



NATALIE A. HUBLEY
PRESIDENT

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RECORDS OF MEETING

COMMERCIAL PROGRAM OVERSIGHT COMMITTEE – DECEMBER 18, 2018

Members Present

Mr. William Cahill, Jr. – Chair
Mr. Peter Chung
Mr. Brian Hayes⁽¹⁾
Mr. John Olivieri, Jr.

The Hanover Insurance Company
The Norfolk & Dedham Group
Quincy Mutual Group
J.K. Olivieri Insurance Agency, Inc.

Substituted for:

⁽¹⁾Mr. Thomas Harris

Not in Attendance:

Mr. Charles Boynton, III

Boynton Insurance Agency, Inc.

18.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Commercial Program Oversight Committee meeting of November 8, 2018. The Records have been distributed and are on file.

18.04 Commercial Program Oversight

Mr. John Metcalfe stated that attached to the meeting's Additional Information Notice, was a draft of a template for Servicing Carriers to use for preparing their 2018 Annual Reports and a tentative 2018 Annual Report schedule. Also attached for the Committee's reference was a tentative Commercial Servicing Carrier and Taxi/Limousine Program Request for Proposal (RFP) event schedule for the appointment term beginning January 1, 2022.

Mr. Peter Chung suggested that it would be helpful to the Committee members reviewing the Annual Reports if Servicing Carrier responses are summarized and displayed in a consistent manner. He further requested that the CAR data reports reflecting 2018 residual market experience also provide Servicing Carriers with frequency and severity information, in addition to claim count, for better comparison among the carriers. Additionally, Mr. Chung identified other helpful pieces of information to be provided by Servicing Carriers under the Residual Market Trends and Issues and Servicing Carrier Performance and Results sections of the report, including the identification of other eligibility and underwriting and rules concerns, a percent of policies written voluntarily in addition to the number and a count of agents that the Servicing Carrier has. The Committee requested that staff update the Annual Report template based upon Committee discussion and, in advance of the next meeting, provide the Committee with a document that would be designed such that it would be effective in the collection and summarization of the Servicing Carrier responses.

Finally, members agreed that although a presentation was not required, Servicing Carriers should be available at the Committee's meeting to review and discuss the completed annual reports in order to respond to potential questions by the Committee members. The Committee also agreed that it would be

important to advise Servicing Carriers that the information included in their Annual Report and discussed at a future Committee meeting will be made available to the general public in accordance with the Open Meeting Law. Mr. Steven Torres, CAR counsel, stated that he will review this issue further, especially as it relates to potential proprietary information that may be reported on a Servicing Carrier's Annual Report.

18.06 Request for Reimbursement of Extraordinary Expenses – Arbella Protection Insurance Company

In response to a request from the Chair, Ms. Hubley advised the Committee that staff has confirmed the dollar amounts included in Arbella's current expense reimbursement request, noting that the original submission to the Commercial Automobile Committee inadvertently double-counted the prorating of employee expenses allocated to the Point matter. She further advised that Arbella has submitted additional information relative to the derivation of employee expenses, and Ms. Roberta Fitzpatrick, representing Arbella, is available to discuss this information in more detail at the Committee's pleasure.

Before addressing the specifics of Arbella's request, the Committee discussed the precedential consequence of recommending the reimbursement. The members recognized that in the current market environment, additional requests may follow. Ms. Hubley advised that at least one Servicing Carrier has suggested that the extraordinary measures required of Arbella in this instance is a symptom of underlying market conditions experienced by all Servicing Carriers. It was also noted that all Servicing Carriers are implementing the new standards recently developed and approved by CAR committees. The Committee considered whether a broader approach should be taken to review the expense allowance provision of the current contract term. However, counsel cautioned that the expense allowance resulted from the RFP process, the terms of which were agreed upon by each Servicing Carrier in accepting their appointment. Careful consideration should be given not only to the appropriateness of modifying those terms mid-term, but also to the impact to all member companies.

After discussion, some Committee members suggested that it would be more appropriate to address the current request on its merits. Mr. Olivieri noted that Arbella has presented the extraordinary nature of the circumstances surrounding the Point Exclusive Representative Producer appointment. He suggested that the Committee should not speculate on the likelihood of other requests, but rather address those if presented, and determine whether a pattern develops that would indicate an underlying issue that would warrant a more systematic approach.

The Committee then considered Arbella's request in the context of the expense allowance received for 2017. Ms. Fitzpatrick described the process by which Arbella identified the extraordinary expenses it had incurred. She noted that, as a standard operating procedure, most Arbella employees track their time in order to measure productivity. These logs were used to calculate time spent on the Point matter. Special Investigator resources were measured, not by time, but by number of investigations.

Referring to the exhibits attached to the meeting's Additional Information Notice, the Committee requested further explanation of the determination of the cost/hour figures, and asked for sample activity logs used to track employee hours. Some members suggested that such logs may be beneficial to include in future RFPs.

After discussion, the Committee agreed to continue discussion at its next meeting with the intention to prepare a recommendation for the February Governing Committee.

MARIAN ADGATE
Corporate Documentation Specialist

Boston, Massachusetts
January 16, 2019

ATTACHMENT LISTING

Docket #CPOC18.02, Exhibit #3

Attendance Listing

COMMERCIAL PROGRAM OVERSIGHT COMMITTEE MEETING
SIGN-IN SHEET
TUESDAY, DECEMBER 18, 2018

Individual's Name

Company / Agency

PLEASE PRINT

John Oliveri	agent
Peter Chung	TSD
Brian T. Hayes	Quincy Mutual
Steve Torres	TSH&D
Ben Hincks	TSH&D
Natalie Huber	CAR
Bill Cahill	HARDNER
Wendy Browne	CAR
Marian Adgate	CAR
JOHN METCALFE	CAR.

