CAR
COMMONWEALTH AUTOMOBILE REINSURERS
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NATALIE A. HUBLEY
PRESIDENT

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

WEDNESDAY, JULY 16, 2025, 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.

Ms. Jean Houghton	Norfolk and Dedham Group
Ms. Nicole Martorana	FBInsure, LLC
Ms. Sharon Murphy	Acadia Insurance Company
Mr. Henry Risman	Risman Insurance Agency, Inc.
Ms. Meredith Woodcock	Liberty Mutual Insurance Companies

AGENDA

CPOC
25.01 Records of Previous Meeting

The Records of the Commercial Program Oversight Committee meeting of March 12, 2025 should be read and approved.

CPOC
25.03 CAR Conflict of Interest Policy

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

CPOC
25.04 2024 Servicing Carrier Annual Report Review

The Commercial Servicing Carrier Annual Reports are intended to provide Servicing Carriers with 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 2024 Annual Report submissions of the four commercial automobile Servicing Carriers. The report submissions and two summary documents, prepared by CAR staff, are attached.

- 2024 Servicing Carrier Annual Report Summary and Recommendations (Docket #CPOC25.04, Exhibit #2)
- 2024 Annual Report – Arbella (Docket #CPOC25.04, Exhibit #3)
- 2024 Annual Report – MAPFRE (Docket #CPOC25.04, Exhibit #4)
- 2024 Annual Report – Pilgrim (Docket #CPOC25.04, Exhibit #5)
- 2024 Annual Report – Safety (Docket #CPOC25.04, Exhibit #6)

CPOC
25.06 Distribution of Ceded Books of Business

Attached is an exhibit identifying the distribution of the commercial ceded books of business among the four appointed Servicing Carriers (Docket #CPOC25.06, Exhibit #1). The exhibit is provided for informational purposes pursuant to Rule 13.C.2. of the Rules of Operation.

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
July 1, 2025

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Commercial Servicing Carrier Annual Report
2024 Review
Topics Suggested for Committee Consideration

Introduction

To facilitate the Committee's review of the 2024 Servicing Carrier Annual Reports, CAR Staff has extracted the carriers' responses to questions raised in the annual report template and accumulated the responses on the attached summary. Staff has further listed below items in the annual reports which Servicing Carriers suggest for further committee discussion. The comments are organized by topic, rather than by the questions/responses in the annual report. Staff will recommend that these items are reviewed by staff and referred to the appropriate committees for future discussion.

Eligibility

Business Entity:

- Clarify the definitions of private passenger Business Use Class (30) as compared to commercial eligibility, especially in light of expanded GVW of vehicles to 16,000 lbs.
- Clarify eligibility of entities that have been dissolved with the Secretary of State.
- Clarify eligibility of spouses as Named Insured, especially as it relates to combination of interest and experience rating.
- General concerns with Vehicle Sharing/Turo, including the difference in vehicle sharing as compared to Rental (Rule 120 of the Commercial Automobile Manual).

Determination of Classification

Mixed Use Operations – social service, school bus, and car service:

- Develop a new class code that encompasses any public auto operations that transports individuals.
- School buses used for other purposes (non-school related transportation) should be rated as BUS NOC.
- Trip logs should be required to have specificity to verify operations. Otherwise, policyholders should provide clear proof that the lower rated classification represents 80% of the usage.

Classification Definitions:

- Personal use Trucks registered in a business name (service v commercial class).
- The Social Service Agency Automobile classification should specify non-profit day care centers, such as Head Start. The BUS NOC should be clarified to include for-profit day care centers.
- Clarify definitions for "non-emergency medical transportations" operations.
- Clarify the definition of light trucks and trailers used by landscapers under individual names (Rule 51) versus business class type 30 as defined in the private passenger automobile manual.

- Clarify Golfmobiles, (946000), Low Speed Vehicles, Short Term Rentals (721400, 721600).
- Develop a class code for Bus Rentals.
- Clarify Towing vs Auto Hauling – consider adding secondary classification to distinguish between the various types of towing operations, including general towing as compared to auto hauling.
- Towing needs a secondary classification to distinguish the different usages.
- Develop a separate class code for delivery/conveyance, as PPTs engaged in delivery are currently classified as car service as compared to the TTT classification for cargo vans engaged in delivery.

Form Improvements/Clarifications

Taxi/Limousine/Car Service Underwriting Inspection Form:

- A new question should be added to capture the percentage of operations derived from each segment.
- A new question should be added to determine if the risk engages in any ride sharing, vehicle sharing or delivery services.
- Because all the vehicles may not be available for inspection at the same time, it is challenging to add photos to the form at different times.
- The requirement for inspections of taxis on an annual basis should be changed to inception and then every three years.
- Replace SSN with driver's license number.

Non-Fleet Private Passenger Type Certification Form:

- Include PPTs written on Fleet policies.

Adoption of Endorsements:

- CAR should consider adopting an exclusion or additional deductible for unlisted and unlicensed operators.
- CAR should consider creating an endorsement or exclusion for vehicle customization.
- CAR should consider adopting the Silica or Silica-related Dust Exclusion (CA 23 94).
- CAR should consider adopting the Communicable Disease Exclusion (CA 04 55).
- CAR should consider creating an endorsement to exclude payment for punitive or exemplary damages.

General Communications/Policy Processing

Producer Information:

- CAR should develop a section on its website for producers that provides information on program changes and enhancements.
- Producers should provide additional information to assist the company, including risk classifications, volumes of business, and loss ratios.

Policy Processing:

- Allow for electronic policy issuance and electronic delivery of policy documents.

Improvements to the Re-Assignment Process

Determination for Reassignment:

- Rather than attempting to maintain consistent dollar amounts for class types among the Servicing Carriers, only adjust when the difference is outside a set percentage (5 to 10% variance).

Communications:

- Once CAR has identified the producers to be reassigned, it should validate the business name, phone number and email address.
- CAR should post and distribute a Bulletin or Commercial Lines Notice with key dates and the list of agencies being impacted well in advance of the reassignment date.

Transfer of data/information:

- It would be very beneficial to have a complete list of all policies rolling over to the Servicing Carrier, along with DEC pages provided as early as possible.
- Adopt a carrier-to-carrier book roll approach to reduce the need for agents to resubmit applications and documents.
- The current Servicing Carrier of an agent being reassigned should be allowed to provide the new Servicing Carrier with a list of ceded policies, basic policy information, and dec pages.
- The transition procedures should apply to all agents changing Servicing Carriers.
- CAR should provide each Servicing Carrier with a list of policies, effective dates, and annual premiums for the agents that are being reassigned.
- Different procedures for mergers and acquisitions as compared to re-assignments from a re-distribution.

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Commercial Servicing Carrier Annual Report
2024 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 should provide a self-assessment of their performance in addressing key issues identified throughout each year.

B. Specific Areas for Servicing Carrier Comment

1. Has your company experienced any significant changes in overall staffing or key personnel assigned to service the CAR program? If so,

a. How have you mitigated the impacts to servicing residual market business?

Arbella: Had no changes to key personnel but had turnover and promotions with the Servicing Carrier Technician position. At the same time, streamlined updated procedures were instituted. These changes resulted in quicker responses to agent inquiries, allowing for more proactivity and efficiency with the increase in new business and rollover submissions.

MAPFRE: A dedicated CAR Team for new and renewal business was formalized in 2024.

Pilgrim: No significant changes in either overall staffing or key personnel.

Safety: A new account executive was assigned to handle CAR business as of July 1, 2024.The transition was smooth. The change had no impact on the service of the residual market business.

b. Changes in staffing levels and key personnel can be disruptive to the residual market. How were such changes conveyed to CAR, its committees, and assigned producers? If there were any problems with the transition or communications, what improvements can be implemented in the future.

Arbella: Added additional personnel in the Technician role in 2024 which allowed a streamlined approach and to provide exceptional customer service.

MAPFRE: Established a separate CAR Underwriting team to manage risk selection for both new and renewal business within an assigned Commercial Lines Underwriting territory for Limited Servicing Carrier/ERP agents. This CAR team collaborates closely with the Special Investigation Unit to investigate and provide details on questionable accounts. Commerce Insurance will update CAR regarding staff changes, as necessary.

Following the departure of senior leadership, we have appointed interim representation to the Commercial Automobile Committee until a permanent replacement is found.

Pilgrim: There have been no significant changes in overall staffing or key personnel.

Safety: No additional changes to our operational staffing were made over the past year.

2. **Has your company implemented any significant system changes in the past year and, if so, did you experience any problems that impacted your ability to service or report residual market business?**

   Arbella: Transitioned to a new form vendor during 2024. This change was seamless for both agents and policyholders.

   MAPFRE: Introduced a front-end system which handles both Business Auto and garage policies in 2022. The system streamlines workflows for both internal and external customers. This updated system reduces manual work and enhances processes for all transactions including zone rating and Garage policies with the goals of increased growth and retention. There were no significant changes to the Guidewire System, however, the system is continuously evaluated for efficiencies and opportunities to streamline and to implement process improvements.

   Pilgrim: Pilgrim did not implement any significant changes in the past year.

   Safety: Safety implemented system updates which were beneficial to servicing and reporting residual market business in 2024.

   Our policy administration system was updated to allow for automatically calculating premiums for certain business which previously required manual intervention. This included stated amount coverage, zone rated vehicles, and certain other miscellaneous vehicle classifications.

   A new workload management system was also implemented which allows for greater efficiency in distributing and managing work across the residual market support team and has improved policy accuracy, processing turn-around times, and management oversight.

   No problems were experienced during these implementations.

3. **During prior committee discussions, it has been indicated that it can be difficult to obtain information to validate the percentage of operations derived from vehicle sharing versus other forms of public transportation as an insured may be operating under a social service contract, a school bus contract, and operating as a car service simultaneously. Do you have any suggestions on how to improve the process in order to create consistency among the carriers.**

   Arbella: The only suggestion would be to have one class code that encompasses the public auto operation regardless of whether it is a school bus, social service or car service operation which are all transporting either adults or children. Typically, multiple contracts are not submitted with different operations such as School District for school bus or MART for social service.

   MAPFRE: School buses owned and operated by private schools or other entities often use the vehicles for other purposes (non-school related transportation) and should not qualify for the lower rated classification. Instead, consideration should be given to applying the higher rate for “BUS NOC.” For example, if a vehicle classified as an “Other School Bus” is hired to transport one or two students but can also be used for other purposes, such as personal use or as a “Car Service,” an additional rate should be considered.

   Pilgrim: For social service operation, trip logs are submitted to the appropriate transit authority (if applicable) for validation. In cases where trip logs lack significance/specificity, SIU is utilized to verify operations. One suggestion is to amending Rule 20 requiring the policyholder to provide clear-cut proof that a lower rated classification represents 80% or more of the use in order to receive the more favorable rate class.

Safety: The Commercial Auto Committee could review the current rules around vehicle sharing and provide clear instructions/rules to the four servicing carriers to eliminate any questionable areas.

A question could be added to the Taxi/Limousine/Car Service Underwriting Inspection Form for the percentage of operations derived from taxi, limousine, car service and vehicle sharing.

Turo has an internal system to record driver's trips. Consider setting a requirement for agent to request a list of recorded trips from the insured to assist in the validation of percentage of operations, if they indicate they utilize this platform for short-term rentals.

4. Comment on any impact or issues relating to the use of the inspection form developed for Taxi, Limousine and Car Service business.

Arbella: This has been a well-needed process and has helped in the underwriting of potential business. It is straightforward and easy to complete. However, it has been difficult to add pictures of multiple vehicles for fleet policies at different times. Simply scheduling to see all the vehicles at one time is an inherent issue of the process.

MAPFRE: Since CAR updated the inspection form, our field investigators have been using it to complete assigned inspections without any issues. We recommend updating the inspection requirement for taxis to be conducted at policy inception and then every third renewal, rather than on an annual basis. We have not observed significant changes in exposure with the annual inspections. This adjustment would reduce expenses and conserve resources needed to order, perform, and review these inspections.

Pilgrim: The comprehensiveness of the General Risk Questions allows the inspector to gather pertinent information our underwriters need to confirm accurate classification. Additionally, we find the Vehicle Photos section/functionality an improvement over the prior report.

Safety: The underwriting inspection form has been beneficial in accurately confirming risk operations, vehicle classification, and rating territory. The form has been helpful in deterring fraud and premium avoidance.

5. In the spring of 2024, the process of determining radius and geographic classification was clarified to perform two separate calculations in order to determine the highest premium as an incentive for risks to provide credible documentation. Similarly, a clarification to the underwriting evaluation of public buses when credible documentation was lacking was implemented in the summer. Did these changes bring about the intended result?

Arbella: Yes, this has allowed us to underwrite in conjunction with the new guidelines in the manual with greater cooperation from the agents.

MAPFRE: Yes, this updated process requires the carrier to apply the highest rate, placing the burden of proof on the agent and insured to provide evidence for applying the lower rated territory.

Pilgrim: These changes have been positive as they allow a clear direction to take regarding vehicle classification and garaging. These changes have had the intended result of receiving proper documentation, or in its absence a higher premium.

Safety: The intended result was achieved in that it gave the insured an incentive to submit the proper documentation in order to accurately rate the policy.

6. **Please comment on the underwriting procedures your company employs in communicating underwriting classification and eligibility decisions of a risk. Are producers assigned to a specific underwriter such that there is an opportunity to develop an effective working relationship?**

   Arbella: We do not currently have agency assignments, but we have had discussions about doing so in the future. As a team, continued to improve/reinforce procedures so that each team member is underwriting risks similarly.

   MAPFRE: All producers are assigned to specific underwriters including both voluntary and CAR underwriters based on the nature of operations and composition of their book of business. Commercial Lines Underwriters maintain effective relationships with their assigned agency force, communicating underwriting decisions regarding policy eligibility, issuance, and declinations through various means such as phone calls and email correspondence.

   Pilgrim: Producers are assigned to specific underwriters with access to other team members if needed. The vast majority of quotes/submissions are initiated through our agency interface. Our underwriters carefully review information collected to ensure the applications are complete and to verify that the information is accurate. Communication between the underwriter and producer is primarily through email.

   Safety: Safety has a dedicated commercial residual market underwriting group to service the residual market risks of both our voluntary and assigned agents. Each agency is assigned to a specific underwriter who handles their policies. These assignments are maintained to ensure an equitable workload and help to develop effective working relationships between agents and underwriting staff.

7. **Observations from the carriers in the 2022 Annual Report noted issues with inflation, the supply chain, labor, and technological advancements such as driver assist systems as factors putting pressure on costs within the industry. Comment on the development of these issues since the last annual report and provide any new insights to mitigate those expenses with respect to the Massachusetts commercial automobile residual market.**

   Arbella: Inflation, uncertainty related to supply chains, and aggressive driving continues to influence the auto insurance market. Technological advancements continue to help reduce claim frequency however, those systems also add to the cost of repairs.

   MAPFRE: The supply chain disruptions that impacted automobile parts sourcing during and after the COVID-19 Pandemic have stabilized.

   Thanks to our scale and streamlined processes repairs completed through our CAREZ program are typically completed three days faster than non-CAREZ repairs. Our collaborative relationships with CAREZ-affiliated repair facilities ensure timely service and a shared commitment to prioritizing our customers.

As automobile technology evolves rapidly, the repair process becomes increasingly complex. The industry has seen a rise in pre- and post-repair scans to ensure safety and accuracy. Commerce verifies the proper replacement and recalibration of Advanced Driver Assistance Systems (ADAS) when necessary. We also conduct re-inspections to confirm repair integrity and guarantee the workmanship of all repairs performed within the CAREZ network. All Massachusetts appraisals are reviewed and approved by licensed, trained professionals to ensure the appropriate use of parts and accurate labor and refinishing estimates.

Pilgrim: Inflation is out of our control and to our knowledge the supply chain issues have been resolved. Technological advancements will result in increased vehicle costs.

Safety: Inflationary pressures are impacting expenses and claims costs. There is continued uncertainty surrounding the impact of increased tariffs on vehicle repair costs and the supply chain. New vehicle technologies, including ADAS features, are still expanding and evolving which leads to higher repair costs on newer vehicles.

8. It is our understanding that Servicing Carriers have begun the effort to transition to the new commercial policy forms and endorsements. Please provide an update as to how that effort is progressing and if you have experienced any unexpected issues.

Arbella: The effort is progressing well. We did not anticipate the change in liability basic limits during this project, and that effort temporarily diverted resources away from the project. Believe they are on track to implement on schedule.

MAPFRE: We have completed the preliminary review of the rule and form updates and are now beginning to develop formalized IT requirements associated with these changes. This will be an on-going initiative throughout 2025 and 2026 with checkpoints and status updates throughout the project cycle. Currently, there are no concerns or obstacles presented.

Pilgrim: This project work is scheduled for 2026. Detailed business requirements were developed to create our estimate included in our response to the RFP.

Safety: Safety is still in the early stages of this project and is working through the development requirements at this time.

9. While the effective date of the re-assignment of ERP books does not occur until March 2025, Servicing Carriers began the process of contracting and providing information to the producers in late 2024. Please provide feedback on successes or challenges related to this process.

Arbella: Success in this transition began when we started to plan our approach in November of 2024 for the rollover business coming effective March 1, 2025. We held several meetings via Teams including key personnel of the new agencies. A recap of our meeting minutes was provided to our new Agents which included our expectations, guidelines for rollover business and contact information.

MAPFRE: Re-assignments can be disruptive for several reasons:

1) Increased volume of new business submissions and processing expense with increased volume of cancellations for policies we are no longer the agent's Limited Servicing Carrier
2) Agency frustration due to the need to re-submit the required CAR forms, addendums, supplements, applications, etc. to the new LSC

3) Increased situations where one carrier might interpret a CAR rule differently from the prior LSC, leading to premium discrepancies and discord between agent and carrier

4) Changes in CAR Rules that impact how renewals should be processed, which may not have been in place or were interpreted differently by the prior carrier, potentially putting the new carrier in a poor light.

Pilgrim: When the producer contact information CAR had on file and provided was accurate, the process went smoothly. However, this was not always the case. After two attempts to contact the producer via the email provided failed, we placed a phone call. That call was generally the first notification the producer received of their book being transferred to Pilgrim. In these cases, we found the email address being used by CAR was that of a retired principal or former employee. Although this was the exception and not the rule, it did occur multiple times. A suggestion would be that once CAR has identified the producers to be transferred, they could also verify they have the correct contact name and email address.

Safety: The March 2025 re-assignment and contracting process was successful. Each new agency was assigned to a specific underwriter who contacted the agency to introduce themselves and help answer any questions. There was some miscommunication during the process between CAR staff and the servicing carriers about what the effective date of the changes would be, but the impact was minor and resolved quickly. A suggestion would be for CAR to post to its website a formal notice or bulletin containing all the important dates and the list of agency assignments well in advance of the re-assignment date to avoid any questions.

10. CAR understands that the re-assignment process can be disruptive for the residual market in general. Please provide any suggestions to mitigate this disruption or to improve this process.

Arbella: Obtaining a complete list of all policies rolling over to Arbella ahead of time, along with copies of all declarations pages from the agents so that there is more lead time for entry would be beneficial for all parties involved. In turn, allowing us to bind and issue well in advance and would help mitigate any disruption while improving the process.

MAPFRE:

Rather than maintaining consistent dollar amounts for class types among the carriers, adjust only when outside a set percentage (5-10% variance)

Post a Bulletin/Commercial Notice with the redistribution date, including a note that impacted agencies will be contacted to avoid date confusion as well as inform agents of the pending change

Adopt a carrier-to-carrier book roll approach to reduce the need for agents to resubmit applications and documents.

Pilgrim: We would suggest that CAR consider allowing the current servicing carrier to, with the producer's consent, provide the new servicing carrier with a list of ceded policies with the policyholder's name, expiration date, number of units and premium alleviating the producer from providing it.

Another way to mitigate disruption to the producer would be for the current servicing carrier to send the Declarations Page, when applicable, to the new servicing carrier directly, again with the producer's consent. We suggest that CAR incorporate the transition procedures into all notifications of transfer/reassignment.

Safety: To improve the re-assignment process, CAR should provide the four servicing carriers with a list of policy numbers, effective dates, and annual premiums for the agents that are being re-assigned to them to help prepare for the transfer of business throughout the year.

11. Comment on any other successes and/or challenges in 2024 relative to the commercial automobile residual market activities.

Arbella: The revisions to the Manual of Administrative Procedures have helped tremendously when underwriting submissions, as this has allowed us to explain and show our agents the standards for determining and validating Radius Class and Geographic Classification of Trucks, Tractors, Trailers and Public Automobiles, which provides clarification to assign the bus NOC classification when evaluating Public Buses and when the applicant is unable to provide credible records prior to policy inception.

We would like to suggest a clarification to the definition under Rule 72. F. (7) Social Service Agency Automobile – (c) “children to day care center, Head Start program” to specify non-profit day care centers, such as Head Start. The reference to day care centers under (8) Bus N.O.C. should specify for-profit day care centers. These changes to clarify the definitions will help prevent any other interpretation of these rules by the agents.

MAPFRE:

Successes:

Streamlined documentation and requirement guidelines helping agents clearly understand what underwriters need for Trucking and Public Auto risks enabling agents to better inform policyholders about the necessary information for potential amendments or premium adjustments.

CAR Agency Checklist implementation for onboarding new agents and agency staff unfamiliar with CAR business processes, ensuring consistency and compliance from the start.

Commerce developed and deployed a Zone Questionnaire based on the Commercial Auto Insurance Manual’s zone definitions. This tool helps clarify metropolitan and regional zone combinations in accordance with CAR rules, enhancing the accuracy of information gathered from IFTAs and FMCSA’s Safety Measurement System.

Instituted a requirement for upfront documentation for Public Auto risks to avoid misclassification under the Bus NOC class, particularly for “non-emergency medical transportation” operations.

Ongoing Challenges:

Consistency among the four servicing carriers with entities dissolved with Secretary of State

Pollution coverage

TCOH review/auditing

Personal use trucks registered in a business name (service vs. commercial class)

Treatment of spouses as Named Insureds, especially regarding combination of interest and experience rating

Ambiguity around light trucks/trailers used by landscapers under individual names (Rule 51, A3)

Need for greater clarification with Personal Lines on Business Class 30 vs. Commercial Eligibility given the expanded personal lines eligibility GVW of 16,000 lbs. now encompassing light and some medium-duty trucks.

Classification challenges with Turo/vehicle sharing (Rule 120, A), particularly when vehicles are in a business name vs an individual name.

Golfmobiles (class 946000), Low speed vehicles

Short-term rental vehicles carrying over 8 passengers (721400, 721600)

No rental bus class.

Redistribution issues and complexities from agency mergers and acquisitions

Towing vs Auto Hauling: Agents/policyholders often interchangeably use these terms, despite being classified differently.

Pilgrim: We believe that producers would benefit from CAR creating a producer information link on their website that provides details regarding program changes/enhancements. Producers can find it difficult to navigate CAR's system of Bulletins/Notices/Records. Providing carriers with the ability to point producers to the CAR site for summaries of changes would enhance the communication process.

Safety:

Successes:

Experienced success working closely with the four servicing carriers to collect owed premiums, identify and eliminate fraud, and ensure consistency for residual market business.

The clarification of the process of determining radius and geographic classifications by CAR brought more consistency amongst the servicing carriers and incentives for the insured to provide credible documentation to accurately rate the risk.

SIU underwriting investigations have resulted in uncovering businesses whose PPOB is not Mass. We identified and cancelled three separate policies in 2024 with other investigations ongoing. These three policies were cancelled due to misrepresentation and had a combined total premium of $49,427.

Ongoing Challenges:

Safety continues to experience challenges in the acquisition and submission of proper policy documentation, but the recent implementation of the Underwriting Checklist should help improve this.

12. Servicing Carrier Program Recommendations for 2025:

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.

Arbella: The rising severity of claims and increased claim costs in the commercial auto market have led to increased rates and tighter underwriting guidelines among carriers writing business voluntarily. CAR may wish to consider adopting additional exclusionary endorsements to protect the Massachusetts residual market from paying claims for coverage not anticipated in the Business Auto Policy.

MAPFRE:

Concerns, Opportunities, and Suggestions:

Tariffs & Supply Chain Uncertainty and Disruption Impacts: tariffs on imported automobiles and replacement parts have emerged as a significant economic concern in recent months. These tariffs have the potential to increase the cost of repairing and selling both imported and, in some cases, domestic vehicles. In response, individual insurers are evaluating the potential impacts and preparing appropriate strategies. As part of its proactive approach, MAPFRE is placing greater emphasis on the use of Grade A recycled parts, which is sourced domestically. This initiative aligns with the Massachusetts regulations under CMR 211 and CMR 212 and supports efforts to manage repair costs while maintaining quality and compliance. Tariffs may lead to more cancel/rewrite activity due to non-payment. Reduced trips or contracts complicate proof of territory (IFTAs). Risks hauling exclusively for one entity may begin hauling for others, leading to incorrect secondary class codes. Trucks being taken off the road – similar to COVID-era shutdowns creating challenges with tracking filings and endorsement activity.

Regulatory Risk – Auto Labor and Rate Advisory Board: The Massachusetts Legislature included in its 2024 budget the creation of an Auto Labor Rate Advisory Board, which will convene in 2025. The Board is tasked with conducting a labor rate survey and making recommendations for a fair and equitable labor rate by December 31, 2025. This development introduces a regulatory risk that was not previously anticipated. In response, the Massachusetts Insurance Federation is developing strategies to minimize this risk and to help guide the Board toward sound business-aligned decisions regarding labor rates for body shops in the state.

Unlisted/Unlicensed Regular Operators: CAR may consider adopting an exclusion or an additional deductible for policies (MAPFRE currently uses a voluntary form Unreported Driver Deductible CA304CW 09-24).

Adequate Rating: School bus classes (especially multi-use or independent contractors) and high value PPTs.

Customized vehicles/additional equipment – Unidentified vehicle modifications that are not accounted for in the OCN can lead to increased claims costs. MAPFRE has introduced voluntary endorsements- Vehicle Customization Exclusion CA303CW (09-24) and Vehicle Customization Endorsement CA405CW (09-24).

Electric Vehicles (EVs**):** Additional guidelines, endorsements, or forms needed for electric vehicles (e.g., Tesla, Rivian), some which are high value.

Kei vehicles (smallest light or expressway legal auto): The MA RMV is allowing registration of these vehicles; CAR may need to develop specific guidelines or additional classifications.

CAR Form Updates**:**
Taxi, Limo, Car Service App- Replace SSN with driver's license number.

Operator Exclusion Form- Remove Option B. It is difficult to manage should the specified vehicle be replaced, or additional vehicles added during the policy term and the listed excluded operator still does not hold a valid license.

Application Consolidation- Combine Public Auto Addendum and Taxi/Limo/Car Service application. Include questions regarding TNCs, vehicle sharing, delivery or conveyance services.

Other:
Trailer- Only Policies**-** Review premium adequacy for service/utility trailers especially when no liability premium is charged.

Pilgrim:

One carry-over suggestion from both our 2021 and 2022 Annual Reports is to consider amending the Non-Fleet Private Passenger Type (NF-PPT) Certification Form to include PPT types written on fleet policies. As the current form is specific to non-fleet risks, the insured on a fleet policy 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 new suggestion would be to consider developing a unique class code for private passenger type vehicles used for delivery/conveyance as PPTs used for delivery are currently classified as public autos, and as such can generate a significantly higher premium than a Cargo Van used for the same purpose.

Safety:

Turo peer-to-peer vehicle sharing continues to be a gray area in which guidance from CAR is needed.

Towing companies are a common risk written by the Servicing Carriers however, a secondary classification is not available in the classification codes rate tables to identify the various types of tow companies, such as general towing and auto haulers. It would be beneficial to have a secondary class code.

b. Provide suggestions, recommendations and/or solutions that would further control claims and service costs for 2025 and later.

Arbella: CAR may wish to consider adopting additional exclusionary endorsements that have been adopted by the Automobile Insurers Bureau of Massachusetts including:

CA 23 94 Silica or Silica-Related Dust Exclusion for Covered Autos Exposure for risks which transport, haul, or contain silica or silica-related dust

CA 04 55, Communicable Disease Exclusion for Covered Autos Liability Exposure. Although Massachusetts courts do not allow for punitive or exemplary damages, other states where insured vehicles travel (and have accidents) may allow for them.

CAR may wish to consider developing its own endorsement to exclude payment of punitive or exemplary damages The Automobile Insurers Bureau of Massachusetts does not have a punitive damages exclusion endorsement, but companies, including Arbella, have received approval from the Massachusetts Division of Insurance to use it.

MAPFRE:

Will continue to work closely with our Alternative Parts vendors and CAR EZ repair shops to increase the usage of this option in the repair of all types of vehicles. This will help to contain repair costs.

Additionally, we remain a strong supporter of Industry training for all our technical appraising staff. Industry training related to ADAS systems and the ability to accurately assess their damage is critical to identifying the actual damage to ensure vehicles are repaired safely within accepted industry standards.

MAPFRE Insurance is working closely with our estimating software vendor CCC to pilot the use of Artificial Intelligence (AI) in the assessment of vehicle damage, always under the approval of a licensed appraiser. These AI tools are getting more advanced each day and the accuracy of determining damage continues to improve.

Pilgrim: No additional recommendations.

Safety:

Allowing electronic policy issuance and electronic deliverance of policy documents if an insured chooses.

Additional reporting on CAR's website, including agency level reporting on risk classifications, volume of business, and loss ratios.

The creation of a communal information sharing mechanism through CAR to better facilitate the communication between the four servicing carriers and CAR staff.

13. **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).**

A separate exhibit will be provided to committee members.

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

1. **Servicing Carriers will be expected to comment on market conditions and experience both relative to the residual market and specific to their company in the handling of commercial automobile residual market business during the 2024 policy year.**

Arbella: Rising severity of claims and increased claim costs have impacted the commercial auto market, driving up rates and sharpening underwriting criteria in the voluntary market. Expensive vehicles loaded with sophisticated equipment have helped reduce accident frequency, but those vehicles are also much more expensive to repair or replace when they are involved in accidents. Aggressive and distracted driving continue to contribute to accident severity.

MAPFRE: MAPFRE's performance aligned with broader industry trends and continues to reflect favorable developments in total loss ratio results for 2024. Previous rate and underwriting measures implemented helped secure the profitability of this book of business. Meanwhile, our non-fleet private passenger segment continues to perform strongly, suggesting that the rating factor for this class remains appropriate.

The following are potential factors that could continue to drive claims costs:

Unaccounted customized equipment - claim payouts reflect the full value of a vehicle, including customization but those customizations may not be accounted in the premium as part of the original cost new (OCN)

Advanced safety features

Hybrid and electric Vehicles

Pilgrim: Continues to invest considerable effort to verify eligibility. An underwriter reviews each new business application and renewal to determine initial or continued eligibility for the Program. Pilgrim purposely has not configured automatic renewal functionality, as we believe that it is essential to have all policies reviewed by an underwriter.

Safety: The ceded market has grown over the past year due to the market pressures, a continued hardening of the voluntary commercial automobile market, and the general macro-economic conditions. In an effort to regain profitability in the voluntary market, carriers have reduced their appetite for traditionally riskier business, made efforts to non-renew marginal business, increased rates substantially across all classes, and have tightened up their underwriting guidelines over the past couple of years. A suggestion to reduce the size of the residual market is to review competitive rates for the classes of business with the largest volume increases and ensure that the residual market is not being utilized as a price competitor for standard market risks.

2. Residual Market Trends by Class Type Group (Policy Year 2024 vs. Policy Year 2023)

The chart shown in the template identifies PDL exposure data as of December, 2024. During 2024, the residual market experienced a 13% increase over 2023 with greater increases for certain vehicle types. However, TTT, Public Transportation, PPT Fleet, Taxi, and Car Service classes have increased more substantially. Comment on this trend in the market, including contributing factors for this increase. Suggest potential areas for program enhancements to encourage reduction in the size of the residual market.

Arbella: In light of the significant exposure increases among non-zone-rated TTTs and Public Autos, CAR may wish to examine its rates for those units in comparison to other states' residual markets and to the surplus lines market to determine if pricing is making the Massachusetts residual market a magnet for such risks that don't belong here.

MAPFRE: Observing an increased activity for TTT submissions from Progressive accounts, largely due to rising renewal premiums, especially in circumstances requiring filings, a general uptick in non-renewals by voluntary carriers in the public auto sector often due to adverse loss history including accounts previously written by other ceded carriers such as Safety and Arbella, expansion in the car service segment, which may be attributed to a shift away from personal lines carriers or market expansion and Zurich's potential exit from the taxi market appears to be contributing to the increased volume in this segment.

Pilgrim: Addressing the classes called out by CAR:

- TTT's -our exposures increased 14% from 2023 to 2024, which is lower than the industry increase of 15.7%. Additionally, our TTT exposures, as a percentage of our total exposures, remained essentially unchanged year-over-year, and continues to be lower (as a percentage of total exposures) than the industry.
- PPT Buses – our percentage of industry exposures has remained essentially flat for this category as well per the data provided. Specific to the business we manage, we note one producer made inroads with the pupil transport sector and has written several larger fleet policies.
- Private Passenger Types Fleet continue to represent a very small percentage of both the industry and Pilgrim exposures. We would reiterate our suggestion that CAR consider amending the Non-Fleet Private Passenger Type (NF-PPT) Certification Form to include PPT types written on fleet policies.
- Taxis – these risks have been historically written through a small number of agencies. Pilgrim currently has fewer than 10 exposures.
- Car Service - CAR data provided over the years clearly illustrates the effect of the pandemic on this class. Industry exposures for 2020 through 2022 were significantly lower than the preceding few years but have subsequently rebounded. Specific to our data, in 2024 we did experience some risks coming from the voluntary market, including an 18-vehicle fleet.

Safety: Safety has experienced success in improving our loss ratios across multiple classes of business, even with the growth of the residual market over the past couple of years. Safety's increase in cession rates were lower than the industry increases. Safety has seen a significant improvement in the loss ratios for Non-Fleet PPT's, Zone Rated TTT, as well as our Taxi, Limo, and Car Service classifications and continues to conduct SIU underwriting investigations on these risks.

Safety has undertaken a number of initiatives to improve our loss ratios, including:

The assignment of experienced underwriters who properly and thoroughly review, class and rate risks, in accordance with CAR rules, coordinating efforts with SIU Investigators to identify potential fraud and premium avoidance, non-renewing and canceling risks that we determine do not have their principal place of business ("PPOB") in Massachusetts

Applying proper zone and zone combination rules, including the proper application of Bulletin 1075, ensuring communication between Underwriting and Claims to uncover fraud and premium avoidance, utilizing 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.)

Additionally, Safety has focused 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.

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COMMERCIAL SERVICING CARRIER ANNUAL REPORT – 2024 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 2024. The loss ratio for business written by Arbella was better than the industry for the third straight year.

C.1. Has your company experienced any significant changes in overall staffing or key personnel assigned to service the CAR program? If so,

a. How have you mitigated the impacts to servicing residual market business?

In 2024, we had no changes to any key personnel. There was some turnover and promotions with the Servicing Carrier Technician position. At the same time, we updated our procedures with a more streamlined approach. These changes in our procedures provided quicker turnaround responses to our agents, allowing us to be more proactive and efficient with the increase in new business and rollover submissions.

b. Changes in staffing levels and key personnel can be disruptive to the residual market. How were such changes conveyed to CAR, its committees, and assigned producers? If there were any problems with the transition or communications, what improvements can be implemented in the future.

We took the opportunity to add additional personnel in 2024 in the Technician role, which allowed us to maximize our streamlined approach and provide exceptional customer service.

C.2. Has your company implemented any significant system changes in the past year and, if so, did you experience any problems that impacted your ability to service or report residual market business?

Arbella transitioned to a new form vendor during 2024. This project did not adversely affect our ability to service residual market business in any way. The change was seamless for both agents and policyholders.

C.3. During prior committee discussions, it has been indicated that it can be difficult to obtain information to validate the percentage of operations derived from vehicle sharing versus other forms of public transportation as an insured may be operating under a social service contract, a school bus contract, and operating as a car service simultaneously. Do you have any suggestions on how to improve the process in order to create consistency among the carriers.

The only suggestion would be to have one class code that encompasses the public auto operation regardless of whether it is a school bus, social service or car service operation which are all transporting either adults or children. We can only go by what is provided on the application and supplemental, and if we do receive a contract, it is only for one business operation. We typically do not see multiple contracts submitted with different operations such as School District for school bus or MART for social service.

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C.4. Comment on any impact or issues relating to the use of the inspection form developed for Taxi, Limousine and Car Service business.

This has been a well-needed process and has helped in the underwriting of potential business. The inspection form itself is straightforward and easy to complete. One issue we have come across is adding pictures of multiple vehicles for a fleet policy has been difficult. Another issue has been simply scheduling to see all the vehicles at one time, but we believe that will continue to be a challenge due to the nature of the businesses submitting applications.

C.5. In the spring of 2024, the process of determining radius and geographic classification was clarified to perform two separate calculations in order to determine the highest premium as an incentive for risks to provide credible documentation. Similarly, a clarification to the underwriting evaluation of public buses when credible documentation was lacking was implemented in the summer. Did these changes bring about the intended result?

Yes, this has allowed us to underwrite in conjunction with the new guidelines in the manual with greater cooperation from the agents.

C.6. Please comment on the underwriting procedures your company employs in communicating underwriting classification and eligibility decisions of a risk. Are producers assigned to a specific underwriter such that there is an opportunity to develop an effective working relationship?

We do not currently have agency assignments, but we have had discussions about doing so in the future. As a team we continue to improve and reinforce our own business procedures, making sure each member of the team is underwriting each risk the same way.

C.7. Observations from the carriers in the 2022 Annual Report noted issues with inflation, the supply chain, labor, and technological advancements such as driver assist systems as factors putting pressure on costs within the industry. Comment on the development of these issues since the last annual report and provide any new insights to mitigate those expenses with respect to the Massachusetts commercial automobile residual market.

The same elements that put pressure on the industry in the wake of the COVID-19 pandemic continue to influence the auto insurance market: inflation, uncertainty related to supply chains and aggressive driving. Technological advancements continue to help reduce claim frequency, but those systems also add to the cost of repairs when an auto is damaged

C.8. It is our understanding that Servicing Carriers have begun the effort to transition to the new commercial policy forms and endorsements. Please provide an update as to how that effort is progressing and if you have experienced any unexpected issues.

The effort is big but progressing well. We did not anticipate the change in liability basic limits during this project, and that effort temporarily diverted resources away from the project. However, we feel that Arbella is on track to implement the program update on time. We have appreciated the good, consistent communication with CAR staff during the process of addressing questions as they have come up.

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C.9. While the effective date of the re-assignment of ERP books does not occur until March 2025, Servicing Carriers began the process of contracting and providing information to the producers in late 2024. Please provide feedback on successes or challenges related to this process.

Success in this transition began when we started to plan our approach in November of 2024 for the rollover business coming to Arbella effective March 1, 2025. We held several meetings via Teams which included the key personnel of the new agencies, along with Arbella's CAR Servicing Team and Marketing. The meetings that we held discussed how to navigate and quote in our system, meet and greet, along with an informative Q&A session. A recap of our meeting minutes was provided to our new Agents which included guidelines for rollover business as well as what is expected when submitting new business and endorsements, as well as the contact information for all of the CAR Servicing Team.

C.10. CAR understands that the re-assignment process can be disruptive for the residual market in general. Please provide any suggestions to mitigate this disruption or to improve this process.

Obtaining a complete list of all policies rolling over to Arbella ahead of time, along with copies of all declarations pages from the agents so that there is more lead time for entry would be beneficial for all parties involved. This will in turn allow us to bind and issue well in advance and would help mitigate any disruption while improving the process. This will also help prevent any billing issues for our insured's, especially with the larger policies.

C.11. Comment on any other successes and/or challenges in 2024 relative to the commercial automobile residual market activities.

The revisions to the Manual of Administrative Procedures have helped tremendously when underwriting submissions, as this has allowed us to explain and show our agents the "Standards for determining and validating Radius Class and Geographic Classification of Trucks, Tractors, Trailers and Public Automobiles, which provides clarification to assign the bus NOC classification when evaluating Public Buses and when the applicant is unable to provide credible records prior to policy inception".

The only update we would like to suggest is to clarify the definition under Rule 72. F. (7) Social Service Agency Automobile – (c) "children to day care center, Head Start program" to specify non-profit day care centers, such as Head Start. The reference to day care centers under (8) Bus N.O.C. should specify for-profit day care centers. These changes to clarify the definitions will help prevent any other interpretation of these rules by the agents.

C.12. Servicing Carrier Program Recommendations for 2025:

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.

The rising severity of claims and increased claim costs in the commercial auto market have led to increased rates and tighter underwriting guidelines among carriers writing business voluntarily. These trends may be putting pressure on the residual market as evidenced by increases in ceded exposures. In light of these trends, CAR may wish to consider adopting additional exclusionary endorsements to protect the Massachusetts residual market from paying claims for coverage not anticipated in the Business Auto Policy. Options to consider are presented in b. below.

b. Provide suggestions, recommendations and/or solutions that would further control claims and service costs for 2025 and later.

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To help control the severity and cost of commercial auto claims in the residual market, CAR may wish to consider adopting additional exclusionary endorsements that have been adopted by the Automobile Insurers Bureau of Massachusetts. Those include:.

CA 23 94 Silica or Silica-Related Dust Exclusion for Covered Autos Exposure for risks which transport, haul or contain silica or silica-related dust.

CA 04 55, Communicable Disease Exclusion for Covered Autos Liability Exposure.

Although Massachusetts courts do not allow for punitive or exemplary damages, other states where insured vehicles travel (and have accidents) may allow for them. CAR may wish to consider developing its own endorsement to exclude payment of punitive or exemplary damages The Automobile Insurers Bureau of Massachusetts does not have a punitive damages exclusion endorsement, but companies, including Arbella, have received approval from the Massachusetts Division of Insurance to use it.

C.13.

Summary of PY 2024 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	
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	
Other	[redacted]
Total	[redacted]

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C. Loss Control Services Expenses **Expenses**

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

D. Company/General Expenses **Expenses**

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

E. Calculation of Total Expenses **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]

D. <u>General Topics to be Addressed by the Servicing Carrier in the Annual Report</u>

1. Servicing Carriers will be expected to comment on market conditions and experience both relative to the residual market and specific to their company in the handling of commercial automobile residual market business during the 2024 policy year.

   As mentioned in C.12. above, rising severity of claims and increased claim costs have impacted the commercial auto market, driving up rates and sharpening underwriting criteria in the voluntary market. These trends may be at least partially responsible for the increases in residual market exposures shown in the table below.

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Expensive vehicles loaded with sophisticated equipment have helped reduce accident frequency, but those vehicles are also much more expensive to repair or replace when they are involved in accidents. And both aggressive and distracted driving continue to contribute to accident severity.

2. Residual Market Trends by Class Type Group (Policy Year 2024 vs. Policy Year 2023)

The chart below identifies PDL exposure data as of December, 2024. During 2024, the residual market experienced a 13% increase over 2023 with greater increases for certain vehicle types. However, TTT, Public Transportation, PPT Fleet, Taxi, and Car Service classes have increased more substantially. Comment on this trend in the market, including contributing factors for this. Suggest potential areas for program enhancements to encourage reduction in the size of the residual market.

CAR has done a good job addressing improper use of the Massachusetts residual commercial auto insurance market by entities whose qualification for placement is questionable. Introduction of the Principal Place of Business Certification Form along with the other procedures and documentation requirements, as well as the introduction of rating options for zone-rated risks during the past couple of years have all been positive.

In light of the significant exposure increases among non-zone-rated TTTs and Public Autos, CAR may wish to examine its rates for those units in comparison to other states' residual markets and to the surplus lines market to determine if pricing is making the Massachusetts residual market a magnet for such risks that don't belong here.

Class Type Group	**2023**	**2024**	**24/23 Exp Difference**	**24/23 % Difference**
Regular TTT and Regular TTT - Fleet	19,012	21,996	2,984	16%
Zone Rated TTT and Zone Rated TTT - Fleet	2,868	2,869	1	0%
Commercial Buses and Commercial Buses - Fleet	3,178	3,585	407	13%
Zone Rated Buses and Zone Rated Buses - Fleet	257	279	22	9%
Public Transportation and Public Transportation - Fleet	6,001	7,026	1,025	17%
Garages - Premises and Garages Not Subject to Compulsory Law *	0	0	0	
Garages Subject to Compulsory Law	3,435	3,627	192	6%
Van Pools	140	152	12	9%
Private Passenger Types - Non Fleet	2,693	2,826	133	5%
Private Passenger Types – Fleet	1,340	1,581	241	18%
Special Types and Motorcycles	1,895	2,108	213	11%
Non-Owned, Special Rating and Gross Receipts and Mileage*	0	0	0	
Taxis and Taxis – Fleet	171	257	86	50%
Limos and Car Service, including Fleet	148	160	12	8%
Car Service and Car Service – Fleet	534	729	195	37%
Total	41,673	47,195	5,523	13%

*Denotes excluded class type groups that do not report exposures on a CAR year basis.

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PRESIDENT

Commercial Servicing Carrier Annual Report
2024 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 should provide a self-assessment of their performance in addressing key issues identified each year.

B. 2024 Annual Report Schedule

Completed Annual Report responses for 2024 will be due to CAR by May 12, 2025. In June 2025, 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.

April 1-14, 2025	CAR data and cover document sent to Servicing Carriers
May 12, 2025	Servicing Carrier Annual Reports due to CAR
June, 2025	Oversight Committee Review of Annual Reports

C. Specific Areas for Servicing Carrier Comment

1. Has your company experienced any significant changes in overall staffing or key personnel assigned to service the CAR program? If so,

   a. How have you mitigated the impacts to servicing residual market business?

   b. Changes in staffing levels and key personnel can be disruptive to the residual market. How were such changes conveyed to CAR, its committees, and assigned producers? If there were any problems with the transition or communications, what improvements can be implemented in the future.

In 2024, a dedicated CAR Team for New and Renewal Business was formalized.

MAPFRE Insurance has established a separate CAR Underwriting team to manage risk selection for both new and renewal business within an assigned Commercial Lines Underwriting territory for Limited Servicing Carrier/ERP agents. The team is highly skilled and proficient in navigating the CAR manual and understanding bulletins. They serve as subject matter experts on CAR rules, the use of the CAR manual, and identifying fraud 'red flags' to validate CAR eligibility. The CAR team collaborates closely with the Special Investigation Unit to investigate and provide details on questionable accounts. MAPFRE Insurance will update CAR regarding staff changes as necessary.

Following the departure of senior leadership, we have appointed an interim representation to the Commercial Automobile Committee until a permanent replacement is found.

2. Has your company implemented any significant system changes in the past year and, if so, did you experience any problems that impacted your ability to service or report residual market business?

   In 2022, MAPFRE introduced a new front-end system that handles both Business Auto and Garage policies, streamlining workflows for both internal and external customers. This updated system reduces manual work and enhances processes for all transactions, including zone rating and Garage policies, with the goals of increased growth and retention. This system enables effective management and processing of our book of business to maintain rate adequacy. Although there are no significant changes within our Guidewire System, we continuously evaluate efficiencies and opportunities to streamline our system and implement process improvements.

3. During prior committee discussions, it has been indicated that it can be difficult to obtain information to validate the percentage of operations derived from vehicle sharing versus other forms of public transportation as an insured may be operating under a social service contract, a school bus contract, and operating as a car service simultaneously. Do you have any suggestions on how to improve the process in order to create consistency among the carriers.

   School buses owned and operated by private schools or entities often use the vehicles for other purposes (non-school related transportation) and should not qualify for the lower rated classification. Instead, consideration should be given to applying the higher rate for "BUS NOC". For example, if a vehicle classified as an "Other School Bus" is hired to transport one or two students but can also be used for other purposes, such as personal use or as a "Car Service", an additional rate should be considered.

4. Comment on any impact or issues relating to the use of the inspection form developed for Taxi, Limousine and Car Service business.

   Since CAR updated the inspection form, our field investigators have been using it to complete assigned inspections without any issues. We recommend updating the inspection requirement for taxis to be conducted at policy inception and then every third renewal, rather than on an annual basis. We have not observed significant changes in exposure with the annual inspections. The adjustment would reduce expenses and conserve resources needed to order, perform, and review these inspections.

5. In the spring of 2024, the process of determining radius and geographic classification was clarified to perform two separate calculations in order to determine the highest premium as an incentive for risks to provide credible documentation. Similarly, a clarification to the underwriting evaluation of public buses when credible documentation was lacking was implemented in the summer. Did these changes bring about the intended result?

Yes, this updated process requires the carrier to apply the highest rate, placing the burden of proof on the agent and insured to provide evidence for lower rated territory.

6. Please comment on the underwriting procedures your company employs in communicating underwriting classification and eligibility decisions of a risk. Are producers assigned to a specific underwriter such that there is an opportunity to develop an effective working relationship?

   CAR Underwriters are highly knowledgeable about CAR Rules and Rating Guidelines, serving as valuable resources for both internal staff and agencies. All Producers are assigned to specific underwriters including both Voluntary and CAR Underwriters based on the nature of operations and composition of their book of business. MAPFRE's Commercial Lines Underwriters maintain effective relationships with their assigned agency force, communicating underwriting decisions regarding policy eligibility, issuance, and declinations through various means such as phone calls and email correspondence.

7. Observations from the carriers in the 2022 Annual Report noted issues with inflation, the supply chain, labor, and technological advancements such as driver assist systems as factors putting pressure on costs within the industry. Comment on the development of these issues since the last annual report and provide any new insights to mitigate those expenses with respect to the Massachusetts commercial automobile residual market.

   The supply chain disruptions that impacted automobile parts sourcing during and after the COVID-19 Pandemic have largely stabilized. MAPFRE has established strong partnerships with repair facilities across Massachusetts, enabling us to expedite customer repairs efficiently.

   Repairs completed through our CAREZ program are typically completed three days faster than non-CAREZ repairs, thanks to our scale and streamlined processes. This efficiency contributes to consistently high service level scores from customers who utilize the CAREZ network. Our collaborative relationships with CAREZ-affiliated repair facilities ensure timely service and a shared commitment to prioritizing MAPFRE customers. As automobile technology evolves rapidly, the repair process becomes increasingly complex. The industry has seen a rise in pre- and post-repair scans to ensure safety and accuracy.

   MAPFRE remains committed to delivering high-quality repairs for every vehicle. This includes verifying the proper replacement and recalibration of Advanced Driver Assistance Systems (ADAS) when necessary. We also conduct re-inspections to confirm repair integrity and guarantee the workmanship of all repairs performed within the CAREZ network.

   To support cost-effective repairs, we partner with trusted suppliers to source Grade A recycled parts that meet fit and finish standards. Original Equipment (OE) parts are used when required or when specified by the policy. All Massachusetts appraisals are reviewed and approved by licensed, trained professionals to ensure the appropriate use of parts and accurate labor and refinishing estimates.

   We maintain rigorous oversight through supervisory reviews and Claim Quality Focus Audits to ensure pricing accuracy and consistency. Additionally, MAPFRE supports ongoing education through ICAR certification, with many of our appraisers and supervisors actively enrolled in courses to stay current with the latest automobile technologies.

8. It is our understanding that Servicing Carriers have begun the effort to transition to the new commercial policy forms and endorsements. Please provide an update as to how that effort is progressing and if you have experienced any unexpected issues.

   We have completed the preliminary review of the rule and form updates and are now beginning to develop formalized IT requirements associated with these changes. This will be an on-going initiative throughout 2025 and 2026 with checkpoints and status updates throughout the project cycle. Currently, there are no concerns or obstacles presented.

9. While the effective date of the re-assignment of ERP books does not occur until March 2025, Servicing Carriers began the process of contracting and providing information to the producers in late 2024. Please provide feedback on successes or challenges related to this process.

   Re-assignments can be disruptive to both the carrier and agencies for several reasons:

   1. Increased volume of new business submissions and processing expense with increased volume of cancellations for policies we are no longer the agent's Limited Servicing Carrier.
   2. Agency frustration due to the need to re-submit the required CAR forms, addendums, supplements, applications, etc. to the new LSC.
   3. Increased situations where one carrier might interpret a CAR rule differently from the prior LSC, leading to premium discrepancies and discord between agent and carrier.
   4. Changes in CAR Rules that impact how renewals should be processed, which may not have been in place or were interpreted differently by the prior carrier, potentially putting the new carrier in a poor light.

10. CAR understands that the re-assignment process can be disruptive for the residual market in general. Please provide any suggestions to mitigate this disruption or to improve this process.

    Recommendations include:

    1. Rather than maintaining consistent dollar amounts for class types among the carriers, adjust only when outside a set percentage (5-10% variance).
    2. Post a Bulletin/Commercial Notice with the redistribution date, including a note that impacted agencies will be contacted to avoid date confusion as well as inform agents of the pending change.
    3. Adopt a carrier-to-carrier book roll approach to reduce the need for agents to resubmit applications and documents.

11. Comment on any other successes and/or challenges in 2024 relative to the commercial automobile residual market activities.

    Recent successes:

    - **Clarified Underwriting Requirements:** Streamlined documentation and requirement guidelines now help agents clearly understand what underwriters need for Trucking and Public Auto risks. This enables agents to better inform policyholders about the necessary information for potential amendments or premium adjustments.

- **CAR Agency Checklist Utilization**: Implementation of this checklist for onboarding new agents and agency staff unfamiliar with CAR business processes, ensuring consistency and compliance from the start.
- **Zone Questionnaire Implementation**: MAPFRE developed and deployed a Zone Questionnaire based on the Commercial Auto Insurance Manual's zone definitions. This tool helps clarify metropolitan and regional zone combinations in accordance with CAR rules, enhancing the accuracy of information gathered from IFTAs and FMCSA's Safety Measurement System.
- **Upfront Documentation for Public Autos:** Instituted a requirement for upfront documentation for Public Auto risks to avoid misclassification under the Bus NOC class, particularly for "non-emergency medical transportation" operations.

Ongoing challenges:

- **Consistency among the four servicing carriers:** Entities dissolved with Secretary of State; Pollution coverage; TCOH review/auditing; Personal use trucks registered in a business name (service vs. commercial class); Treatment of spouses as Named Insureds, especially regarding combination of interest and experience rating.
- **Personal lines eligible risks:** – Ambiguity around light trucks/trailers used by landscapers under individual names (Rule 51, A3); Need for greater clarification with Personal Lines on Business Class 30 vs. Commercial Eligibility; MAPFRE has expanded personal lines eligibility to 16,000 lbs., now encompassing light and some medium-duty trucks.
- **Vehicle Sharing Platforms:** Classification challenges with Turo/vehicle sharing (Rule 120, A), particularly when vehicles are in a business name vs an individual name.
- **Unclear classifications:** Golfmobiles (class 946000), Low speed vehicles, Short-term rental vehicles carrying over 8 passengers (721400, 721600), No rental bus class.
- **Agency Changes**: Redistribution issues and complexities from agency mergers and acquisitions
- **Towing vs Auto Hauling**: These terms are often used interchangeably by agents/policyholders, despite being classified differently.

12. Servicing Carrier Program Recommendations for 2025:

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.

Concerns, Opportunities, and Suggestions:

- **Tariffs & Supply Chain Uncertainty and Disruption Impacts:**
    - Tariffs on imported automobiles and replacement parts have emerged as a significant economic concern in recent months. These tariffs have the potential to increase the cost of repairing and selling both imported and, in some cases, domestic vehicles. In response, individual insurers are evaluating the potential impacts and preparing appropriate strategies.

As part of its proactive approach, MAPFRE is placing greater emphasis on the use of Grade A recycled parts, which is sourced domestically. This initiative aligns with the Massachusetts regulations under CMR 211 and CMR 212 and supports efforts to manage repair costs while maintaining quality and compliance.

  - Truckers – Tariffs may lead to more cancel/rewrite activity due to non-payment. Reduced trips or contracts complicate proof of territory (IFTAs). Risks hauling exclusively for one entity may begin hauling for others, leading to incorrect secondary class codes. Trucks being taken off the road – similar to COVID-era shutdowns creating challenges with tracking filings and endorsement activity.

- **Regulatory Risk – Auto Labor and Rate Advisory Board:**
  - The Massachusetts Legislature included in its 2024 budget the creation of an Auto Labor Rate Advisory Board, which will convene in 2025. The Board is tasked with conducting a labor rate survey and making recommendations for a fair and equitable labor rate by December 31, 2025. This development introduces a regulatory risk that was not previously anticipated. In response, the Massachusetts Insurance Federation is developing strategies to minimize this risk and to help guide the Board toward sound business-aligned decisions regarding labor rates for body shops in the state.
- **Unlisted/Unlicensed Regular Operators:** CAR may consider adopting an exclusion or an additional deductible for policies (MAPFRE currently uses a voluntary form Unreported Driver Deductible CA304CW 09-24).
- **Adequate Rating**: School bus classes (especially multi-use or independent contractors) and high value PPTs.
- **Customized vehicles/additional equipment** – Unidentified vehicle modifications that are not accounted for in the OCN can lead to increased claims costs. MAPFRE has introduced voluntary endorsements- Vehicle Customization Exclusion CA303CW (09-24) and Vehicle Customization Endorsement CA405CW (09-24).
- **Electric Vehicles (EVs):** Additional guidelines, endorsements, or forms needed for electric vehicles (e.g., Tesla, Rivian), some which are high value.
- **Kei vehicles:** With MA RMV now allowing registration of these vehicles, CAR may need to develop specific guidelines or additional classifications.
- **CAR Form Updates:**
  - Taxi, Limo, Car Service App- Replace SSN with driver's license number.
  - Operator Exclusion Form- Remove Option B. It is difficult to manage should the specified vehicle be replaced, or additional vehicles added during the policy term and the listed excluded operator still does not hold a valid license.
  - Application Consolidation- Combine Public Auto Addendum and Taxi/Limo/Car Service application. Include questions regarding TNCs, vehicle sharing, delivery or conveyance services.
- **Trailer- Only Policies-** Review premium adequacy for service/utility trailers especially when no liability premium is charged.

b. Provide suggestions, recommendations and/or solutions that would further control claims and service costs for 2025 and later.

MAPFRE Insurance will continue to work closely with our Alternative Parts vendors and CAR EZ repair shops to increase the usage of this option in the repair of all types of vehicles. This will help to contain repair costs.

Additionally, we remain a strong supporter of Industry training for all our technical appraising staff. Industry training related to ADAS systems and the ability to properly assess their damage is critical to identifying the actual damage to ensure vehicles are repaired safely within accepted industry standards.

MAPFRE Insurance is working closely with our estimating software vendor CCC to pilot the use of Artificial Intelligence (AI) in the assessment of vehicle damage, always under the approval of a licensed appraiser. These AI tools are getting more advanced each day and the accuracy of determining damage continues to improve.

13. 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 2024 Expenses

Direct Written Premium (Ceded to CAR)	[redacted]

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	[redacted]
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	
General Processing Expenses	[redacted]
Other	
Total	[redacted]

C. Loss Control Services Expenses **Expenses**

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

D. Company/General Expenses **Expenses**

Other Loaded Annual Staffing Costs	
Administrative/Account Management Services	[redacted]
Management Information System Services	[redacted]
All Other Services	
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 **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]

Servicing Cost as a % of DWP	[redacted]

Servicing Cost as a % of DWP Filed for 2024 in 2023 Renewal Application	[redacted]

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

1. Servicing Carriers will be expected to comment on market conditions and experience both relative to the residual market and specific to their company in the handling of commercial automobile residual market business during the 2024 policy year.

   MAPFRE's performance, aligned with broader industry trends, continues to reflect favorable developments in total loss ratio results for 2024. Previous rate and underwriting measures implemented helped secure the profitability of this book of business. Meanwhile, our non-fleet private passenger segment continues to perform strongly, suggesting that the rating factor for this class remains appropriate.

   The following are potential factors that could continue to drive claims costs:

   1) **Unaccounted Customized Equipment**- Claim payouts often reflect the full value of a vehicle, including customization but those customizations may not be accounted in the premium as part of the Original Cost New (OCN).
   2) **Advanced Safety Features**- Vehicles equipped with advanced safety systems often require additional scanning and calibration at the time of repair, leading to increased costs.
   3) **Hybrid and Electric Vehicles**- These types of vehicles add complexity when settling a claim. Repairs require certified technicians, and both the certification and specialized repair processes contribute to higher expenses.

2. Residual Market Trends by Class Type Group (Policy Year 2024 vs. Policy Year 2023)

   The chart below identifies PDL exposure data as of December, 2024. During 2024, the residual market experienced a 13% increase over 2023 with greater increases for certain vehicle types. However, TTT, Public Transportation, PPT Fleet, Taxi, and Car Service classes have increased more substantially. Comment on this trend in the market, including contributing factors for this increase. Suggest potential areas for program enhancements to encourage reduction in the size of the residual market.

Class Type Group	2023	2024	24/23 Exp Difference	24/23 % Difference
Regular TTT and Regular TTT - Fleet	19,012	21,996	2,984	16%
Zone Rated TTT and Zone Rated TTT - Fleet	2,868	2,869	1	0%
Commercial Buses and Commercial Buses - Fleet	3,178	3,585	407	13%
Zone Rated Buses and Zone Rated Buses - Fleet	257	279	22	9%
Public Transportation and Public Transportation - Fleet	6,001	7,026	1,025	17%
Garages - Premises and Garages Not Subject to Compulsory Law *	0	0	0	
Garages Subject to Compulsory Law	3,435	3,627	192	6%
Van Pools	140	152	12	9%
Private Passenger Types - Non Fleet	2,693	2,826	133	5%
Private Passenger Types – Fleet	1,340	1,581	241	18%
Special Types and Motorcycles	1,895	2,108	213	11%
Non-Owned, Special Rating and Gross Receipts and Mileage*	0	0	0	
Taxis and Taxis – Fleet	171	257	86	50%
Limos and Car Service, including Fleet	148	160	12	8%
Car Service and Car Service – Fleet	534	729	195	37%
Total	41,673	47,195	5,523	13%

*Denotes excluded class type groups that do not report exposures on a CAR year basis.

The comparison above highlights notable similarities between the industry and MAPFRE, particularly within the Regular TTT and TTT – Fleet segments. We are observing increased activity for TTT submissions from Progressive accounts, largely due to rising renewal premiums, especially in circumstances requiring filings. As a result, many of these accounts are turning to us for coverage.

In the public auto sector, we’ve seen a general uptick in non-renewals by voluntary carriers, often due to adverse loss history. This includes accounts previously written by other ceded carriers such as Safety and Arbella. The car service segment continues to expand, which may be attributed to a shift away from personal lines carriers or market expansion.

Additionally, Zurich’s potential exit from the taxi market appears to be contributing to the increased volume we are experiencing in this segment.

More Than Just Insurance.

PILGRIM INSURANCE COMPANY
695 ATLANTIC AVENUE
BOSTON, MA 02111

2024 ANNUAL REPORT FOR MASSACHUSETTS RESIDUAL MARKET COMMERCIAL SERVICING CARRIER PROGRAM

SUBMITTED TO:

COMMONWEALTH AUTOMOBILE REINSURERS
101 ARCH STREET
BOSTON, MA 02110

MAY 12, 2025

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 should provide a self-assessment of their performance in addressing key issues identified each year year.

Pilgrim Insurance Company is pleased to present a 2024 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. A redistribution of agents completed in 2020 temporarily remedied the situation, but Pilgrim's share has since slipped back to well below the target market share.

CSC Program Premium

	Pilgrim	Total CSC	Pilgrim's % of Industry
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%
2023	$48,160,635	$211,187,811	22.8%
2024	$56,534,826	$249,040,405	22.7%

Data from CAR's Cession Volume Analysis @ 12/2024

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. Similar to the premium trend detailed above, subsequent to the redistribution, our share of exposures again declined below 25%.

CSC Program Exposures

	Pilgrim	Total CSC	Pilgrim's % of Industry
2022	8,509	38,238	22.3%
2023	8,927	41,672	21.4%
2024	10,322	47,195	21.9%

CAR data as of 4th Quarter 2024

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 three years 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

	Pilgrim	Total CSC
2022	49.9%	82.8%
2023	48.2%	66.4%
2024	25.4%	51.5%

CAR data as of 4th Quarter 2024

Specific Areas for Servicing Carrier Comment

1. Has your company experienced any significant changes in overall staffing or key personnel assigned to service the CAR program?

There have been no significant changes in either overall staffing or key personnel responsible for handling the Commercial Servicing Carrier Program business.

2. Has your company implemented any significant system changes in the past year and, if so, did you experience any problems that impacted your ability to service or report residual market business?

Pilgrim did not implement any significant changes in the past year.

3. During prior committee discussions, it has been indicated that it can be difficult to obtain information to validate the percentage of operations derived from vehicle sharing versus other forms of public transportation as an insured may be operating under a social service contract, a school bus contract, and operating as a car service simultaneously. Do you have any suggestions on how to improve the process in order to create consistency among the carriers.

For risks that indicate social service operation we submit their trip logs to the appropriate transit authority (if applicable) for validation. In cases where a risk's trip logs lack significance/specificity, we request our SIU reach out to verify operations. In both cases, validation is not foolproof. One suggestion is that we consider amending Rule 20 to require the policyholder provide clear-cut proof that a lower rated classification represents 80% or more of the use in order to receive the more favorable rate class.

4. Comment on any impact or issues relating to the use of the inspection form developed for Taxi, Limousine and Car Service business.

The redesign has provided benefits. Specifically, the comprehensiveness of the General Risk Questions allow the inspector to gather the pertinent information our underwriters need to confirm accurate classification. Additionally, we find the Vehicle Photos section/functionality an improvement over the prior report.

5. In the spring of 2024, the process of determining radius and geographic classification was clarified to perform two separate calculations in order to determine the highest premium as an incentive for risks to provide credible documentation. Similarly, a clarification to the underwriting evaluation of public buses when credible documentation was lacking was implemented in the summer. Did these changes bring about the intended result?

Any clarification of rules and/or procedures is helpful in the underwriting process. These changes have been positive as they allow a clear direction to take regarding vehicle classification and garaging. It is also beneficial when we can point a producer to a rule or procedure in the CAR manual that is void any ambiguity. Our experience has been that these changes have had the intended result of receiving proper documentation, or in its absence a higher premium.

6. Please comment on the underwriting procedures your company employs in communicating underwriting classification and eligibility decisions of a risk. Are producers assigned to a specific underwriter such that there is an opportunity to develop an effective working relationship?

Producers are assigned to specific underwriters, and this structure provides benefits to both parties. Should the assigned underwriter be unavailable, a producer has access to other team members as well as management.

The vast majority of quotes/submissions are initiated through our agency interface. Our underwriters carefully review information collected to ensure the applications are complete and to verify that the information is accurate. Communication between the underwriter and producer is primarily through email. Once the producer has successfully submitted all required information and the risk has been thoroughly reviewed, they are advised that the risk may be bound.

7. Observations from the carriers in the 2022 Annual Report noted issues with inflation, the supply chain, labor, and technological advancements such as driver assist systems as factors putting pressure on costs within the industry. Comment on the development of these issues since the last annual report and provide any new insights to mitigate those expenses with respect to the Massachusetts commercial automobile residual market.

Our comments in the 2022 Annual Report focused on the fact that by the end of 2021, coverages and/or limits that had been adjusted as we worked with risks to provide flexibility consistent with Executive Orders and Bulletins implemented as a result of COVID-19, had been brought back to pre-pandemic levels. Inflation is out of our control and to our knowledge the supply chain issues have been resolved. Technological advancements will result in increased vehicle costs. Again, our focus is on underwriting and claims handling, and our results over the latest two terms of the program have been exemplary.

8. It is our understanding that Servicing Carriers have begun the effort to transition to the new commercial policy forms and endorsements. Please provide an update as to how that effort is progressing and if you have experienced any unexpected issues.

Detailed business requirements were developed to create our estimate included in our response to the RFP. As this project work is scheduled for 2026, we have nothing further to report at this time.

9. While the effective date of the re-assignment of ERP books does not occur until March 2025, Servicing Carriers began the process of contracting and providing information to the producers in late 2024. Please provide feedback on successes or challenges related to this process.

When the producer contact information CAR had on file and provided was accurate the process went smoothly. However, this was not always the case. After two attempts to contact the producer via the email provided failed, we placed a phone call. That call was generally the first notification the producer received of their book being transferred to Pilgrim. In these cases, we found the email address being used by CAR was that of a retired principal or former employee. Although this was the exception and not the rule, it did occur multiple times. A suggestion would be that once CAR has identified the producers to be transferred, they could also verify they have the correct contact name and email address.

10. CAR understands that the re-assignment process can be disruptive for the residual market in general. Please provide any suggestions to mitigate this disruption or to improve this process.

In addition to the above, we would suggest that CAR consider allowing the current servicing carrier to, with the producer's consent, provide the new servicing carrier with a list of ceded policies with the policyholder's name, expiration date, number of units and premium. This will alleviate the producer from having to provide this to their new carrier. Another way to mitigate disruption to the producer would be for the current servicing carrier to send the Declarations Page, when applicable, to the new servicing carrier directly, again with the producer's consent. Most policies transferred are non-fleet and can be transferred with a Declarations Page showing a snapshot of the policy. The producer would then only be responsible for providing new applications for fleet policies.

We have received some push-back from producers when requesting applications on fleet policies or because the producer had passed the 60-day mark in getting us the Declarations Page. We discovered that producers reassigned due to an affiliation, sale, or merger are not provided, as part of CAR's notification that their Servicing Carrier appointment is changing, the same policy issuance transition procedures that producers reassigned as part of an overall program re-distribution are. We suggest that CAR incorporate the transition procedures into all notifications of transfer/reassignment.

11. Comment on any other successes and/or challenges in 2024 relative to the commercial automobile residual market activities.

We believe that producers would benefit from CAR creating a producer information link on their website that provides details regarding program changes/enhancements. Although we communicate program changes, they do not always get to the appropriate agency personnel. Producers can find it difficult to navigate CAR's system of Bulletins/Notices/Records. Providing carriers with the ability to point producers to the CAR site for summaries of changes would enhance the communication process.

12. Servicing Carrier Program Recommendations for 2025:

    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.

Pilgrim regularly brings forward issues we identify as well as suggests recommendations and improvements to the program.

One carry-over suggestion from both our 2021 and 2022 Annual Reports 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 was a 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 on a fleet policy 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 new suggestion would be to consider developing a unique class code for private passenger type vehicles used for delivery/conveyance. We note that PPTs used for delivery are currently classified as public autos, and as such can generate a significantly higher premium than a Cargo Van used for the same purpose. We would be pleased to provide examples for appropriate committee consideration.

    b. Provide suggestions, recommendations and/or solutions that would further control claims and service costs for 2025 and later.

At this time, we do not have additional recommendations other than those already mentioned.

13. 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).

We have included, as Appendix A, the policy year 2024 company expenses as requested.

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

1. Servicing Carriers will be expected to comment on market conditions and experience both relative to the residual market and specific to their company in the handling of commercial automobile residual market business during the 2024 policy year.

As we have stated over the years, the best form of loss control is to remove ineligible risks from the Program, which results in both a reduction in claims and loss dollars. We continue to invest considerable effort to verify eligibility. Each new business application and renewal is reviewed by an underwriter to determine initial or continued eligibility for the Program. Pilgrim purposely has not configured automatic renewal functionality, as we believe that it is essential to have all policies reviewed by an underwriter. Over the course of both the prior and current CSC terms, Pilgrim has successfully identified and removed a significant volume of business that we determined was ineligible for the pool. This continues as we navigate through the current redistribution. As mentioned earlier, Pilgrim has historically had a less than 25% share of program premium and exposures. Additionally, the loss ratio associated with the business we manage has been consistently better than the industry.

2. Residual Market Trends by Class Type Group (Policy Year 2024 vs. Policy Year 2023)

   The chart below identifies PDL exposure data as of December, 2024. During 2024, the residual market experienced a 13% increase over 2023 with greater increases for certain vehicle types. However, TTT, Public Transportation, PPT Fleet, Taxi, and Car Service classes have increased more substantially. Comment on this trend in the market, including contributing factors for this increase. Suggest potential areas for program enhancements to encourage reduction in the size of the residual market.

As previously mentioned, our focus remains on controlling the size of the pool and producing positive results. Our efforts to ascertain eligibility have resulted in positive depopulation results. We do not believe we are doing anything that other carriers could be doing. However, we regularly find that during the redistribution process we decline to write a good volume of roll-over risks as we determine they are not eligible.

To address the classes called out by CAR:

TTT's – our TTT exposures increased 14% from 2023 to 2024, which is lower than the industry increase of 15.7%. Additionally, our TTT exposures, as a percentage of our total exposures, remained essentially unchanged year-over-year, and continues to be lower (as a percentage of total exposures) than the industry.

PPT Buses – our percentage of industry exposures has remained essentially flat for this category as well per the data provided. Specific to the business we manage we note one contributing factor to the growth – one producer that has made inroads with the pupil transport sector and has written several larger fleet policies.

Private Passenger Types Fleet – these types continue to represent a very small percentage of both the industry and Pilgrim exposures. We would reiterate our suggestion that CAR consider amending the Non-Fleet Private Passenger Type (NF-PPT) Certification Form to include PPT types written on fleet policies.

Taxis – these risks have been historically written through a small number of agencies. Pilgrim currently has no such agency assigned to us and we have fewer than 10 exposures.

Car Service - CAR data provided over the years clearly illustrates the effect of the pandemic on this class. Industry exposures for 2020 through 2022 were significantly lower than the preceding few years but have subsequently rebounded. Specific to our data, in 2024 we did experience some risks coming from the voluntary market, including an 18-vehicle fleet.

Class Type Group	**2023**	**2024**	**24/23 Exp Difference**	**24/23 % Difference**
Regular TTT and Regular TTT - Fleet	19,012	21,996	2,984	16%
Zone Rated TTT and Zone Rated TTT - Fleet	2,868	2,869	1	0%
Commercial Buses and Commercial Buses - Fleet	3,178	3,585	407	13%
Zone Rated Buses and Zone Rated Buses - Fleet	257	279	22	9%
Public Transportation and Public Transportation - Fleet	6,001	7,026	1,025	17%
Garages - Premises and Garages Not Subject to Compulsory Law *	0	0	0	
Garages Subject to Compulsory Law	3,435	3,627	192	6%
Van Pools	140	152	12	9%
Private Passenger Types - Non Fleet	2,693	2,826	133	5%
Private Passenger Types – Fleet	1,340	1,581	241	18%
Special Types and Motorcycles	1,895	2,108	213	11%
Non-Owned, Special Rating and Gross Receipts and Mileage*	0	0	0	
Taxis and Taxis – Fleet	171	257	86	50%
Limos and Car Service, including Fleet	148	160	12	8%
Car Service and Car Service – Fleet	534	729	195	37%
Total	41,673	47,195	5,523	13%

Safety Insurance Company
Commercial Servicing Carrier Annual Report
2024 Review

Following is Safety Insurance Company's ("Safety") Commercial Servicing Carrier Annual Report for the 2024 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").

<u>Specific Areas for Servicing Carrier Comment</u>

1) *Has your company experienced any significant changes in overall staffing or key personnel assigned to service the CAR program? If so,*
   a. *How have you mitigated the impacts to servicing residual market business?*
   b. *Changes in staffing levels and key personnel can be disruptive to the residual market. How were such changes conveyed to CAR, its committees, and assigned producers? If there were any problems with the transition or communications, what improvements can be implemented in the future.*

   Safety assigned a new account executive to handle CAR business as of July 1, 2024. The transition has been smooth, and this change has not had any impact on Safety's ability to service the residual market business. CAR was notified of this change through emails to staff members as well as the various committee chairs.

   There have been no other significant changes to our operational staffing in the past year. Our Underwriting staff has over ninety years of combined experience with Safety Insurance and we continue to employ long-term Claims, Actuarial, Underwriting, and Agency Services staff dedicated to servicing residual market business.

2) *Has your company implemented any significant system changes in the past year and, if so, did you experience any problems that impacted your ability to service or report residual market business?*

   Safety has implemented a few system updates which were beneficial to servicing and reporting residual market business in 2024. These changes positively impacted our ability to service business and improved processing times for our agents. These changes include updating our policy administration system to allow for the following:

   - Automatically calculating premiums for certain business which previously required manual intervention, including:
     - Stated Amount Coverage
     - Zone Rated Vehicles
     - Certain other miscellaneous vehicle classifications

Safety has also implemented a new workload management system which has allowed greater efficiency in distributing and managing work across the residual market support team and has improved policy accuracy, processing turn-around times, and management oversight.

Safety did not experience any problems during these implementations and our ability to service residual market business was only affected in a positive manner.

3) *During prior committee discussions, it has been indicated that it can be difficult to obtain information to validate the percentage of operations derived from vehicle sharing versus other forms of public transportation as an insured may be operating under a social service contract, a school bus contract, and operating as a car service simultaneously. Do you have any suggestions on how to improve the process in order to create consistency among the carriers.*

Safety has some suggestions on how to help validate the percentage of operations derived from vehicle sharing versus other forms of public transportation:

- The Commercial Auto Committee could review the current rules around vehicle sharing and provide clear instructions/rules to the four servicing carriers to eliminate any questionable areas.
- A question could be added to the Taxi/Limousine/Car Service Underwriting Inspection Form for the percentage of operations derived from taxi, limousine, car service and vehicle sharing as shown below:

Vehicle Operations		Percent of use %
18.	Limousine	0
19.	Car Service	0
20.	Taxi	0
21.	Vehicle Sharing such as Turo	100

- Turo has an internal system to record driver's trips. We suggest making a requirement for the agent to request a list of recorded trips from the insured to assist in the validation of percentage of operations, if they indicate they utilize this platform for short-term rentals.

4) *Comment on any impact or issues relating to the use of the inspection form developed for Taxi, Limousine and Car Service business.*

Safety has found that the underwriting inspection form has been beneficial in accurately confirming risk operations, vehicle classification, and rating territory. The form has been helpful in deterring fraud and premium avoidance. Safety's average loss ratio for these three classes of business combined has improved from 112% in 2023 to 56.4% in 2024.

5) *In the spring of 2024, the process of determining radius and geographic classification was clarified to perform two separate calculations in order to determine the highest premium as an incentive for risks to provide credible documentation. Similarly, a clarification to the underwriting evaluation of public buses when credible documentation was lacking was implemented in the summer. Did these changes bring about the intended result?*

   Safety has found that the changes did result in agents submitting more documentation, such as IFTA reports, trip logs, and school bus contracts. The intended result was achieved in that it gave the insured an incentive to submit the proper documentation in order to accurately rate the policy.

6) *Please comment on the underwriting procedures your company employs in communicating underwriting classification and eligibility decisions of a risk. Are producers assigned to a specific underwriter such that there is an opportunity to develop an effective working relationship?*

   Safety has a dedicated Commercial Residual Markets underwriting group to service the residual market risks of both our voluntary and assigned agents. Each agency is assigned to a specific underwriter who handles their policies including new business submissions, endorsement processing, and renewal reviews. This underwriter is the main point of contact for the agency and works very closely with them to communicate information on policy eligibility and risk classifications. These assignments are maintained to ensure an equitable workload and help to develop effective working relationships between agents and underwriting staff. In addition to email and phone communications, our online policy application, "Safety Commercial Express", gives agents the ability to upload their quotes directly to their assigned underwriter and to communicate with them directly within the application on any specific policy, endorsement, or quote.

7) *Observations from the carriers in the 2022 Annual Report noted issues with inflation, the supply chain, labor, and technological advancements such as driver assist systems as factors putting pressure on costs within the industry. Comment on the development of these issues since the last annual report and provide any new insights to mitigate those expenses with respect to the Massachusetts commercial automobile residual market.*

   The Massachusetts commercial automobile residual market continues to be impacted by these factors. Inflationary pressures are impacting expenses and claims costs. New vehicle technologies, including ADAS features, are still expanding and evolving which leads to higher repair costs on newer vehicles. There is continued uncertainty surrounding the impact of increased tariffs on vehicle repair costs and the supply chain. Maintaining appropriate rate levels will be essential to mitigating these risks.

8) *It is our understanding that Servicing Carriers have begun the effort to transition to the new commercial policy forms and endorsements. Please provide an update as to how that effort is progressing and if you have experienced any unexpected issues.*

Safety is still in the early stages of this project and is working through the development requirements at this time. We have not experienced any unexpected issues so far in the process.

9) *While the effective date of the re-assignment of ERP books does not occur until March 2025, Servicing Carriers began the process of contracting and providing information to the producers in late 2024. Please provide feedback on successes or challenges related to this process.*

The March 2025 re-assignment and contracting process was successful. Safety's Underwriting and Marketing departments worked closely with agents to ensure a smooth transition. They reached out to each re-assigned agent to advise of their new servicing carrier and how the re-assignment process would work. Safety also provided the producers with lists of their ceded policy numbers to assist with the transition. We also treated the re-assigned agent's policies as renewals to help minimize disruption to insureds.
Each new agency was assigned to a specific underwriter who contacted the agency to introduce themselves and help answer any questions the agent may have had.
Our Agency Services Manager met with each ERP agency and reviewed Safety's processes and procedures and provided them with the necessary systems training.
There was some mis-communication during the process between CAR staff and the servicing carriers about what the effective date of the changes would be, but ultimately the impact was minor and resolved quickly. One suggestion we would have for this process going forward is considering posting a formal notice or bulletin on the CAR site with all the important dates and the list of agency assignments well in advance of the re-assignment date to avoid any questions.

10) *CAR understands that the re-assignment process can be disruptive for the residual market in general. Please provide any suggestions to mitigate this disruption or to improve this process.*

One suggestion that Safety has to improve the re-assignment process is for CAR to provide the four servicing carriers with a list of policy numbers, eff dates, and annual premiums for the agents that are being re-assigned to them to help prepare for the transfer of business throughout the year. It would be especially helpful to identify any large fleet risks that may require additional documentation and time from an underwriting and processing perspective.

11) *Comment on any other successes and/or challenges in 2024 relative to the commercial automobile residual market activities.*

Some of the successes that Safety has seen in 2024 relative to the commercial automobile market activities include working closely with the four servicing carriers to collect owed premiums, identify and eliminate fraud, and ensure consistency for residual market business. The changes CAR introduced in 2024 to clarify the process of determining radius and geographic classifications brought more consistency amongst the servicing carriers and incentives for the insured to provide credible documentation to accurately rate a risk. In addition, the SIU Underwriting Investigations have resulted in uncovering businesses whose PPOB is not Mass. We identified and cancelled three separate policies in 2024 with other investigations ongoing. These three policies were cancelled due to misrepresentation and had a combined total premium of $49,427.
One of the challenges we continue to see is the acquisition and submission of proper policy documentation, but the recent implementation of the Underwriting Checklist should help improve this.

12) *Servicing Carrier Program Recommendations for 2025:*

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.*

Safety has identified a few areas within the commercial automobile residual market which we think should be addressed:

- Turo peer-to-peer vehicle sharing continues to be a gray area in which guidance from CAR is needed amongst the four Servicing Carriers.
- Towing companies are a common risk written by the Servicing Carriers, however, a secondary classification is not available in the classification codes rate tables to identify the various types of tow companies, such as general towing and auto haulers. It would be beneficial to have a secondary class code added to help identify these risks for loss control purposes.

CAR has done a good job over the past few years in addressing Servicing Carriers concerns.

b. *Provide suggestions, recommendations and/or solutions that would further control claims and service costs for 2025 and later.*

Some suggestions Safety has for reducing claims and service costs include:

- Allowing electronic policy issuance and electronic deliverance of policy documents, if an insured chooses. This could help reduce expenses and improve service levels.
- Additional reporting on CAR’s website, including agency level reporting on risk classifications, volume of business, and loss ratios.
- The creation of a communal information sharing mechanism through CAR to better facilitate the communication between the four servicing carriers and CAR staff.

This will help to identify any negative industry trends, improve consistency across carriers, and help to reduce costs.

13) *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.

D. <u>General Topics to be Addressed by the Servicing Carrier in the Annual Report</u>

1. *Servicing Carriers will be expected to comment on market conditions and experience both relative to the residual market and specific to their company in the handling of commercial automobile residual market business during the 2024 policy year.*

2. *Residual Market Trends by Class Type Group (Policy Year 2024 vs. Policy Year 2023)*

   The chart below identifies PDL exposure data as of December, 2024. During 2024, the residual market experienced a 13% increase over 2023 with greater increases for certain vehicle types. However, TTT, Public Transportation, PPT Fleet, Taxi, and Car Service classes have increased more substantially. Comment on this trend in the market, including contributing factors for this increase. Suggest potential areas for program enhancements to encourage reduction in the size of the residual market.

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 and ensure rating accuracy through proper documentation of risk exposures.

The ceded market has grown over the past year due to the market pressures, a continued hardening of the voluntary commercial automobile market, and the general macro-economic conditions. In an effort to regain profitability in the voluntary market, carriers have reduced their appetite for traditionally riskier business, made efforts to non-renew marginal business, increased rates substantially across all classes, and have tightened up their underwriting guidelines over the past couple years. A suggestion to reduce the size of the residual market is to review competitive rates for the classes of business with the largest volume increases and ensure that the residual market is not being utilized as a price competitor for standard market risks.

Regarding the specific classes listed above which saw the highest increases in 2024, Safety's increase in cession rates were lower than the industry increases. TTT classes increased 12.2% versus the industry's 16.7% increase. Public transportation classes increased 1.1% versus the industry increase of 8%. PPT fleet classes increased 15% versus the industry increase of 21.6%. Safety's cession rate for Taxi and Car Service classes increased by 17% versus 56% for the industry and 6.7% versus 15.6% for the industry, respectively.

In 2024, Safety has experienced success in improving our loss ratios across multiple classes of business, even with the growth of the residual market over the past couple years. We have seen a significant improvement in the loss ratios for Non-Fleet PPT's, Zone Rated TTT, as well as our Taxi, Limo, and Car Service classifications. 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.). 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 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.

Class Type Group	2023	2024	24/23 Exp Difference	24/23 % Difference
Regular TTT and Regular TTT - Fleet	19,012	21,996	2,984	16%
Zone Rated TTT and Zone Rated TTT - Fleet	2,868	2,869	1	0%
Commercial Buses and Commercial Buses - Fleet	3,178	3,585	407	13%
Zone Rated Buses and Zone Rated Buses - Fleet	257	279	22	9%
Public Transportation and Public Transportation - Fleet	6,001	7,026	1,025	17%
Garages - Premises and Garages Not Subject to Compulsory Law *	0	0	0	
Garages Subject to Compulsory Law	3,435	3,627	192	6%
Van Pools	140	152	12	9%
Private Passenger Types - Non Fleet	2,693	2,826	133	5%
Private Passenger Types – Fleet	1,340	1,581	241	18%
Special Types and Motorcycles	1,895	2,108	213	11%
Non-Owned, Special Rating and Gross Receipts and Mileage*	0	0	0	
Taxis and Taxis – Fleet	171	257	86	50%
Limos and Car Service, including Fleet	148	160	12	8%
Car Service and Car Service – Fleet	534	729	195	37%
Total	41,673	47,195	5,523	13%

*Denotes excluded class type groups that do not report exposures on a CAR year basis.

Commercial Servicing Carrier Program
Premium by Class Type
Ceded Business (Car ID 4, 5)
Written Premium Based on Latest 12 Months @ March 2025
Loss Ratio for Policy Year 2022-2024 Valued through March 2025

	Arbella Insurance Company				Commerce Insurance Company			
Class Type	**Written Premium**	**Class WP %**	**1yr Loss Ratio**	**3yr Loss Ratio**	**Written Premium**	**Class WP %**	**1yr Loss Ratio**	**3yr Loss Ratio**
TTT	$22,676,655	37.3%	49.5%	49.4%	$32,620,899	51.2%	78.1%	73.3%
Zone Rated TTT	$5,177,388	8.5%	59.2%	54.5%	$3,095,414	4.9%	85.1%	70.8%
PPT Fleet	$1,233,492	2.0%	41.2%	38.1%	$1,522,648	2.4%	45.0%	66.0%
PPT Non-Fleet	$2,471,728	4.1%	67.5%	70.5%	$1,865,275	2.9%	48.3%	42.5%
Bus/Van Pools	$21,711,695	35.7%	46.3%	41.5%	$14,402,208	22.6%	58.6%	79.9%
A/O (ex Taxi / Limo)	$6,876,037	11.3%	80.2%	68.8%	$7,691,480	12.1%	47.0%	43.6%
Taxi	$62,364	0.1%	67.3%	82.7%	$1,095,354	1.7%	27.3%	28.3%
Limousine	$22,350	0.0%	33.4%	20.7%	$31,511	0.0%	21.5%	30.3%
Car Service	$590,650	1.0%	63.2%	62.0%	$1,440,361	2.3%	21.2%	31.3%
Total	**$60,822,359**		**54.2%**	**50.9%**	**$63,765,150**		**66.5%**	**68.4%**
Market Share	**23.9%**				**25.1%**			
Agency Count	**243**				**356**			

	Pilgrim Insurance Company				Safety Insurance Company			
Class Type	**Written Premium**	**Class WP %**	**1yr Loss Ratio**	**3yr Loss Ratio**	**Written Premium**	**Class WP %**	**1yr Loss Ratio**	**3yr Loss Ratio**
TTT	$22,389,672	36.2%	52.3%	48.3%	$29,835,463	44.1%	75.7%	75.9%
Zone Rated TTT	$7,317,567	11.8%	41.2%	39.1%	$10,618,582	15.7%	133.2%	141.0%
PPT Fleet	$1,706,285	2.8%	58.2%	47.0%	$1,200,827	1.8%	49.9%	42.1%
PPT Non-Fleet	$1,160,893	1.9%	49.4%	80.8%	$2,087,015	3.1%	137.1%	129.6%
Bus/Van Pools	$21,401,803	34.6%	58.1%	50.3%	$13,771,926	20.4%	80.1%	190.4%
A/O (ex Taxi / Limo)	$6,948,876	11.2%	58.8%	69.1%	$6,369,866	9.4%	99.0%	74.0%
Taxi	$64,884	0.1%	73.0%	45.4%	$562,293	0.8%	122.6%	82.3%
Limousine	$104,590	0.2%	71.3%	37.8%	$856,198	1.3%	51.7%	44.5%
Car Service	$827,776	1.3%	64.4%	48.8%	$2,288,452	3.4%	192.4%	124.8%
Total	**$61,922,346**		**53.8%**	**50.9%**	**$67,590,622**		**92.5%**	**106.9%**
Market Share	**24.4%**				**26.6%**			
Agency Count	**255**				**248**			

	Total			
Class Type	**Written Premium**	**Class WP %**	**1yr Loss Ratio**	**3yr Loss Ratio**
TTT	$107,522,689	42.3%	65.6%	62.9%
Zone Rated TTT	$26,208,951	10.3%	80.4%	80.1%
PPT Fleet	$5,663,252	2.2%	58.1%	76.5%
PPT Non-Fleet	$7,584,911	3.0%	82.0%	83.1%
Bus/Van Pools	$71,287,632	28.1%	48.7%	49.5%
A/O (ex Taxi / Limo)	$27,886,259	11.0%	70.1%	63.3%
Taxi	$1,784,895	0.7%	57.9%	52.5%
Limousine	$1,014,649	0.4%	48.9%	41.4%
Car Service	$5,147,239	2.0%	107.1%	82.9%
Total	**$254,100,477**		**66.5%**	**68.9%**
Total Agency Count	**1102**			