy Years 2020-2022

Industry					
Class Type Group	2020	2021	21/20 % Chg	2022	22/21 % Chg
Regular TTT and Regular TTT - Fleet	18,591	18,592	0.0%	18,537	-0.3%
Zone Rated TTT and Zone Rated TTT - Fleet	3,725	3,484	-6.5%	2,984	-14.4%
Commercial Buses and Commercial Buses - Fleet	3,605	2,469	-31.5%	2,694	9.1%
Zone Rated Buses and Zone Rated Buses - Fleet	267	266	-0.2%	207	-22.4%
PPT Buses and PPT Buses - Fleet	4,806	3,759	-21.8%	4,473	19.0%
Garages Subject to Compulsory Law	3,254	3,240	-0.4%	3,361	3.7%
Van Pools	135	129	-4.6%	136	5.6%
Private Passenger Types - Non Fleet	3,892	3,185	-18.2%	2,811	-11.8%
Private Passenger Types - Fleet	952	923	-3.0%	983	6.5%
Special Types and Motorcycles	1,711	1,679	-1.9%	1,763	5.0%
Taxi	249	226	-9.3%	227	0.3%
Limosuine	104	108	3.8%	126	16.0%
Car Service	509	512	0.6%	401	-21.7%
Total	41,801	38,574	-7.7%	38,702	0.3%

Pilgrim					
Class Type Group	2020	2021	21/20 % Chg	2022	22/21 % Chg
Regular TTT and Regular TTT - Fleet	3,755	4,246	13.1%	3,815	-10.2%
Zone Rated TTT and Zone Rated TTT - Fleet	1,381	1,154	-16.5%	798	-30.8%
Commercial Buses and Commercial Buses - Fleet	2,052	765	-62.7%	768	0.3%
Zone Rated Buses and Zone Rated Buses - Fleet	143	107	-25.1%	81	-24.4%
PPT Buses and PPT Buses - Fleet	2,582	1,247	-51.7%	1,297	4.0%
Garages Subject to Compulsory Law	711	711	0.0%	749	5.4%
Van Pools	32	39	22.7%	24	-38.5%
Private Passenger Types - Non Fleet	427	405	-5.1%	322	-20.5%
Private Passenger Types - Fleet	246	215	-12.6%	188	-12.5%
Special Types and Motorcycles	433	412	-4.9%	519	26.1%
Taxi	144	148	2.8%	8	-94.3%
Limosuine	19	22	15.9%	8	-63.4%
Car Service	146	180	23.3%	19	-89.4%
Total	12,070	9,650	-20.0%	8,596	-10.9%

Note: Excludes Garage Premises, Not Subject to Compulsory Law, Special Rating, and Gross Receipts that do not report exposures on a car months basis.

Ceded Loss Ratio by Vehicle Type for Policy Years 2020-2022

Industry			
Class Type Group	2020	2021	2022
Regular TTT and Regular TTT - Fleet	51.5%	55.3%	41.0%
Zone Rated TTT and Zone Rated TTT - Fleet	83.6%	57.8%	36.0%
Commercial Buses and Commercial Buses - Fleet	29.0%	47.8%	61.9%
Zone Rated Buses and Zone Rated Buses - Fleet	45.8%	154.3%	30.1%
PPT Buses and PPT Buses - Fleet	50.0%	48.8%	49.4%
Garages Subject to Compulsory Law	74.9%	48.5%	49.1%
Garages - Premises and Garages Not Subject to Compulsory Law	0.0%	5.7%	0.0%
Van Pools	17.8%	51.9%	122.4%
Private Passenger Types - Non Fleet	91.2%	81.1%	68.9%
Private Passenger Types - Fleet	38.8%	39.8%	46.7%
Special Types and Motorcycles	39.5%	44.0%	21.7%
Non-Owned, Special Rating and Gross Receipts and Mileage	86.4%	64.9%	32.9%
Taxi	44.6%	60.8%	41.1%
Limosuine	82.3%	51.9%	27.6%
Car Service	40.8%	42.5%	59.5%
Total	56.5%	56.4%	44.0%
Pilgrim			
Class Type Group	2020	2021	2022
Regular TTT and Regular TTT - Fleet	40.4%	43.7%	28.8%
Zone Rated TTT and Zone Rated TTT - Fleet	43.5%	66.3%	10.9%
Commercial Buses and Commercial Buses - Fleet	39.0%	33.1%	34.3%
Zone Rated Buses and Zone Rated Buses - Fleet	2.3%	38.6%	15.7%
PPT Buses and PPT Buses - Fleet	58.0%	45.9%	35.2%
Garages Subject to Compulsory Law	36.3%	49.4%	97.9%
Garages - Premises and Garages Not Subject to Compulsory Law	0.0%	0.0%	0.0%
Van Pools	8.0%	34.9%	2.9%
Private Passenger Types - Non Fleet	46.4%	62.4%	78.3%
Private Passenger Types - Fleet	12.5%	44.4%	39.7%
Special Types and Motorcycles	28.6%	11.6%	12.1%
Non-Owned, Special Rating and Gross Receipts and Mileage	224.3%	63.9%	13.0%
Taxi	37.7%	71.4%	90.7%
Limosuine	195.4%	27.0%	29.9%
Car Service	39.4%	49.9%	36.9%
Total	44.0%	47.7%	32.4%
Loss Ratio = (Incurred Losses including ALAE / (Earned Premium)). This data reflects statistically reported data only, with no premium or loss development / IBNR.			

Ceded Exposures by Class Type Group and Liability Limit for Policy Year 2022 at 12/2022

Industry													
CSL	TTT	ZR TTT	AO Buses	ZR Buses	PPT Buses	Van Pools	Garages	PPT NF	PP Fleet	Special Types	Taxi	Limo	Car Services
45,000	2	0	2	0	6	0	0	0	0	0	0	0	0
50,000	0	0	2	0	0	0	0	0	0	0	0	0	0
75,000	0	0	0	0	0	0	0	0	0	0	0	0	0
100,000	34	0	3	0	5	0	16	7	2	7	0	0	6
150,000	0	0	0	0	0	0	0	0	0	0	0	0	0
200,000	2	0	1	0	0	0	5	1	0	0	0	0	0
250,000	0	0	0	0	0	0	0	1	0	0	0	0	0
300,000	72	0	3	0	12	6	22	27	4	6	0	0	0
400,000	0	0	0	0	0	0	0	0	0	0	0	0	0
500,000	269	0	53	0	246	3	72	48	48	33	0	0	14
750,000	116	2	0	0	0	0	26	3	2	4	0	0	1
1,000,000	12,580	2,917	1,109	0	2,324	82	2,034	1,024	624	1,116	0	83	69
1,500,000	4	0	158	10	93	0	0	0	1	0	0	1	1
3,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0
5,000,000	271	46	978	195	25	0	1	0	1	1	0	0	0
7,500,000	0	0	0	0	0	0	0	0	0	0	0	0	0
All Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	13,350	2,965	2,309	205	2,711	91	2,176	1,111	682	1,168	0	83	91
BI Single Limit	TTT	ZR TTT	AO Buses	ZR Buses	PPT Buses	Van Pools	Garages	PPT NF	PP Fleet	Special Types	Taxi	Limo	Car Services
20/40	4	0	1	0	0	1	3	0	0	5	0	0	1
20/40 w/optional BI	735	10	35	0	197	1	306	223	62	220	166	1	149
20/50	57	0	0	0	0	1	7	96	0	3	1	17	42
25/60	0	0	1	0	0	0	0	2	0	0	0	0	0
25/50	460	0	15	0	16	4	37	171	26	7	8	0	5
30/70	7	0	0	0	0	0	0	0	0	0	0	0	0
35/80	200	0	0	0	0	0	9	70	16	6	0	0	0
50/100	936	0	25	0	151	3	161	225	54	65	4	20	77
100/300	2,021	9	172	0	315	16	469	623	98	186	16	2	16
250/500	552	0	95	1	951	18	138	245	42	88	30	2	18
500/500	69	0	12	0	20	1	22	15	0	11	0	0	0
500/1000	33	0	8	1	46	0	16	9	6	12	0	0	0
1000/1000	86	0	22	0	63	1	4	16	1	24	0	0	0
All Other	30	0	0	0	7	0	15	5	2	1	0	0	0
No BI	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	5,191	19	385	2	1,765	45	1,185	1,701	307	628	226	42	309
PDL Single Limit	TTT	ZR TTT	AO Buses	ZR Buses	PPT Buses	Van Pools	Garages	PPT NF	PP Fleet	Special Types	Taxi	Limo	Car Services
5,000	78	0	15	0	118	1	48	9	12	98	11	0	9
10,000	3	0	0	0	0	0	3	2	0	20	0	1	1
15,000	0	0	0	0	0	0	0	0	0	0	0	0	0
25,000	5	0	1	0	28	0	12	1	2	21	3	0	21
35,000	1	0	0	0	0	0	0	3	0	1	0	0	0
50,000	100	0	17	0	92	0	54	60	11	13	174	1	56
100,000	4,051	19	246	1	1,328	36	868	1,365	253	322	37	38	209
250,000	736	0	76	1	166	8	148	217	19	90	0	2	13
500,000	100	0	20	0	20	1	28	9	3	16	0	0	0
750,000	0	0	0	0	0	0	0	1	0	0	0	0	0
1,000,000	13	0	0	0	0	0	1	4	0	1	0	1	0
All Other	101	0	10	0	10	0	23	28	2	11	0	0	0
PDL Deductible	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	5,186	19	385	2	1,762	45	1,185	1,700	301	594	226	42	309

*Garage Premises, Non-Owned, Special Rating and Gross Receipts and Mileage are excluded

Ceded Exposures Distribution by Class Type Group and Liability Limit for Policy Year 2022

Industry													
CSL	TTT	ZR TTT	AO Buses	ZR Buses	PPT Buses	Van Pools	Garages	PPT NF	PP Fleet	Special Types	Taxi	Limo	Car Services
45,000	0.01%	0.00%	0.10%	0.00%	0.23%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
50,000	0.00%	0.00%	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
75,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
100,000	0.26%	0.00%	0.13%	0.00%	0.17%	0.00%	0.74%	0.65%	0.29%	0.60%	0.00%	0.00%	6.57%
150,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
200,000	0.01%	0.00%	0.04%	0.00%	0.00%	0.00%	0.23%	0.09%	0.00%	0.00%	0.00%	0.00%	0.00%
250,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%	0.00%	0.00%	0.00%	0.00%	0.00%
300,000	0.54%	0.00%	0.15%	0.00%	0.46%	6.61%	1.00%	2.41%	0.57%	0.55%	0.00%	0.00%	0.00%
400,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
500,000	2.02%	0.00%	2.30%	0.00%	9.08%	3.31%	3.31%	4.30%	7.05%	2.82%	0.00%	0.00%	15.42%
750,000	0.87%	0.06%	0.00%	0.00%	0.00%	0.00%	1.21%	0.27%	0.29%	0.35%	0.00%	0.00%	1.09%
1,000,000	94.23%	98.40%	48.03%	0.00%	85.72%	90.08%	93.47%	92.20%	91.49%	95.60%	0.00%	98.90%	75.82%
1,500,000	0.03%	0.00%	6.83%	4.92%	3.43%	0.00%	0.00%	0.00%	0.15%	0.00%	0.00%	1.10%	1.09%
3,000,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5,000,000	2.03%	1.55%	42.34%	95.08%	0.91%	0.00%	0.05%	0.00%	0.15%	0.09%	0.00%	0.00%	0.00%
7,500,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BI Single Limit	TTT	ZR TTT	AO Buses	ZR Buses	PPT Buses	Van Pools	Garages	PPT NF	PP Fleet	Special Types	Taxi	Limo	Car Services
20/40	0.08%	0.00%	0.26%	0.00%	0.00%	1.66%	0.25%	0.00%	0.00%	0.85%	0.00%	0.00%	0.38%
20/40 w/optional BI	14.16%	52.17%	9.15%	0.00%	11.19%	2.21%	25.82%	13.14%	20.05%	35.05%	73.53%	3.35%	48.03%
20/50	1.10%	0.00%	0.00%	0.00%	0.00%	2.21%	0.59%	5.65%	0.00%	0.45%	0.44%	40.24%	13.55%
25/60	0.00%	0.00%	0.26%	0.00%	0.00%	0.00%	0.00%	0.12%	0.00%	0.00%	0.00%	0.00%	0.00%
25/50	8.87%	0.00%	3.92%	0.00%	0.91%	8.66%	3.12%	10.04%	8.42%	1.12%	3.69%	0.00%	1.75%
30/70	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
35/80	3.86%	0.00%	0.00%	0.00%	0.00%	0.00%	0.75%	4.14%	5.35%	1.00%	0.00%	0.00%	0.00%
50/100	18.04%	0.00%	6.36%	0.00%	8.55%	6.63%	13.54%	13.20%	17.47%	10.29%	1.77%	46.94%	25.03%
100/300	38.94%	46.09%	44.59%	0.00%	17.83%	34.99%	39.54%	36.60%	32.09%	29.70%	7.09%	4.73%	5.28%
250/500	10.64%	0.00%	24.73%	50.00%	53.87%	39.23%	11.63%	14.42%	13.67%	14.01%	13.47%	4.73%	5.87%
500/500	1.32%	0.00%	3.01%	0.00%	1.11%	2.21%	1.86%	0.90%	0.00%	1.73%	0.00%	0.00%	0.00%
500/1000	0.63%	0.00%	2.08%	50.00%	2.60%	0.00%	1.31%	0.55%	1.96%	1.91%	0.00%	0.00%	0.00%
1000/1000	1.66%	1.74%	5.65%	0.00%	3.57%	2.21%	0.32%	0.96%	0.33%	3.74%	0.00%	0.00%	0.11%
All Other	0.58%	0.00%	0.00%	0.00%	0.38%	0.00%	1.27%	0.29%	0.65%	0.16%	0.00%	0.00%	0.00%
No BI	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PDL Single Limit	TTT	ZR TTT	AO Buses	ZR Buses	PPT Buses	Van Pools	Garages	PPT NF	PP Fleet	Special Types	Taxi	Limo	Car Services
5,000	1.50%	0.00%	3.86%	0.00%	6.70%	1.66%	4.04%	0.54%	3.82%	16.45%	4.87%	0.00%	2.91%
10,000	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.25%	0.14%	0.00%	3.42%	0.00%	2.37%	0.32%
15,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25,000	0.09%	0.00%	0.26%	0.00%	1.59%	0.00%	1.01%	0.03%	0.64%	3.53%	1.51%	0.00%	6.63%
35,000	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.18%	0.00%	0.22%	0.00%	0.00%	0.00%
50,000	1.93%	0.00%	4.40%	0.00%	5.21%	0.00%	4.51%	3.54%	3.68%	2.26%	77.15%	1.18%	18.16%
100,000	78.11%	100.00%	63.89%	50.00%	75.35%	78.45%	73.27%	80.31%	83.97%	54.26%	16.46%	89.35%	67.62%
250,000	14.19%	0.00%	19.77%	50.00%	9.44%	17.68%	12.52%	12.75%	6.23%	15.16%	0.00%	4.73%	4.31%
500,000	1.92%	0.00%	5.20%	0.00%	1.13%	2.21%	2.40%	0.55%	1.00%	2.69%	0.00%	0.00%	0.00%
750,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.06%	0.00%	0.00%	0.00%	0.00%	0.00%
1,000,000	0.24%	0.00%	0.00%	0.00%	0.00%	0.00%	0.08%	0.24%	0.00%	0.17%	0.00%	2.37%	0.00%
All Other	1.94%	0.00%	2.62%	0.00%	0.59%	0.00%	1.91%	1.66%	0.66%	1.84%	0.00%	0.00%	0.05%
PDL Deductible	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*Garage Premises, Non-Owned, Special Rating and Gross Receipts and Mileage are excluded

Safety Insurance Company Commercial Servicing Carrier Annual Report 2022 Review

Following is Safety Insurance Company's ("Safety") Commercial Servicing Carrier Annual Report for the 2022 review period ("Report"). For ease of reference, Safety will title and discuss items in this Report in the order set forth in the report template previously provided by Commonwealth Automobile Reinsurers ("CAR").

Specific Areas for Servicing Carrier Comment

- 1. In the 2021 Annual Report, comments from the carriers outlined trends regarding inflationary and supply chain issues resulting from the COVID pandemic. Comment on the development of these issues during 2022 with respect to the Massachusetts commercial automobile residual market.*

The Massachusetts commercial automobile residual market continues to feel the effects of the COVID pandemic. Inflation and supply chain issues have resulted in increased claims costs with the increased cost of parts and repairs. Additionally, there has been a resulting delay in repair times, as it takes longer to receive parts. This has a ripple impact on the industry, as substitute vehicles are needed for longer periods of time and therefore the availability of substitute vehicles declines.

- 2. The Ineligible Risk Application was introduced in November 2018 for use as an information sharing tool for the Servicing Carriers relative to the underwriting and management of business submissions to the residual market. Since its introduction, the application and information has been positively received, actively used and shared by each of the Servicing Carriers. Feedback from the Servicing Carriers in the 2021 annual report resulted in enhancements to the application including the ability to sort on different variations of the risk's name to assist in the alleviation of owed premium avoidance as well as the addition of an owed premium indicator. Please comment on whether these enhancements have been helpful and what, if any, further opportunities exist within the database to assist Servicing Carriers in the consistent handling of business submissions.*

We have found that the Ineligible Risk Database ("IRD") is a useful tool for underwriting and managing residual market business submissions. Safety actively uses the database; both to submit ineligible risks and to review new business submissions for residual market qualification. The IRD has proven to be a useful tool for ensuring that owed premium is collected on behalf of all the Servicing Carriers, and the enhancements that have been made to the database have been helpful in this area. We have had success in collecting owed premium by declining risks that owe premium, which encourages policyholders to pay their owed premium (to bind a policy). Additionally, the IRD has allowed for improved communication between the Servicing Carriers.

3. *Several transportation network endorsements for policies effective February 2022 were implemented. Additionally, an out-of-state rating differential for zone-rated vehicles was approved for policies effective November 1, 2022*
 - a. *Comment on the impact of those endorsements and rating procedures have had since their implementation.*

The implementation of the transportation network endorsements resulted in implementation costs because of system changes that were needed to allow for the endorsements to be attached to policies. Additionally, we had to make system changes to attach the endorsements to the correct classifications.

The implementation of the transportation network endorsements has also resulted in more underwriting research. Underwriting conducts additional research to identify potential TNC risks and to accurately classify risks. We have seen instances of new risks that are classified as Private Passenger Type (“PPT”) vehicles, but upon further investigation, we find that the insured is providing on-demand services, such as Uber Eats. This would result in a change in classification and, an increase in premium. We suggest that CAR provide additional information to agents to assist them in accurately classifying vehicles engaged in transportation network activities.

The out-of-state rating differential for zone-rated vehicles also required system changes to allow the selection of out-of-state garaging. Safety has not written enough out-of-state zone-rated risks since the differential rating procedure went into effect on November 1, 2022, to provide sufficient feedback on the implementation of the new rating procedures.

- b. *Comment on any other issues that may have developed or may arise from the implementation of those forms and procedures.*

Since the implementation of the TNC endorsements, questions have arisen from agents regarding what coverage is provided under the endorsements. For example, Underwriting has received questions from agents regarding if there is coverage for peer-to-peer car sharing (i.e., Turo). Additional information for agents might be beneficial, especially as it relates to coverage for risks engaged in transportation network services and peer-to-peer car sharing, as well as how to correctly classify those risks.

4. *The Taxi/Limo/Car Service Program and the Commercial Servicing Carrier Program were combined as of the 2022 Servicing Carrier term. Comment on any significant implementation, classification, and/or book distribution issues or trends associated with combining the two programs.*

Safety was one of two Servicing Carriers that handled taxi, limo, and car service business prior to the combining of the Commercial Auto Servicing Carrier Program with the Taxi, Limo, and Car Service Program. Safety experienced a significant decrease in taxi, limo and car service policies due to the redistribution of these risks amongst all four Servicing Carriers.

The combining of the Taxi, Limo and Car Service Program with the Commercial Auto Servicing Carrier Program required Safety to make system changes due to the change in the commission structure and the way that Safety now needed to report taxi, limo and car service risks to CAR.

Safety received positive feedback from agents regarding the combination of the programs, as it resulted in a greater ease of doing business. Combining the two programs allows agents to place all an insured's commercial autos with one Servicing Carrier, which has benefits including with billing, mailing and claims handling.

5. *Identify any new trends or red flags observed in the commercial automobile residual market with regard to an increase in new classifications being written or the re-classification of risks.*

A considerable number of Safety agents have reported that they have noticed better rates in CAR than in the voluntary market for truckers. As such, we suggest that CAR review rates for truckers' risks.

Safety has noticed an increase in Social Service risks; in particular, Home Health Services. We suggest clarification of the Social Service classification in the CAR manual and perhaps additional guidance for agents and Servicing Carriers to properly classify these risks.

As mentioned, Safety has seen an increase in risks classified as PPT's but should be classified as short-term rental operations.

6. *As outlined in the RFP, Servicing Carriers are requested to provide CAR with annual expense data containing the same information and detail level that your company provided in its proposal for the RFP (Exhibit 5.1.1).*

In Sections A, B, C and D, separately identify total policy year 2022 company expenses for servicing ceded business by ULAE expenses, Underwriting/Technical Services expenses, Loss Control Services expenses, and Company/General expenses. As discussed by CPOC in evaluating the 2021 proposals, Servicing Carriers should report only expenses specifically incurred in relation to servicing ceded business and should not include enhancements implemented to improve their total market operations.

Summary of PY 2022 Expenses	
A. ULAE Expenses	Expenses
Claims Management Services Loaded Annual Staffing Costs	██████████
Overhead/Traveling Expenses*	██████████
*All salaries, including ULAE-related salaries, should be reported in the salary supplement.	
Special Investigations (concerning the facts of the loss)	██████████
Adjusters Fees	██████████
Motor Vehicle Appraisal Fees	██████████
Fees for retrieval of pre-inspection reports	██
Other	██
Total	██████████

B. Underwriting/Technical Services Expenses	Expenses
Underwriting/Technical Services Loaded Annual Staffing Costs	██████████
Agency Education and Training	██████████
General Processing Expenses	██████████
Other	██████████
Total	██████████

C. Loss Control Services Expenses	Expenses
Loss Control Services Loaded Annual Staffing Costs	██████████
Surveys of New Insureds	██████████
Surveys of Renewal Insureds	██████████
Cost for Vehicle Inspection	██████████
Educational Programs	-
Monitoring of Loss Control Recommendations	██████████
Special Services	-
Other	-
Total	██████████

D. Company/General Expenses	Expenses
Other Loaded Annual Staffing Costs	██
Administrative/Account Management Services	██████████
Management Information System Services	██████████
All Other Services	██████████
Rent and Rent Items	██████████
Office Equipment & Supplies	██████████
Professional Services (Auditors, Actuarial, Legal, etc.)	██████████
Taxes, Licenses, & Fees	██
Other	██
Total	██████████

E. Calculation of Total Expenses	Expenses
Section A. Total: ULAE Expenses	
Section B. Total: Underwriting/Technical Services Expenses	
Section C. Total: Loss Control Services Expenses	
Section D. Total: Company/General Expenses	
TOTAL: (A+B+C+D)	

7. *Comment on any other successes and/or challenges in 2022 relative to the commercial automobile residual market activities.*

In 2022, inflation had a negative impact on the insurance industry and the commercial automobile residual market. With the increased cost of repairs and replacement costs, inflation will likely have an impact on the market for years to come. Supply chain issues have led to a reduction in vehicle inventories, which includes rental vehicles, which has led to increased costs for new vehicles and rental vehicles. Supply chain issues have also led to increased repair times, which further drives increases in rental costs, as insureds need rental vehicles for longer periods of time. These issues have all resulted in increased repair costs. Servicing residual market business has become more costly over the last few years and it's unknown how long this trend will continue.

The combination of the Taxi, Limo, and Car Service Program with the Commercial Auto Servicing Carrier Program was a considerable success in 2022. Safety received positive feedback from our agents due to the ease of doing business and the ability to place all the insured's commercial autos with one Servicing Carrier.

The four Serving Carriers and their underwriting staff have done an excellent job communicating within and outside of the CAR IRD to deter fraud and premium avoidance.

Agents continue to have trouble obtaining documentation to validate radius of operations and geographic classifications for TTT's and Public Autos. For instance, Safety has underwritten risks that have clearly been in operation for a period of more than 6 months, confirmed by the vehicle registration date, FMSCA inspections and Trucker Addendum, confirming that the risk appears that it should be zone-rated. However, the agent, or insured, does not provide the necessary documentation to zone rate the risk, as outlined in CAR Bulletin 1075.

8. *Servicing Carrier Program Recommendations for 2023 and later:*

a. *Identify any market concerns, red flags, opportunities, or conditions not currently being addressed by the commercial automobile residual market. Provide suggested recommendations for addressing these issues in 2023 and beyond.*

Safety has seen an increase in risks traveling to Canada, but there is no specific garaging territory or zone-rated territory for these risks. Safety recommends that CAR investigate if the current rating method is adequate for out-of-country travel.

Safety believes that the rating methodology used to determine premium on high-valued vehicles should be reviewed, to ensure that the rates are adequate. We have seen Special Mobile Equipment, for example, valued at over \$1,000,000, with a lower-than-expected annual premium (classification 79340).

As mentioned, a considerable number of Safety agents have reported that they have noticed better rates in CAR than in the voluntary market for certain risks (i.e., truckers). We suggest that CAR review rate adequacy for these risks.

Safety also recommends that CAR consider updating the Stated Amount procedures for consistency amongst the four Servicing Carriers on how to arrive at an accurate value. Unlike Agreed Amount procedures, Stated Amount procedures also do not require an appraisal, which we recommend reviewing at CAR. Safety suggests that CAR provide guidance to the four Servicing Carriers, to ensure consistent methodologies to determine a Stated Amount vehicle's value.

b. Provide suggestions, recommendations and/or solutions that would further control claims and service costs for 2023 and later.

Safety is concerned regarding how Stated Amount is being used by agents, especially on trucker's risks. Stated Amount is being utilized to significantly reduce the physical damage premium. Safety recommends that CAR put procedures into place to stop this practice, such as a minimum age limitation to qualify for Stated Amount coverage, appraisals, etc.

General Topics to be Addressed by the Servicing Carrier in the Annual Report

Servicing Carriers are expected to comment on market conditions and experience both relative to the industry and specific to their company in the handling of commercial automobile residual market business during the 2022 policy year. Comment on the industry and your company's efforts, challenges and successes in handling this business. The charts below provide industry and company data as of December, 2022 to assist you in your evaluation and comments. Additional data reports can be found on CAR's website on the Commercial Only – Servicing Carrier Profile Page.

Safety Insurance Company is experienced in handling residual commercial automobile business for over 40 years. Over the past few years, Safety has been working with the CAR Commercial Automobile Committee and the other three Servicing Carriers to produce new rules and procedures to address high-risk exposures to improve the market.

Over the past year, Safety brought the following topics to CAR to improve the market, including:

- Creating a standardized taxi, limo, and car service Underwriting Inspection Form.
- Adding businessowner address to the Ineligible Risk Database, to assist the Servicing Carriers in identifying potential fraud.

In 2022, Safety has experienced success in addressing poorly performing classes in the market. We have seen a significant improvement in the loss ratios on Zone-Rated Buses, and in 2022, Safety's loss ratio for these risks was lower than the industry average. We continue to conduct SIU underwriting investigations on these risks, as well as take underwriting action as necessary (i.e., through cancellations, non-renewals, etc.). Additionally, Safety's loss ratios for PPT Buses, Garages, PPT Fleets, Special Types and Motorcycles, and Limousines were all lower than the industry average for those classes. Safety continues to review risks to ensure proper classification and identify potential areas of fraud and premium leakage. Safety has undertaken a number of initiatives to improve our loss ratios, including:

- Assignment of experienced Underwriters who properly and thoroughly review risks, in accordance with CAR rules, to accurately classify and rate risks.
- Coordinate efforts of Underwriters and SIU Investigators to identify potential fraud and premium avoidance.
- Non-renew and cancel risks that we determine do not have their Principal Place of Business ("PPOB") in Massachusetts.
- Proper application of the new Zone and Zone Combination rules.
- Proper application of Bulletin 1075 to validate radius of operations and geographic classification of Trucks, Tractors and Trailers, and Public Automobiles.
- Ensure communication between Underwriting and Claims to uncover fraud and premium avoidance.
- Underwrite risks using resources available to determine a risk's proper classification, territory, and operations (SAFER inspection information, IFTA's/trip logs, internet searches, Safety's Zone Rating Questionnaire, CAR forms, etc.).

Safety's Underwriting, Claims, SIU, and Marketing/Agent Support departments continue to work closely to address industry concerns. We continue to review individual risks, and our entire book versus the industry, to identify potential underwriting concerns, fraudulent activity, and premium leakage. Additionally, we have focused our efforts on reviewing the business mix and growth of individual agent's books of business, to identify areas of growth that may warrant additional review. We hope that our efforts, along with the efforts of CAR's Commercial Automobile Committee (and others), along with the efforts of the other Servicing Carriers, will lead to a continued improvement in the commercial automobile residual market.

Ceded Written Premium by Vehicle Type for Policy Years 2020-2022

Industry					
Class Type Group	2020	2021	21/20 % Chg	2022	22/21 % Chg
Regular TTT and Regular TTT - Fleet	78,242	84,596	8.1%	85,249	0.8%
Zone Rated TTT and Zone Rated TTT - Fleet	21,989	23,837	8.4%	24,727	3.7%
Commercial Buses and Commercial Buses - Fleet	14,616	15,077	3.2%	16,155	7.1%
Zone Rated Buses and Zone Rated Buses - Fleet	2,769	4,116	48.6%	3,725	-9.5%
PPT Buses and PPT Buses - Fleet	16,419	17,527	6.7%	20,840	18.9%
Garages Subject to Compulsory Law	11,129	11,683	5.0%	12,300	5.3%
Garages - Premises and Garages Not Subject to Compulsory Law	61	59	-3.3%	65	10.2%
Van Pools	703	683	-2.8%	711	4.1%
Private Passenger Types - Non Fleet	8,540	7,218	-15.5%	6,546	-9.3%
Private Passenger Types - Fleet	3,624	3,549	-2.1%	3,785	6.6%
Special Types and Motorcycles	6,996	7,191	2.8%	7,723	7.4%
Non-Owned, Special Rating and Gross Receipts and Mileage	3,070	3,291	7.2%	3,335	1.3%
Taxi	1,553	1,623	4.5%	1,570	-3.3%
Limousine	464	452	-2.6%	577	27.7%
Car Service	2,461	2,547	3.5%	2,045	-19.7%
Total	172,636	183,449	6.3%	189,353	3.2%
Safety					
Class Type Group	2020	2021	21/20 % Chg	2022	22/21 % Chg
Regular TTT and Regular TTT - Fleet	20,299	20,270	-0.1%	24,513	20.9%
Zone Rated TTT and Zone Rated TTT - Fleet	4,673	5,418	15.9%	7,953	46.8%
Commercial Buses and Commercial Buses - Fleet	1,938	2,477	27.8%	2,662	7.5%
Zone Rated Buses and Zone Rated Buses - Fleet	1,206	2,398	98.8%	2,406	0.3%
PPT Buses and PPT Buses - Fleet	2,004	2,129	6.2%	2,773	30.2%
Garages Subject to Compulsory Law	2,934	3,072	4.7%	3,238	5.4%
Garages - Premises and Garages Not Subject to Compulsory Law	15	15	0.0%	16	6.7%
Van Pools	200	163	-18.5%	251	54.0%
Private Passenger Types - Non Fleet	2,797	2,274	-18.7%	2,259	-0.7%
Private Passenger Types - Fleet	800	856	7.0%	1,040	21.5%
Special Types and Motorcycles	1,397	1,438	2.9%	1,779	23.7%
Non-Owned, Special Rating and Gross Receipts and Mileage	669	678	1.3%	857	26.4%
Taxi	617	511	-17.2%	531	3.9%
Limousine	349	345	-1.1%	412	19.4%
Car Service	1,697	1,602	-5.6%	1,136	-29.1%
Total	41,595	43,646	4.9%	51,826	18.7%
Written Premium (000) based on statistically reported data for all coverages combined					

Ceded PDL Exposures by Vehicle Type for Policy Years 2020-2022

Industry					
Class Type Group	2020	2021	21/20 % Chg	2022	22/21 % Chg
Regular TTT and Regular TTT - Fleet	18,591	18,592	0.0%	18,537	-0.3%
Zone Rated TTT and Zone Rated TTT - Fleet	3,725	3,484	-6.5%	2,984	-14.4%
Commercial Buses and Commercial Buses - Fleet	3,605	2,469	-31.5%	2,694	9.1%
Zone Rated Buses and Zone Rated Buses - Fleet	267	266	-0.2%	207	-22.4%
PPT Buses and PPT Buses - Fleet	4,806	3,759	-21.8%	4,473	19.0%
Garages Subject to Compulsory Law	3,254	3,240	-0.4%	3,361	3.7%
Van Pools	135	129	-4.6%	136	5.6%
Private Passenger Types - Non Fleet	3,892	3,185	-18.2%	2,811	-11.8%
Private Passenger Types - Fleet	952	923	-3.0%	983	6.5%
Special Types and Motorcycles	1,711	1,679	-1.9%	1,763	5.0%
Taxi	249	226	-9.3%	227	0.3%
Limosuine	104	108	3.8%	126	16.0%
Car Service	509	512	0.6%	401	-21.7%
Total	41,801	38,574	-7.7%	38,702	0.3%

Safety					
Class Type Group	2020	2021	21/20 % Chg	2022	22/21 % Chg
Regular TTT and Regular TTT - Fleet	5,008	4,582	-8.5%	5,410	18.1%
Zone Rated TTT and Zone Rated TTT - Fleet	802	850	6.0%	692	-18.6%
Commercial Buses and Commercial Buses - Fleet	292	344	17.8%	419	22.0%
Zone Rated Buses and Zone Rated Buses - Fleet	97	121	24.6%	93	-23.6%
PPT Buses and PPT Buses - Fleet	458	488	6.5%	713	46.2%
Garages Subject to Compulsory Law	791	831	5.1%	949	14.2%
Van Pools	41	33	-19.6%	49	49.4%
Private Passenger Types - Non Fleet	1,350	1,073	-20.5%	1,015	-5.4%
Private Passenger Types - Fleet	210	221	5.4%	279	26.3%
Special Types and Motorcycles	318	335	5.6%	356	6.1%
Taxi	105	78	-25.8%	83	6.1%
Limosuine	85	86	1.2%	103	18.6%
Car Service	362	332	-8.5%	277	-16.5%
Total	9,920	9,375	-5.5%	10,437	11.3%

Note: Excludes Garage Premises, Not Subject to Compulsory Law, Special Rating, and Gross Receipts that do not report exposures on a car months basis.

Ceded Loss Ratio by Vehicle Type for Policy Years 2020-2022

Industry			
Class Type Group	2020	2021	2022
Regular TTT and Regular TTT - Fleet	51.5%	55.3%	41.0%
Zone Rated TTT and Zone Rated TTT - Fleet	83.6%	57.8%	36.0%
Commercial Buses and Commercial Buses - Fleet	29.0%	47.8%	61.9%
Zone Rated Buses and Zone Rated Buses - Fleet	45.8%	154.3%	30.1%
PPT Buses and PPT Buses - Fleet	50.0%	48.8%	49.4%
Garages Subject to Compulsory Law	74.9%	48.5%	49.1%
Garages - Premises and Garages Not Subject to Compulsory Law	0.0%	5.7%	0.0%
Van Pools	17.8%	51.9%	122.4%
Private Passenger Types - Non Fleet	91.2%	81.1%	68.9%
Private Passenger Types - Fleet	38.8%	39.8%	46.7%
Special Types and Motorcycles	39.5%	44.0%	21.7%
Non-Owned, Special Rating and Gross Receipts and Mileage	86.4%	64.9%	32.9%
Taxi	44.6%	60.8%	41.1%
Limosuine	82.3%	51.9%	27.6%
Car Service	40.8%	42.5%	59.5%
Total	56.5%	56.4%	44.0%

Safety			
Class Type Group	2020	2021	2022
Regular TTT and Regular TTT - Fleet	51.7%	54.1%	54.5%
Zone Rated TTT and Zone Rated TTT - Fleet	96.2%	61.6%	55.8%
Commercial Buses and Commercial Buses - Fleet	61.6%	119.2%	130.2%
Zone Rated Buses and Zone Rated Buses - Fleet	95.4%	235.3%	27.1%
PPT Buses and PPT Buses - Fleet	36.3%	50.1%	36.3%
Garages Subject to Compulsory Law	123.1%	83.1%	15.7%
Garages - Premises and Garages Not Subject to Compulsory Law	0.0%	0.0%	0.0%
Van Pools	24.3%	45.9%	275.5%
Private Passenger Types - Non Fleet	80.8%	97.0%	99.3%
Private Passenger Types - Fleet	30.4%	37.4%	42.5%
Special Types and Motorcycles	52.1%	56.7%	20.0%
Non-Owned, Special Rating and Gross Receipts and Mileage	49.2%	13.2%	5.8%
Taxi	55.2%	37.8%	67.9%
Limosuine	45.0%	59.7%	25.0%
Car Service	41.4%	38.1%	67.8%
Total	63.7%	71.1%	55.1%

Loss Ratio = (Incurred Losses including ALAE / (Earned Premium)). This data reflects statistically reported data only, with no premium or loss development / IBNR.

Ceded Exposures by Class Type Group and Liability Limit for Policy Year 2022 at 12/2022

CSL	Industry											Taxi	Limo	Car Services
	TTT	ZR TTT	AO Buses	ZR Buses	PPT Buses	Van Pools	Garages	PPT NF	PP Fleet	Special Types				
45,000	2	0	2	0	6	0	0	0	0	0	0	0	0	0
50,000	0	0	2	0	0	0	0	0	0	0	0	0	0	0
75,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
100,000	34	0	3	0	5	0	16	7	2	7	0	0	6	0
150,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
200,000	2	0	1	0	0	0	5	1	0	0	0	0	0	0
250,000	0	0	0	0	0	0	0	1	0	0	0	0	0	0
300,000	72	0	3	0	12	6	22	27	4	6	0	0	0	0
400,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
500,000	269	0	53	0	246	3	72	48	48	33	0	0	14	0
750,000	116	2	0	0	0	0	26	3	2	4	0	0	1	0
1,000,000	12,580	2,917	1,109	0	2,324	82	2,034	1,024	624	1,116	0	83	69	0
1,500,000	4	0	158	10	93	0	0	0	1	0	0	1	1	0
3,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5,000,000	271	46	978	195	25	0	1	0	1	1	0	0	0	0
7,500,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
All Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	13,350	2,965	2,309	205	2,711	91	2,176	1,111	682	1,168	0	83	91	0
BI Single Limit	TTT	ZR TTT	AO Buses	ZR Buses	PPT Buses	Van Pools	Garages	PPT NF	PP Fleet	Special Types	Taxi	Limo	Car Services	
20/40	4	0	1	0	0	1	3	0	0	5	0	0	1	0
20/40 w/optional BI	735	10	35	0	197	1	306	223	62	220	166	1	149	0
20/50	57	0	0	0	0	1	7	96	0	3	1	17	42	0
25/60	0	0	1	0	0	0	0	2	0	0	0	0	0	0
25/50	460	0	15	0	16	4	37	171	26	7	8	0	5	0
30/70	7	0	0	0	0	0	0	0	0	0	0	0	0	0
35/80	200	0	0	0	0	0	9	70	16	6	0	0	0	0
50/100	936	0	25	0	151	3	161	225	54	65	4	20	77	0
100/300	2,021	9	172	0	315	16	469	623	98	186	16	2	16	0
250/500	552	0	95	1	951	18	138	245	42	88	30	2	18	0
500/500	69	0	12	0	20	1	22	15	0	11	0	0	0	0
500/1000	33	0	8	1	46	0	16	9	6	12	0	0	0	0
1000/1000	86	0	22	0	63	1	4	16	1	24	0	0	0	0
All Other	30	0	0	0	7	0	15	5	2	1	0	0	0	0
No BI	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	5,191	19	385	2	1,765	45	1,185	1,701	307	628	226	42	309	0
PDL Single Limit	TTT	ZR TTT	AO Buses	ZR Buses	PPT Buses	Van Pools	Garages	PPT NF	PP Fleet	Special Types	Taxi	Limo	Car Services	
5,000	78	0	15	0	118	1	48	9	12	98	11	0	9	0
10,000	3	0	0	0	0	0	3	2	0	20	0	1	1	0
15,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25,000	5	0	1	0	28	0	12	1	2	21	3	0	21	0
35,000	1	0	0	0	0	0	0	3	0	1	0	0	0	0
50,000	100	0	17	0	92	0	54	60	11	13	174	1	56	0
100,000	4,051	19	246	1	1,328	36	868	1,365	253	322	37	38	209	0
250,000	736	0	76	1	166	8	148	217	19	90	0	2	13	0
500,000	100	0	20	0	20	1	28	9	3	16	0	0	0	0
750,000	0	0	0	0	0	0	0	1	0	0	0	0	0	0
1,000,000	13	0	0	0	0	0	1	4	0	1	0	1	0	0
All Other	101	0	10	0	10	0	23	28	2	11	0	0	0	0
PDL Deductible	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	5,186	19	385	2	1,762	45	1,185	1,700	301	594	226	42	309	0

*Garage Premises, Non-Owned, Special Rating and Gross Receipts and Mileage are excluded

Ceded Exposures Distribution by Class Type Group and Liability Limit for Policy Year 2022

CSL	Industry												
	TTT	ZR TTT	AO Buses	ZR Buses	PPT Buses	Van Pools	Garages	PPT NF	PP Fleet	Special Types	Taxi	Limo	Car Services
45,000	0.01%	0.00%	0.10%	0.00%	0.23%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
50,000	0.00%	0.00%	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
75,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
100,000	0.26%	0.00%	0.13%	0.00%	0.17%	0.00%	0.74%	0.65%	0.29%	0.60%	0.00%	0.00%	6.57%
150,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
200,000	0.01%	0.00%	0.04%	0.00%	0.00%	0.00%	0.23%	0.09%	0.00%	0.00%	0.00%	0.00%	0.00%
250,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%	0.00%	0.00%	0.00%	0.00%	0.00%
300,000	0.54%	0.00%	0.15%	0.00%	0.46%	6.61%	1.00%	2.41%	0.57%	0.55%	0.00%	0.00%	0.00%
400,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
500,000	2.02%	0.00%	2.30%	0.00%	9.08%	3.31%	3.31%	4.30%	7.05%	2.82%	0.00%	0.00%	15.42%
750,000	0.87%	0.06%	0.00%	0.00%	0.00%	0.00%	1.21%	0.27%	0.29%	0.35%	0.00%	0.00%	1.09%
1,000,000	94.23%	98.40%	48.03%	0.00%	85.72%	90.08%	93.47%	92.20%	91.49%	95.60%	0.00%	98.90%	75.82%
1,500,000	0.03%	0.00%	6.83%	4.92%	3.43%	0.00%	0.00%	0.00%	0.15%	0.00%	0.00%	1.10%	1.09%
3,000,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5,000,000	2.03%	1.55%	42.34%	95.08%	0.91%	0.00%	0.05%	0.00%	0.15%	0.09%	0.00%	0.00%	0.00%
7,500,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BI Single Limit	TTT	ZR TTT	AO Buses	ZR Buses	PPT Buses	Van Pools	Garages	PPT NF	PP Fleet	Special Types	Taxi	Limo	Car Services
20/40	0.08%	0.00%	0.26%	0.00%	0.00%	1.66%	0.25%	0.00%	0.00%	0.85%	0.00%	0.00%	0.38%
20/40 w/optional BI	14.16%	52.17%	9.15%	0.00%	11.19%	2.21%	25.82%	13.14%	20.05%	35.05%	73.53%	3.35%	48.03%
20/50	1.10%	0.00%	0.00%	0.00%	0.00%	2.21%	0.59%	5.65%	0.00%	0.45%	0.44%	40.24%	13.55%
25/60	0.00%	0.00%	0.26%	0.00%	0.00%	0.00%	0.00%	0.12%	0.00%	0.00%	0.00%	0.00%	0.00%
25/50	8.87%	0.00%	3.92%	0.00%	0.91%	8.66%	3.12%	10.04%	8.42%	1.12%	3.69%	0.00%	1.75%
30/70	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
35/80	3.86%	0.00%	0.00%	0.00%	0.00%	0.00%	0.75%	4.14%	5.35%	1.00%	0.00%	0.00%	0.00%
50/100	18.04%	0.00%	6.36%	0.00%	8.55%	6.63%	13.54%	13.20%	17.47%	10.29%	1.77%	46.94%	25.03%
100/300	38.94%	46.09%	44.59%	0.00%	17.83%	34.99%	39.54%	36.60%	32.09%	29.70%	7.09%	4.73%	5.28%
250/500	10.64%	0.00%	24.73%	50.00%	53.87%	39.23%	11.63%	14.42%	13.67%	14.01%	13.47%	4.73%	5.87%
500/500	1.32%	0.00%	3.01%	0.00%	1.11%	2.21%	1.86%	0.90%	0.00%	1.73%	0.00%	0.00%	0.00%
500/1000	0.63%	0.00%	2.08%	50.00%	2.60%	0.00%	1.31%	0.55%	1.96%	1.91%	0.00%	0.00%	0.00%
1000/1000	1.66%	1.74%	5.65%	0.00%	3.57%	2.21%	0.32%	0.96%	0.33%	3.74%	0.00%	0.00%	0.11%
All Other	0.58%	0.00%	0.00%	0.00%	0.38%	0.00%	1.27%	0.29%	0.65%	0.16%	0.00%	0.00%	0.00%
No BI	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PDL Single Limit	TTT	ZR TTT	AO Buses	ZR Buses	PPT Buses	Van Pools	Garages	PPT NF	PP Fleet	Special Types	Taxi	Limo	Car Services
5,000	1.50%	0.00%	3.86%	0.00%	6.70%	1.66%	4.04%	0.54%	3.82%	16.45%	4.87%	0.00%	2.91%
10,000	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.25%	0.14%	0.00%	3.42%	0.00%	2.37%	0.32%
15,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25,000	0.09%	0.00%	0.26%	0.00%	1.59%	0.00%	1.01%	0.03%	0.64%	3.53%	1.51%	0.00%	6.63%
35,000	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.18%	0.00%	0.22%	0.00%	0.00%	0.00%
50,000	1.93%	0.00%	4.40%	0.00%	5.21%	0.00%	4.51%	3.54%	3.68%	2.26%	77.15%	1.18%	18.16%
100,000	78.11%	100.00%	63.89%	50.00%	75.35%	78.45%	73.27%	80.31%	83.97%	54.26%	16.46%	89.35%	67.62%
250,000	14.19%	0.00%	19.77%	50.00%	9.44%	17.68%	12.52%	12.75%	6.23%	15.16%	0.00%	4.73%	4.31%
500,000	1.92%	0.00%	5.20%	0.00%	1.13%	2.21%	2.40%	0.55%	1.00%	2.69%	0.00%	0.00%	0.00%
750,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.06%	0.00%	0.00%	0.00%	0.00%	0.00%
1,000,000	0.24%	0.00%	0.00%	0.00%	0.00%	0.00%	0.08%	0.24%	0.00%	0.17%	0.00%	2.37%	0.00%
All Other	1.94%	0.00%	2.62%	0.00%	0.59%	0.00%	1.91%	1.66%	0.66%	1.84%	0.00%	0.00%	0.05%
PDL Deductible	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*Garage Premises, Non-Owned, Special Rating and Gross Receipts and Mileage are excluded

Completed Annual Report responses for 2022 will be due to CAR by May 12, 2023. In June 2023, the Commercial Program Oversight Committee will hold a meeting to discuss its review of the reports. Servicing Carriers are expected to be present at that meeting to respond to any questions from Committee members.

2022 Annual Report Schedule

<i>April 1-14, 2023</i>	<i>CAR data and cover document sent to Servicing Carriers</i>
<i>May 12, 2023</i>	<i>Servicing Carrier Annual Reports due to CAR</i>
<i>June, 2023</i>	<i>Oversight Committee Review of Annual Reports</i>



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Commercial Residual Market Data

Attached are reports profiling the commercial residual market Servicing Carrier data and other general exhibits to assist the Committee in its review and discussion of the 2022 Servicing Carrier Annual Reports, using data reported through December, 2022. The following reports are included:

A. Residual Market (Ceded) Data Reports

1. Written Premium by Company/Year/Vehicle Type
2. PDL Exposures by Company/Year/Vehicle Type
3. Industry Cession Rate by Year/Vehicle Type
4. Incurred Loss Ratios by Company/Year/Vehicle Type

B. Data Specifications

Written Premium

Written Premiums are based on statistically reported data for all coverages combined.

PDL Exposures

Property Damage Liability Exposures are shown on a per car basis, as the number of car years. A car year is equivalent to one car insured for twelve months. Exposure reports exclude Garage Premise, Not Subject to Compulsory Law, Non-Owned, Special Rating and Gross Receipts class type groupings that do not report exposures on a car year basis.

Incurred Losses

Losses include ALAE and are based on statistically reported data only, with no loss development/IBNR. Incurred losses include paid losses plus reported loss reserves for all coverages combined.

Cession Rate

Cession Rate = (Industry Ceded Data / Industry Total Market Data). Cession Rate is provided using PDL exposures by class type group/policy year.

Loss Ratios

Policy Year Loss Ratios = (Reported Incurred Losses / Earned Premium). Reported Incurred Losses include paid plus outstanding losses, with no projections or IBNR.

Class Type Group

The reports categorized Class Types into major Class Type Groups, as follows:

Class Type Group	Class Types
Regular TTT and Regular TTT – Fleet	21,23
Zone Rated TTT and Zone Rated TTT – Fleet	22,24
Commercial Buses and Commercial Buses - Fleet	32,37
Zone Rated Buses and Zone Rated Buses - Fleet	34,38
PPT Buses and PPT Buses – Fleet	35,39
Garages Subject to Compulsory Law	41
Garages Premises	42,43
Van Pools	33
Private Passenger Types - Non-Fleet	81
Private Passenger Types – Fleet	82
Special Types and Motorcycles	51,52
Non-Owned, Special Rating and Gross Receipts	61,62,71,72
Taxi	31,36
Limo	28
Car Service	29

If you have any questions concerning the data reports, or would like to request additional data, please contact Tim Galligan, CAR's Actuarial and Statistical Services Director, by e-mailing tgalligan@commauto.com, or directly at 617-880-7286.

**Oversight Committee Company Profile Data
Ceded Written Premium by Vehicle Type for Policy Years 2020-2022**

Written Premium (000)

Class Type Group	Arbella			MAPFRE			Pilgrim			Safety			Industry		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Regular TTT and Regular TTT - Fleet	17,562	17,864	17,752	24,619	26,820	23,939	15,762	19,642	19,045	20,299	20,270	24,513	78,242	84,596	85,249
Zone Rated TTT and Zone Rated TTT - Fleet	5,500	6,193	6,739	3,435	3,810	4,136	8,381	8,416	5,899	4,673	5,418	7,953	21,989	23,837	24,727
Commercial Buses and Commercial Buses - Fleet	3,774	4,481	4,989	3,645	3,920	3,860	5,260	4,199	4,644	1,938	2,477	2,662	14,616	15,077	16,155
Zone Rated Buses and Zone Rated Buses - Fleet	181	238	211	176	293	217	1,206	1,186	891	1,206	2,398	2,406	2,769	4,116	3,725
PPT Buses and PPT Buses - Fleet	3,806	4,948	5,456	4,470	5,101	5,977	6,140	5,350	6,634	2,004	2,129	2,773	16,419	17,527	20,840
Garages Subject to Compulsory Law	2,369	2,198	2,442	3,450	3,884	3,963	2,376	2,529	2,657	2,934	3,072	3,238	11,129	11,683	12,300
Garages Premises	14	13	14	16	17	18	16	14	16	15	15	16	61	59	65
Van Pools	157	159	188	168	156	152	178	205	120	200	163	251	703	683	711
Private Passenger Types - Non Fleet	2,699	2,303	2,062	2,062	1,718	1,505	981	923	719	2,797	2,274	2,259	8,540	7,218	6,546
Private Passenger Types - Fleet	749	739	732	1,285	1,233	1,361	790	720	652	800	856	1,040	3,624	3,549	3,785
Special Types and Motorcycles	2,501	2,485	1,693	1,833	1,978	1,743	1,265	1,290	2,508	1,397	1,438	1,779	6,996	7,191	7,723
Non-Owned, Special Rating and Gross Receipts	804	816	816	991	1,098	1,079	605	700	584	669	678	857	3,070	3,291	3,335
Taxi	0	0	313	0	0	667	936	1,112	59	617	511	531	1,553	1,623	1,570
Limo	0	0	16	0	0	102	115	108	47	349	345	412	464	452	577
Car Service	0	0	284	0	0	473	763	945	151	1,697	1,602	1,136	2,461	2,547	2,045
Total	40,116	42,437	43,707	46,151	50,027	49,191	44,774	47,338	44,626	41,596	43,647	51,827	172,636	183,449	189,352

Change Year/Year

Class Type Group	Arbella		MAPFRE		Pilgrim		Safety		Industry	
	21/20	22/21	21/20	22/21	21/20	22/21	21/20	22/21	21/20	22/21
Regular TTT and Regular TTT - Fleet	2%	-1%	9%	-11%	25%	-3%	0%	21%	8%	1%
Zone Rated TTT and Zone Rated TTT - Fleet	13%	9%	11%	9%	0%	-30%	16%	47%	8%	4%
Commercial Buses and Commercial Buses - Fleet	19%	11%	8%	-2%	-20%	11%	28%	7%	3%	7%
Zone Rated Buses and Zone Rated Buses - Fleet	32%	-12%	67%	-26%	-2%	-25%	99%	0%	49%	-10%
PPT Buses and PPT Buses - Fleet	30%	10%	14%	17%	-13%	24%	6%	30%	7%	19%
Garages Subject to Compulsory Law	-7%	11%	13%	2%	6%	5%	5%	5%	5%	5%
Garages Premises	-3%	4%	3%	6%	-14%	21%	3%	9%	-3%	10%
Van Pools	1%	18%	-7%	-3%	15%	-42%	-19%	55%	-3%	4%
Private Passenger Types - Non Fleet	-15%	-10%	-17%	-12%	-6%	-22%	-19%	-1%	-15%	-9%
Private Passenger Types - Fleet	-1%	-1%	-4%	10%	-9%	-9%	7%	21%	-2%	7%
Special Types and Motorcycles	-1%	-32%	8%	-12%	2%	94%	3%	24%	3%	7%
Non-Owned, Special Rating and Gross Receipts	1%	0%	11%	-2%	16%	-17%	1%	26%	7%	1%
Taxi					19%	-95%	-17%	4%	4%	-3%
Limo					-7%	-56%	-1%	20%	-3%	28%
Car Service					24%	-84%	-6%	-29%	4%	-20%
Total	6%	3%	8%	-2%	6%	-6%	5%	19%	6%	3%

**Oversight Committee Company Profile Data
Ceded Written PDL Exposures by Vehicle Type for Policy Years 2020-2022**

Written PDL Exposures

Class Type Group	Arbella			MAPFRE			Pilgrim			Safety			Industry		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Regular TTT and Regular TTT - Fleet	4,405	4,208	4,118	5,424	5,557	5,194	3,755	4,246	3,815	5,008	4,582	5,410	18,591	18,592	18,536
Zone Rated TTT and Zone Rated TTT - Fleet	892	839	869	650	642	624	1,381	1,154	798	802	850	692	3,725	3,484	2,984
Commercial Buses and Commercial Buses - Fleet	595	680	804	667	680	703	2,052	765	768	292	344	419	3,605	2,469	2,694
Zone Rated Buses and Zone Rated Buses - Fleet	11	14	15	15	24	18	143	107	81	97	121	93	267	266	207
PPT Buses and PPT Buses - Fleet	839	1,017	1,216	927	1,007	1,247	2,582	1,247	1,297	458	488	713	4,806	3,759	4,473
Garages Subject to Compulsory Law	685	575	595	1,068	1,123	1,068	711	711	749	791	831	949	3,254	3,240	3,361
Van Pools	29	27	34	33	30	29	32	39	24	41	33	49	135	129	136
Private Passenger Types - Non Fleet	1,495	1,216	1,057	620	491	417	427	405	322	1,350	1,073	1,015	3,892	3,186	2,811
Private Passenger Types - Fleet	200	188	200	297	300	316	246	215	188	210	221	279	952	923	983
Special Types and Motorcycles	466	443	418	494	489	470	433	412	519	318	335	356	1,711	1,679	1,763
Taxi	0	0	45	0	0	90	144	148	8	105	78	83	249	226	227
Limo	0	0	2	0	0	13	19	22	8	86	87	103	104	108	126
Car Service	0	0	49	0	0	55	146	180	19	363	332	277	509	512	401
Total	9,617	9,205	9,422	10,194	10,343	10,246	12,070	9,650	8,596	9,920	9,375	10,437	41,801	38,574	38,702

Change Year/Year

Class Type Group	Arbella		MAPFRE		Pilgrim		Safety		Industry	
	21/20	22/21	21/20	22/21	21/20	22/21	21/20	22/21	21/20	22/21
Regular TTT and Regular TTT - Fleet	-4%	-2%	2%	-7%	13%	-10%	-8%	18%	0%	0%
Zone Rated TTT and Zone Rated TTT - Fleet	-6%	4%	-1%	-3%	-16%	-31%	6%	-19%	-6%	-14%
Commercial Buses and Commercial Buses - Fleet	14%	18%	2%	3%	-63%	0%	18%	22%	-32%	9%
Zone Rated Buses and Zone Rated Buses - Fleet	21%	8%	60%	-24%	-25%	-24%	25%	-24%	0%	-22%
PPT Buses and PPT Buses - Fleet	21%	20%	9%	24%	-52%	4%	6%	46%	-22%	19%
Garages Subject to Compulsory Law	-16%	3%	5%	-5%	0%	5%	5%	14%	0%	4%
Van Pools	-9%	28%	-8%	-5%	23%	-38%	-20%	49%	-5%	6%
Private Passenger Types - Non Fleet	-19%	-13%	-21%	-15%	-5%	-20%	-21%	-5%	-18%	-12%
Private Passenger Types - Fleet	-6%	7%	1%	5%	-13%	-13%	5%	26%	-3%	6%
Special Types and Motorcycles	-5%	-6%	-1%	-4%	-5%	26%	6%	6%	-2%	5%
Taxi					3%	-94%	-26%	6%	-9%	0%
Limo					16%	-63%	1%	19%	4%	16%
Car Service					23%	-89%	-8%	-17%	1%	-22%
Total	-4%	2%	1%	-1%	-20%	-11%	-5%	11%	-8%	0%

Note: Excludes Garage Premise, Not Subject to Compulsory Law, Non-Owned, Special Rating and Gross Receipts that do not report exposures on a car year basis.

Oversight Committee Company Profile Data Industry Cession Rate By Policy Year/Vehicle Type

Exposure Based Cession Rate (PDL)

Class Type Group	Industry		
	PY 2020	PY 2021	PY 2022
Regular TTT and Regular TTT - Fleet	6.8%	6.7%	6.5%
Zone Rated TTT and Zone Rated TTT - Fleet	88.9%	85.2%	84.9%
Commercial Buses and Commercial Buses - Fleet	32.2%	26.8%	29.0%
Zone Rated Buses and Zone Rated Buses - Fleet	88.1%	81.4%	77.7%
PPT Buses and PPT Buses - Fleet	41.0%	36.3%	40.4%
Garages Subject to Compulsory Law	28.1%	25.7%	16.1%
Van Pools	79.1%	76.5%	81.9%
Private Passenger Types - Non Fleet	10.5%	8.6%	7.3%
Private Passenger Types - Fleet	3.8%	3.8%	3.9%
Special Types and Motorcycles	5.3%	5.7%	7.7%
Taxi	18.5%	14.6%	13.7%
Limo	17.3%	15.4%	11.7%
Car Service	41.8%	35.9%	23.6%
Total	10.2%	9.4%	9.2%

Change Year/Year

Class Type Group	Industry	
	21/20	22/21
Regular TTT and Regular TTT - Fleet	-1.6%	-2.3%
Zone Rated TTT and Zone Rated TTT - Fleet	-4.1%	-0.4%
Commercial Buses and Commercial Buses - Fleet	-16.8%	8.3%
Zone Rated Buses and Zone Rated Buses - Fleet	-7.6%	-4.5%
PPT Buses and PPT Buses - Fleet	-11.3%	11.3%
Garages Subject to Compulsory Law	-8.5%	-37.6%
Van Pools	-3.2%	7.1%
Private Passenger Types - Non Fleet	-18.4%	-15.0%
Private Passenger Types - Fleet	-1.0%	2.4%
Special Types and Motorcycles	7.3%	34.8%
Taxi	-21.0%	-6.6%
Limo	-10.9%	-24.2%
Car Service	-14.2%	-34.3%
Total	-7.6%	-2.2%

Note: Excludes Garage Premise, Not Subject to Compulsory Law, Non-Owned, Special Rating and Gross Receipts that do not report exposures on a car year basis.

**Oversight Committee Company Profile Data
Ceded Reported Loss Ratios by Vehicle Type for Policy Years 2020-2022
All Coverages Combined**

Class Type Group	Arbella			MAPFRE			Pilgrim		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Regular TTT and Regular TTT - Fleet	58.7%	45.9%	34.0%	53.4%	70.9%	43.2%	40.4%	43.7%	28.8%
Zone Rated TTT and Zone Rated TTT - Fleet	70.0%	43.2%	40.5%	185.9%	57.4%	22.5%	43.5%	66.3%	10.9%
Commercial Buses and Commercial Buses - Fleet	14.3%	27.7%	13.3%	12.4%	41.5%	120.6%	39.0%	33.1%	34.3%
Zone Rated Buses and Zone Rated Buses - Fleet	0.0%	25.2%	11.8%	50.2%	65.8%	128.7%	2.3%	38.6%	15.7%
PPT Buses and PPT Buses - Fleet	37.7%	39.5%	61.0%	55.6%	60.3%	59.5%	58.0%	45.9%	35.2%
Garages Subject to Compulsory Law	47.3%	24.1%	57.1%	79.3%	34.5%	32.6%	36.3%	49.4%	97.9%
Garages - Premises	0.0%	0.0%	0.0%	0.0%	19.9%	0.0%	0.0%	0.0%	0.0%
Van Pools	32.8%	69.9%	6.6%	6.4%	62.2%	99.3%	8.0%	34.9%	2.9%
Private Passenger Types - Non Fleet	69.9%	55.6%	52.9%	154.6%	104.1%	41.9%	46.4%	62.4%	78.3%
Private Passenger Types - Fleet	21.1%	49.8%	49.7%	70.5%	32.7%	51.5%	12.5%	44.4%	39.7%
Special Types and Motorcycles	33.3%	41.7%	17.7%	46.0%	58.7%	41.7%	28.6%	11.6%	12.1%
Non-Owned, Special Rating and Gross Receipts	118.2%	181.7%	116.8%	1.5%	10.8%	0.5%	224.3%	63.9%	13.0%
Taxi	0.0%	0.0%	30.6%	0.0%	0.0%	19.8%	37.7%	71.4%	90.7%
Limo	0.0%	0.0%	60.8%	0.0%	0.0%	31.0%	195.4%	27.0%	29.9%
Car Service	0.0%	0.0%	84.9%	0.0%	0.0%	28.9%	39.4%	49.9%	36.9%
Total	52.7%	44.6%	39.0%	65.6%	62.0%	47.7%	44.0%	47.7%	32.4%

Class Type Group	Safety			Industry		
	2020	2021	2022	2020	2021	2022
Regular TTT and Regular TTT - Fleet	51.7%	54.1%	54.5%	51.5%	55.3%	41.0%
Zone Rated TTT and Zone Rated TTT - Fleet	96.2%	61.6%	55.8%	83.6%	57.8%	36.0%
Commercial Buses and Commercial Buses - Fleet	61.6%	119.2%	130.2%	29.0%	47.8%	61.9%
Zone Rated Buses and Zone Rated Buses - Fleet	95.4%	235.3%	27.1%	45.8%	154.3%	30.1%
PPT Buses and PPT Buses - Fleet	36.3%	50.1%	36.3%	50.0%	48.8%	49.4%
Garages Subject to Compulsory Law	123.1%	83.1%	15.7%	74.9%	48.5%	49.1%
Garages - Premises	0.0%	0.0%	0.0%	0.0%	5.7%	0.0%
Van Pools	24.3%	45.9%	275.5%	17.8%	51.9%	122.4%
Private Passenger Types - Non Fleet	80.8%	97.0%	99.3%	91.2%	81.1%	68.9%
Private Passenger Types - Fleet	30.4%	37.4%	42.5%	38.8%	39.8%	46.7%
Special Types and Motorcycles	52.1%	56.7%	20.0%	39.5%	44.0%	21.7%
Non-Owned, Special Rating and Gross Receipts	49.2%	13.2%	5.8%	86.4%	64.9%	32.9%
Taxi	55.2%	37.8%	67.9%	44.6%	60.8%	41.1%
Limo	45.0%	59.7%	25.0%	82.3%	51.9%	27.6%
Car Service	41.4%	38.1%	67.8%	40.8%	42.5%	59.5%
Total	63.7%	71.1%	55.1%	56.5%	56.4%	44.0%

**Commonwealth Automobile Reinsurers
Commercial Program Oversight Committee
Policy Forms Upgrade
Proposed Implementation Schedule – Eff-Date January 1, 2027**

Task	Completion
Forms Review BAP Truckers to BAP/MC Garage Dealers to AD/ADMM Schedule of Form Changes	Sep 20, 2023
Draft Manual Rules Review AIB Filings Evaluate CAR Details Draft Rules Consult with AIB	Feb 21, 2024
SRB Review Consult wrt Intent 90 – 120 Day Review	Jun 1, 2024
GC Approval of Rules of Operation	Jun or Sep, 2024
GC Approval of Manual of Administrative Procedures	Nov 20, 2024
Servicing Carrier Selection – GC Approval	Nov 20, 2024
Development of RFP by CPOC	Jan – Jun 2024
GC Approval of RFP	Jun 19, 2024
RFP Issued	Aug 2024
Pre-response Conference	Aug 2024
Proposer Questions	Aug 2024
Proposals Due	Sep 2024
CPOC Evaluation of Proposals	Oct 2024
GC Approval of SC Selection	Nov 20, 2024
GC Approval of related Statistical Plan Changes	Feb 2025
Notification of ERP Assignments	Sep 1, 2026
SC Contracting with ERPs	Oct 30, 2026
SC Forms Implementation (for 1-1-2027 renewals)	Oct 1, 2026