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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, MAY 23, 2024, AT 10:30 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. 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 March 28, 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 results of the industry survey relating to the approach companies are currently taking in the voluntary market with respect to risks engaged in peer-to-peer vehicle sharing. Staff will distribute as additional information a summary of the survey results.

CAC

23.09 Consistency in Determining Classification

The Committee will continue its discussion on issues relating to reported inconsistencies among Servicing Carriers in determining the classification of certain public vehicles. Staff will update the Committee on the following items addressed at the prior meeting:

- To address circumstances in which documentation to support bus classifications, such as school bus contracts, is not available at policy inception, the Committee recommended assigning the bus NOC classification and allowing for reclassification under certain circumstances when documentation is later available. Staff has drafted for Committee consideration amendments to Chapter X of the Manual of Administrative Procedures (MAP) reflecting this clarification. (Docket #CAC23.09, Exhibit #2)
- The Committee recommended classifying vehicles owned by day care centers as Bus NOC. Staff has drafted for the Committee's consideration amendments to the rating manual rules and Chapter III of the MAP to reflect this clarification. (Docket #CAC23.09, Exhibits #3 and #4)
- The Committee discussed clarification of the term "operates" in Rule 72.C.2, requiring the use of the highest-rated territory through which or in which the public automobile operates to determine rating territory for non-zone rated vehicles. The Committee requested a review of other states' residual markets to identify options for continued Committee discussion of:
 - Clarify whether "operates" applies only to when the vehicle is transporting clients when assigning territory, or whether "operates" includes other operations such as to and from garaging location without passengers. Also describe validation procedures.
 - Review guidelines included in other state plans to assign territory for non-zone rated vehicles. Staff's review of other state plans is attached (Docket #CAC23.09, Exhibit #5)

CAC

24.04 On Hook Towing Coverage

In regard to the earlier adoption of the on-hook coverage endorsement CA 04 52 11 20, the Committee members expressed concern with certain risks seeking this coverage to which it may not apply. Staff will distribute as additional information its review of the endorsement and rules addressing eligibility for the on-hook towing coverage with any added suggestions for clarity.

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 Statistical Services Director

Attachments

Boston, Massachusetts
May 10, 2024

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C. Standards for Determining and Validating ~~Radius Class and Geographic~~ Classification of Trucks, Tractors and Trailers and Public Automobiles

1. Use Classification

Public Buses

In instances where an applicant is unable to provide credible records prior to policy inception to validate the use of the bus, the Servicing Carrier will assign the bus NOC class.

However, if the risk has been in operation for less than one year and provides credible documentation to validate a different use class within 60 days of the effective date of the policy, the Servicing Carrier will reclassify the vehicle and apply the rating change as of the effective date of the policy.

2. Radius and Geographic Classification

To properly classify trucks, tractors and trailers and public automobiles, CAR’s Commercial Automobile Insurance Manual directs that principal garaging and principal operation are factors used to determine radius and geographic classification as follows:

	<u>Principal Garaging</u>	<u>Principal Operation</u>
Radius Classification	TTTs and Publics	TTTs and Publics
Zone Combination	Zone Rated TTTs and Publics	Zone Rated TTTs and Publics
Rating Territory	Non-Zone Rated TTTs	Non-Zone Rated Publics

Pursuant to Rule 20 – How to Classify Automobiles of CAR’s Commercial Automobile Insurance Manual, upon request of the Servicing Carrier, the applicant shall be required to substantiate with permanent records that the automobile is being used as set forth in the application or renewal questionnaire.

Servicing Carriers and Exclusive Representative Producers (ERPs) will validate an automobile’s principal place of garaging and principal geographic area of operation to determine radius and geographic classification as follows:

† a. Determining and Validating Principal Garaging

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Principal garaging is the location at which the automobile is garaged the majority of the time that the automobile is not in regular use. Servicing Carriers and ERPs may use, but are not limited to, the following tools to verify principal garaging:

- ~~a.~~ 1) Google Maps
- ~~b.~~ 2) Registry of Motor Vehicles
- ~~c.~~ 3) Secretary of the Commonwealth Corporations Division website
- ~~d.~~ 4) The risk's website
- ~~e.~~ 5) Federal Motor Carrier Services Administration (FMCSA) website

In the event that inconsistencies are identified during the course of the underwriting and/or SIU review, the applicant must provide credible documentation, such as lease agreements or property owner certification, to validate garaging as represented on the application.

~~2.~~ b. Determining and Validating Principal Operation

To properly classify Trucks, Tractors and Trailers and public automobiles, Servicing Carriers and ERPs shall take advantage of, but not be limited to, the following options to validate an automobile's principal geographic area of operation:

- ~~a.~~ 1) Form IFTA-101 – IFTA Quarterly Fuel Use Tax Schedule
- ~~b.~~ 2) Individual Vehicle Mileage Reports
- ~~c.~~ 3) Trip Logs
- ~~d.~~ 4) Central Analysis Bureau (CAB) reports
- ~~e.~~ 5) Safety and Fitness Electronic Records (SAFER)
- ~~f.~~ 6) SafeStat Systems
- ~~g.~~ 7) Executed service provider contracts

Based on the documentation indicating automobile operations furnished by the applicant, rating territory for the local and intermediate radius public classes will be determined using the rating territories as defined in CAR's Commercial Automobile Insurance Manual with common rate relativities.

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In particular, the Boston territory is defined by the combined territories 1-10, which are combined for rating purposes, while identified in the manual individually for statistical purposes.

3. c. Determining Radius and Geographic Class in the Absence of Credible Verifiable Documentation

The Servicing Carrier may also request the risk and/or ERP to provide additional information to validate garaging and/or operations. An SIU investigation may also be requested. As part of the underwriting process and/or SIU investigation, the risk's principal/owner will be required to corroborate information collected by the writing ERP.

In instances where an applicant is unable to provide credible permanent records to validate an automobile's principal garaging and/or principal radius of operation, the Servicing Carrier will determine radius and geographic class that generates the higher resulting premium of the two options below as follows:

	<u>Option 1</u>
Radius Class	Intermediate Radius
Rating Territory	Assign Highest Rated Territory

	<u>Option 2</u>
Radius Class	Long Distance Radius
Zone Combination	Boston to Los Angeles (218)

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.

4. d. Exceptions

Businesses engaged in certain operations have inherent difficulty in securing documentation to substantiate an automobile's radius and/or

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geographic classification. Such operations include farmers, contractors, van pools, and school and church buses. For these vehicles, Servicing Carriers may use their discretion to evaluate and determine radius and geographic classification.

~~5.~~ e. Principal Garaging and Operation Audits

Pursuant to Rule 10 – Claims of CAR’s Rules of Operation, Servicing Carriers are required to conduct audits on representative samples of policies to verify garaging and policy facts.

However, market conditions may warrant increased awareness and focus on specific classifications of business due to suspected fraud, increased loss experience, or other negative impacts on the commercial automobile residual market during the Servicing Carrier contract period. If such occasions occur, the specific classifications will be identified, through CAR’s committee process, for mandatory Servicing Carrier SIU investigations involving principal garaging and operations.

The industry will be notified, via a CAR Bulletin, of the specific classifications for which enhanced focus on validating the eligibility of principal garaging and operation is required.

D. Standards for the Verification of Applicant Drivers’ Licenses

In determining whether an applicant is eligible for placement in the commercial automobile residual market, Servicing Carriers and Exclusive Representative Producers are required for all new business to verify that the applicant establishes that any person who usually drives the motor vehicle(s) holds or is eligible to obtain a valid driver’s license.

However, with respect to non-fleet private passenger type business, Servicing Carriers and Exclusive Representative Producers are required to verify for all new and renewal business, that the applicant establishes that any person who usually drives the motor vehicle(s) holds or is eligible to obtain a valid driver’s license.

1. Driver Eligibility

a. Foreign Licensed Drivers

A person who holds a valid foreign driver’s license is eligible for placement in the commercial automobile residual market and, if the foreign driver’s license is not in English, he/she must either provide a valid International Driving Permit or an alternative translation document, such as a completed Registry of Motor Vehicles Translation into English of a Foreign Driver License form, as set forth in Appendix A of the Massachusetts Driver’s Manual published by the Registry of Motor Vehicles.

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- (c) Automobiles hired under contract by the social service agency.

There are two types of Social Services Bus for rating purposes:

- (a) Employee-Operated Automobiles

Automobiles operated by employees of the social service agency. If a social service automobile is also operated by volunteer drivers or other non-agency employees, do not classify the automobile as Employee-Operated unless 80% of the use is by agency employees.

- (b) All Other

Automobiles which do not meet the employee-operated automobile classification requirements.

Excess Liability Coverage may be provided to cover automobiles not owned or licensed by the agency while being used in its social service transportation activities. This coverage may be extended to cover the agency's liability only or the liability of both the agency and, on a blanket basis, the individual liability of agency employees or volunteer donors or owners of the automobiles. For automobiles hired, loaned, leased or furnished refer to Rule 28 – Hired Automobiles of Section II – Common Coverages and Rating Procedures of this Manual. For all other non-owned automobiles, refer to Rule 27 – Non-Ownership Liability of Section II – Common Coverages and Rating Procedures of this Manual.

- (8) *Bus Not Otherwise Classified* – this classification includes, but is not limited to, automobiles such as country club buses, cemetery buses, real estate development buses, ~~and~~ courtesy buses run by hotels, and buses owned by day care centers.

- g. *Van Pools* – an automobile of the station wagon, van, truck or bus type used to provide prearranged commuter transportation for employees to and from work and is not otherwise used to transport passengers for a charge.

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EXHIBIT III-B-2

Supplemental Application
Public Automobile Information Addendum

Applicant Name: _____

Agent Name: _____

1. Please describe your transportation operation: _____

2. For each of the following categories, indicate the percentage of usage and the number of units used for each class:

Vehicle Category	Usage Description	Percentage of Use	Number of Units
Charter Bus	An automobile chartered for special trips, touring, picnics, outings, games and similar uses.	%	
Bus Not Otherwise Classified	This classification includes, but is not limited to automobiles such as shuttle buses, country club buses, cemetery buses, real estate development buses, courtesy buses run by hotels, and buses owned by day care centers that operate city-to-city or point-to-point and is not to a transportation facility, on a regularly scheduled basis.	%	
Inter-City Bus	An automobile that picks up and transports passengers on a published schedule of stops between stations located in two or more towns or cities.	%	
School Bus	An automobile that carries students or other persons to and from school, or in any school activity including games, outings and similar school trips. This includes vehicles owned by or contracted with a school or school district.	%	
Sightseeing Bus	An automobile accepting individual passengers for a fare for sightseeing or guided tours, making occasional stops at certain points of interest and returning the passengers to the point of origin.	%	
Airport Bus or Limousine (Shuttle)	An automobile for hire that transports passengers between airports and other passenger stations, or motels.	%	
Urban Bus (Transit)	An automobile that picks up, transports and discharges passengers at frequent local stops along a prescribed route and operated principally within the limits of a city or town, and communities contiguous to such city or town, and includes scheduled express service between points on that route.	%	
Social Service Agency Automobile	An automobile used by a government entity, civic, charitable or social service organization to provide transportation to clients incidental to the social services sponsored by the organization, including special trips and outings.	%	
Church Bus	An automobile used by a church to transport persons to or from services and other church related activities.	%	
Transportation of Athletes & Entertainers	An automobile owned by a group, firm or organization that transports its own professional athletes, musicians or other entertainers.	%	
Van Pools	An automobile used to provide prearranged commuter transportation for employees to and from work and is not otherwise used to transport passengers for a charge.	%	

Commercial Automobile Committee
Other Than Zone Rated Automobiles – Rating Territory
Review of Other States’ Residual Market Programs

At the last meeting, the Committee discussed the determination of rating territory for non-zone rated vehicles. Specifically, members requested clarification of the term “operates” in Rule 72.C.2, requiring the use of “the highest territory through which or in which the public automobile operates”. The Committee requested staff to review guidance in other state plans. Below is a summary of the 22 state plans staff reviewed. The Committee should be prepared to consider this information in its deliberations to select its recommended approach.

State	Other Than Zone Rated Territory Determination
Massachusetts	For automobiles classified under this rule that are not subject to zone rating, the rating territory shall be determined by the highest rated territory through which or in which the public automobile operates.
Alabama, Arizona, California, Colorado, D.C., Georgia, Illinois, Kentucky, Maine, Pennsylvania, Rhode Island	Determine the territory from Territory Definitions based on the highest rated territory in the U.S.A. where public auto is operated.
Connecticut	Autos Picking Up or Discharging Passengers Out of State – Determine the highest rated Connecticut territory where the autos pick up or discharges passengers in CT (for taxis, using the procedure outlined in paragraph C.1) and modify the base rate displayed in the Commercial Auto Rate Chapter by the following factor based on where passengers are picked up and/or discharged: All Others: Determine the territory from Territory Definitions based on highest rated territory where the auto picks up or discharges passengers.
Florida	Determine the territory based on the highest rated territory where the public auto is operated.
Louisiana	No mention of territory
Michigan	Determine the commercial territory based on the street address of principal garaging
North Carolina	Determine the rating territory for each public auto from the territory definitions based on the territory where public auto is operated the greatest percentage of time.

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New Hampshire	<p>Determine the territory from the territory definitions based on the highest rated territory in the U.S.A. where public autos make 20% or more of its total trips (pick up or drop off fares).</p> <p>For autos which infrequently pick up or drop off passengers within a higher rated territory, the higher rated territory shall apply unless the insured provides documentation (i.e., trip logs) verifying that more than 80% of the trips are in a lower rated territory. In that case, use the lower rated territory. Such documentation shall be subject to audit/verification.</p>
New Jersey	<p>Determine the territory from commercial territory chapter based on the highest rated territory where public auto is predominantly operated in the picking up and dropping off of passengers.</p>
New York	<p>Determine the territory from the territory definitions based on the highest rated territory where the public automobile is operated. This includes travel to and from the territory of business operations and the auto's principal place of garaging.</p>
Vermont	<p>Determine the territory from the territory definitions based on the highest rated territory in the U.S.A. where the public auto is operated unless at least 80% of the operations is in a lower rated territory. In that case use the lower rated territory.</p>
Virginia	<p>Determine the territory from the territory definitions based on the highest rated territory where the public auto is operated.</p> <p>Exception: If the insured produces trip logs for the most recent six months documenting that 80% or more of the public automobile's trips operate outside of the territory assigned above, assign the next highest rated territory where the automobile is operated.</p>