



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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NOTICE OF MEETING

COMMERCIAL PROGRAM OVERSIGHT COMMITTEE

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

FRIDAY, MAY 22, 2026, 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
World Insurance Associates, LLC

Mr. Matthew Chesson
Ms. Sharon Murphy
Ms. Jean Houghton
Ms. Nicole Martorana
Mr. Henry Risman

The Hanover Insurance Company
Acadia Insurance Company
Norfolk and Dedham Group
FBInsure, LLC
Risman Insurance Agency, Inc.

AGENDA

CPOC

25.01 Records of Previous Meeting

The Records of the Commercial Program Oversight Committee meeting of July 16, 2025 should be read and approved.

CPOC

26.03 CAR Conflict of Interest Policy

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

CPOC

26.04 2025 Servicing Carrier Annual Report Review

The Commercial Servicing Carrier Annual Reports are intended to provide Servicing Carriers a framework to report annually to CAR their efforts in managing the commercial automobile residual market. The attached draft of the 2025 Servicing Carrier Annual Report template identifies specific topics for Servicing Carrier comment based on recent marketplace activity and program enhancements made during 2025. The Committee is requested to provide comment and offer additional recommendations in preparation for distribution to the four Servicing Carriers (Docket #CPOC26.04, Exhibit #1).

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

Attachment

Boston, Massachusetts
May 7, 2026



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Commercial Servicing Carrier Annual Report 2025 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. 2025 Annual Report Schedule

Completed Annual Report responses for 2025 will be due to CAR by July 11, 2026. In August 2026, 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.

June 1-14, 2026	CAR data and cover document sent to Servicing Carriers
July 11, 2026	Servicing Carrier Annual Reports due to CAR
August, 2026	Oversight Committee Review of Annual Reports

C. Specific Areas for Servicing Carrier Comment

1. Please provide an update regarding the process of implementing the new commercial policy forms and endorsements effective January 1, 2027, including the training of staff and specifically the training of underwriting and claims staff on the differences between the Garage and Auto Dealers forms.
2. Please explain your company's plans to assist producers with training in servicing the needs of the commercial automobile residual market, and if your company has experienced any unexpected issues.
3. Please provide feedback on successes or challenges related to the latest re-assignment of ERP's books of business which occurred in March 2025, as well as the carrier's preparedness for a potential reassignment of large volume producers associated with the January 2027 appointment term.

4. Observations from prior Annual Reports listed inflation, supply chain, labor, and technological advancements (such as driver assist systems) as factors putting pressure on costs of underwriting and claims within the industry. Comment on developments on this issue since the last annual report and provide any new insights into mitigating those expenses.
5. There has been considerable discussion in the trade press relating to legal abuse, third party litigation funding, and aggressive advertising and the resulting impact to losses and legal expenses. Describe your company's experience, actions you may have taken, and any financial impacts to reported losses and reserves.
6. Has your company experienced any significant changes in overall staffing or key personnel in the past year and, if so, how have you mitigated the impacts to servicing residual market business?
7. Has your company implemented any significant system changes in the past year and, if so, did you experience any problems that impacted statistical reporting and/or servicing of residual market business?
8. New minimum statutory compulsory coverage limits for policies effective July 1, 2025 and subsequent were implemented by the Commonwealth of Massachusetts. Comment on activities to implement this change.
9. A change to the Servicing Carrier's responsibilities requiring Servicing Carriers maintain access with FMCSA in order to ensure the required filings were implemented on behalf their ceded risk. Did your company experience any access issues during the year.
10. Pursuant to the Attorney General's regulation 940 CMR 38.00 concerning the disclosure of fees complying with all applicable state laws and regulatory requirements, Rules 14 and 31 of the Rules of Operation have been amended. Comment on any system changes needed to comply with this requirement.
11. Comment on any other successes and/or challenges in 2025 relative to the commercial automobile residual market activities.
12. Servicing Carrier Program Recommendations for 2027:
 - a. Identify any market concerns, red flags, opportunities, or conditions not currently addressed by the commercial automobile residual market. Provide suggested recommendations for addressing these issues.
 - b. Provide suggestions, recommendations and/or solutions that would further enhance consistency of procedures among Servicing Carriers.

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

In the following tables, separately identify 2025 operating expenses and expenses related to implementing the new forms (note that not all categories may reflect expenses related to the forms implementation). 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 2025 Expenses

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

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

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

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

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 2025.

2. Residual Market Trends by Class Type Group (Policy Year 2025 vs. Policy Year 2024)

The chart below identifies PDL exposure data evaluated at 12 months. During 2025, the residual market experienced a 1.9% increase over 2024. Comment on trends in the market and suggest potential areas for program enhancements to encourage reduction in the size of the residual market.

Class Type Group	2024	2025	25/24 Exposure Difference	25/24 % change
Regular TTT and Regular TTT - Fleet	21,996	21,796	-200	-0.9%
Zone Rated TTT and Zone Rated TTT - Fleet	2,869	2,899	30	1.0%
Commercial Buses and Commercial Buses - Fleet	3,585	4,030	445	12.4%
Zone Rated Buses and Zone Rated Buses - Fleet	279	298	19	6.8%
Public Transportation and Public Transportation - Fleet	7,026	7,731	705	10.0%
Garages - Premises and Garages Not Subject to Compulsory Law *	0	0	0	0%
Garages Subject to Compulsory Law	3,524	3,695	171	4.8%
Van Pools	152	124	-29	-18.9%
Private Passenger Types - Non Fleet	2,826	2,287	-539	-19.1%
Private Passenger Types – Fleet	1,581	1,674	93	5.9%
Special Types and Motorcycles	2,108	2,294	186	8.8%
Non-Owned, Special Rating and Gross Receipts and Mileage*	0	0	0	0%
Taxis and Taxis – Fleet	257	274	18	6.8%
Limos and Limos – Fleet	160	213	52	32.5%
Car Service and Car Service – Fleet	729	682	-47	-6.5%
Total	47,092	47,995	903	1.9%

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