



NATALIE A. HUBLEY
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COMMONWEALTH AUTOMOBILE REINSURERS

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NOTICE OF MEETING

COMMERCIAL AUTOMOBILE COMMITTEE

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

THURSDAY, MARCH 28, 2024, AT 10:00 A.M.

If you plan to attend this session 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. Thomas DePaulo – Chair
Cabot Risk Strategies, LLC

Ms. Annmarie Castonguay
Ms. Sheila Doherty
Ms. Mary McConnell
Ms. Sharon Murphy
Mr. John Olivieri, Jr.
Mr. Tiago Prado
Mr. Thomas Skelly, Jr.
Mr. Barry Tagen
Mr. David Zawilinski
Mr. Jesse Zimmerman

The Hanover Insurance Company
Doherty Insurance Agency, Inc.
Safety Insurance Company
Acadia Insurance Company
J.K. Olivieri Insurance Agency, Inc.
BRZ Insurance, LLC
Deland, Gibson Insurance Associates, Inc.
Pilgrim Insurance Company
Arbella Insurance Group
MAPFRE U.S.A. Corporation

AGENDA

CAC

24.01 Records of Previous Meeting

The Records of the Commercial Automobile Committee meeting of February 1, 2024 should be read and approved.

CAC

24.03 CAR Conflict of Interest Policy

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

CAC

23.04 Eligibility of Peer-to-Peer Vehicle Sharing Programs

The Committee will review the proposed industry survey that will inquire about the approach companies take regarding insuring risks engaged in peer-to-peer vehicle sharing in the voluntary market. (Docket #CAC23.04, Exhibit #7)

Additionally, staff will provide an update on research into other states' residual market plans relative to peer-to-peer vehicle sharing. (Docket #CAC23.04, Exhibit #8)

CAC

23.08 Default Radius Standardization

The Committee will continue its review of the default procedures for determining radius and geographic classification in the absence of credible documentation. The current proposal for the default would use the higher of either an intermediate radius of use with the highest rated territory, or a zone-rated long-distance combination of Boston to New York or Los Angeles/San Francisco. Staff will present base rate comparisons for all scenarios to assist the Committee in its final recommendation for the default selection. (Docket #CAC23.08, Exhibit #2)

Draft amendments to Chapter X of the Manual of Administrative Procedures are attached reflective of the current proposal. The draft will be updated accordingly with any proposed changes resulting from the Committee discussion. (Docket #CAC23.08, Exhibit #3)

CAC

23.09 Consistency in Determining Classification

The Committee will continue its discussion on issues relating to reported inconsistencies among Servicing Carriers in determining bus classifications. Staff will provide a list of suggested topics for further Committee discussion which will be distributed as additional information prior to the meeting.

CAC

24.04 On Hook Towing Coverage

As part of the manual rule amendments related to the implementation of new policy coverage and endorsement forms effective 1/1/2027, the On Hook Towing Coverage Endorsement CA 04 52 11 20 will be added. However, because this coverage is an endorsement to the existing Business Automobile Policy,

the coverage can be adopted sooner. Therefore, the Committee should consider if an earlier adoption of the On Hook Towing Coverage Endorsement would benefit the residual market.

Other Business

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

Executive Session

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

TIMOTHY GALLIGAN
Actuarial and Statistical Services Director

Attachments

Boston, Massachusetts
March 14, 2024



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101 Arch Street, Suite 400 Boston, Massachusetts 02110
www.commauto.com 617-338-4000

To: All Active Private Passenger and Commercial Companies

From: Wendy Browne, Vice President – Business Operations

Date: March 14, 2024

Re: Coverage for Peer-to-Peer Vehicle Sharing Programs

In an effort to better understand what coverage may be available in the voluntary market, CAR's Commercial Automobile Committee has directed CAR staff to survey the industry relative to insuring risks engaging in peer-to-peer vehicle sharing. Accordingly, your responses to the following questions will assist the Committee in evaluating the possible eligibility of such risks for the commercial residual market. Please note that the individual responses will be kept confidential and only summary information provided to the Committee.

Please indicate which market your company writes automobile insurance in Massachusetts:

Private Passenger Commercial Both

Does your company provide coverage for risks engaging in peer-to-peer vehicle sharing?

Private Passenger: Yes Personal Use only Not at all

Commercial: Yes Personal Use only Not at all

If your company does not provide this coverage in either market, does it intend to offer this coverage within the next 18 months? Yes No

If all your answers are No to this point, please skip to the contact information at the end of the questionnaire. Those companies providing coverage or intending to provide coverage should continue to answer the following questions:

What type of vehicles are covered in your program (private passenger type, RVs, trucks, etc.)?

When is coverage provided (at all times, during sharing, personal use only, idle time only, etc.)?

Is your coverage primary, excess over the insurance provided by the sharing platform, other?

Are there any restrictions on use, such as casual/incidental use as compared to professional/full time?

Is there a difference between peer-to-peer vehicle sharing as compared to short term rental, as it relates to eligibility definitions, coverage and/or rating? Does the number of vehicles have an impact (fleet as compared to non-fleet)?

How is the coverage provided – specialty policy, endorsement, classification, etc.?

What limits of coverage are provided for liability and/or physical damage?

Are there any restrictions or exclusions in the coverage provided?

Is there any other information that would assist the committee in its discussions?

Name and email address: _____

Company Name: _____

Completed questionnaires should be emailed to wbrowne@commauto.com We very much appreciate your time and effort in completing this questionnaire. If you have any questions, please feel free to contact me at either 617-880-7258 or wbrowne@commauto.com Thank you.

Commercial Automobile Committee

Eligibility of Peer-to-Peer Vehicle Sharing Programs

Review of Other States' Residual Market Programs

CAR staff has reviewed 21 states' residual market programs relative to the eligibility for placement of peer-to-peer vehicle sharing programs. A summary of our findings is as follows:

- In general, the other state plans appear to focus on vehicle sharing of private passenger type vehicles, whereas CAR has recognized that the industry has expanded to almost all vehicle types.
- All 21 plans specifically exclude vehicle sharing programs in the private passenger market.
- 15 of the plans exclude commercial coverage via the Leasing or Rental Concerns rating rule specifying that "this rule does not apply to personal vehicle sharing program facilitators."
- One plan excludes vehicle sharing via its private passenger type rating rule.
- Five plans are silent with respect to commercial coverage for vehicle sharing programs.

More specifically:

States that Exclude

Alabama
Arizona
California
Colorado
Connecticut
D.C.
Florida
Georgia
Illinois
Kentucky
Louisiana
Maine
New Jersey
Pennsylvania
Rhode Island
Vermont

Programs that are Silent

Michigan
New Hampshire
New York
North Carolina
Virginia

As its last meeting, the Committee directed staff to conduct a base rate liability comparison to the zone rating combinations for Boston to New York City and Boston to Los Angeles/San Francisco for the following vehicle types:

- Extra Heavy Trucks
- Extra Heavy Truck Tractors
- Charter Bus
- Inter-City Bus
- Sightseeing Bus
- Bus Not Otherwise Classified

The zone rating combination for Boston to New York City resulted in a higher premium than the zone combination for Boston to Los Angeles/San Francisco. The exhibit on the next page illustrates the premium differences of the vehicles used for the comparison. Accordingly, the Committee should determine if it would prefer to use the zone combination yielding the higher premium or the zone combination of Boston to Los Angeles/San Francisco to reduce any potential conflicts with claims processing. (The recommended zone rate combination below shows both options but the Committee will choose just one).

Also, since the last Committee meeting, it was pointed out that, for some vehicle types, there are other territories that have a higher rate than territory 10. For example, for taxis, limousines, and car service classifications, territory 18 has a higher rate than territory 10. Therefore, CAR updated its recommendation for the current default procedure as shown below.

In the event that the risk is unable to provide credible, verifiable documentation, the Servicing Carrier will determine the premium by choosing the higher resulting premium of the following two calculations:

1. Updated default procedure

Calculate the total premium rate at the intermediate radius with the highest rated territory at the policy limits selected by the policyholder.

2. Zone Rate Combination

To be determined by the Committee: Calculate the liability rate using Boston (03) as the default to and from New York City (zone rating code = 226) or Los Angeles/San Francisco (zone rating code = 218/236) at the policy limits selected by the policyholder.

Base Rate Comparison Intermediate vs. Zone Rating		
TTT (Extra Heavy Trucks)	Zone Combination	1 Mil CSL
Intermediate - assign highest rated territory	N/A	\$13,972
Zone Rated NYC	226	\$12,563
Zone Rated LA/San Fran	218/236	\$12,029
TTT (Extra Heavy Truck Tractors)		
Intermediate - assign highest rated territory	N/A	\$15,815
Zone Rated NYC	226	\$12,563
Zone Rated LA/San Fran	218/236	\$12,029
Charter Bus		
Intermediate - assign highest rated territory	N/A	\$7,115
Zone Rated NYC	226	\$19,530
Zone Rated LA/San Fran	218/236	\$18,690
Inter-City Bus		
Intermediate - assign highest rated territory	N/A	\$7,443
Zone Rated NYC	226	\$19,530
Zone Rated LA/San Fran	218/236	\$18,690
Sightseeing Bus		
Intermediate - assign highest rated territory	N/A	\$7,115
Zone Rated NYC	226	\$17,449
Zone Rated LA/San Fran	218/236	\$16,700
Bus NOC		
Intermediate - assign highest rated territory	N/A	\$14,904
Zone Rated NYC	226	\$10,198
Zone Rated LA/San Fran	218/236	\$9,735

March 28, 2024

Manual of Administrative Procedures Update

Memorandum of Change

Modifications to the following chapter of the Manual of Administrative Procedures are proposed:

Chapter X - Servicing Carrier and Exclusive Representative Producer Standards and Forms

Updates have been made to section C.3. for determining radius and geographic class in the absence of credible, verifiable documentation. Specifically, in instances where the applicant is unable to provide credible, permanent records to validate an automobile's principal garaging and principal operation, the Servicing Carrier will perform two separate calculations and select the highest rated premium. Please note: the Committee will choose one of zone rate combinations of Boston to New York or Boston to Los Angeles/San Francisco and the MAP change will be updated accordingly.

CAR | **Manual of Administrative Procedures**
Chapter X | **Servicing Carrier and Exclusive Representative**
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In instances where an applicant is unable to provide credible permanent records to validate an automobile’s principal garaging and principal operation, the Servicing Carrier will determine the radius and geographic class that generates the higher resulting premium of the two options below as follows:

<u>Default Option 1</u>	
Radius Class	Intermediate Radius
Zone Combination	N/A
Rating Territory	Assign Rating Territory 10 highest rated territory

<u>Option 2</u>	
<u>Radius Class</u>	<u>Long Distance Radius</u>
<u>Zone Combination</u>	<u>Boston to New York City (226)</u> <u>(alternatively Boston to Los Angeles/San Francisco (218/236))</u>

However, if the risk has been in operation for more than one year and provides credible documentation to validate a different radius class and/or geographic classification during the policy term, apply the rating change prospectively from the date the documentation is provided.

If the risk has been in operation for less than one year and provides credible documentation to validate a different radius class and/or geographic classification at least 90 days prior to policy expiration, apply the rating change as of the effective date of the policy. However, if the documentation is provided within 90 days of the policy’s expiration date, the rating change would be applied as of the effective date of the renewal policy.