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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 27, 2025, 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
Mr. Andrew Lajzer
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 November 1, 2024 should be read and approved.

CAC

25.03 CAR Conflict of Interest Policy

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

CAC

24.09 Assignment Procedures for Affiliated Producers

At its last meeting, the Committee began discussions to consider the feasibility of changes to producer assignment procedures for affiliated agencies outlined in Rule 14.A.2. The Committee is asked to consider this issue in light of limitations caused by agency network participation and merger and acquisition activity on CAR's ability to minimize market disruption during redistribution of residual market books of business performed to maintain equity among Servicing Carriers.

Initial discussion focused on agencies participating in network clusters to evaluate the operations of networks and the level of independence under which participating agencies function. As requested by the Committee, staff will provide a status report on its most recent research relating to the operations of the network clusters, including the optional and mandatory services provided by the aggregators.

CAC

24.10 Pollution Coverage

At the last meeting, the Committee requested staff to survey the Servicing Carriers about procedures used in determining the application of property (non-hazardous) pollution coverage. Staff will review the survey results, as well as draft amendments to Rule 46, at the meeting. (Docket #CAC24.10, Exhibit #3)

CAC

25.04 New Minimum Compulsory Limits for Policies Effective July 1, 2025 and Later

Staff will provide a status report on actions taken to date to implement new minimum compulsory limits mandated by recent legislation for policies that are issued or renewed on or after July 1, 2025.

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

Attachment

Boston, Massachusetts
March 11, 2025

Commercial Automobile Committee

Review of Pollution Coverage

At the last meeting, staff provided an overview of the pollution statistical codes and a review of the reported statistical data. It was noted that there were significant differences in the volume of exposures and premium dollars among the Servicing Carriers. The data reported with statistical codes indicating Hazardous and Extra Hazardous classes are defined by the FMCSA, and thus those exposure and premium differences could be attributed to the distribution of specific risks. However, the property (non-hazardous) class also showed differences in exposures and premium. The Committee agreed with CAR's recommendation to survey the Servicing Carriers to solicit information on procedures and policies used to determine when pollution coverage is applied to non-hazardous property. The results are as follows:

SC	Percent of Non-Hazardous Exposure and Premium	Procedure for determining the applicability of pollution coverage
A	39% of the total exposure 44% of the total premium	<ul style="list-style-type: none"> • If the MCS-90 is part of a policy, then pollution coverage is required. The FMCSA requirement of \$750,000, \$1,000,000 or \$5,000,000 determines the amount of coverage. • The agent can request that the coverage be removed
B	28% of the total exposure 24% of the total premium	<ul style="list-style-type: none"> • Pollution Coverage is not automatically added to any policy • It will be added if requested by the agent • The underwriter will recommend to the agent adding the coverage for certain risks
C	24% of the total exposure 23% of the total premium	<ul style="list-style-type: none"> • Pollution coverage is applied when the agent requests the coverage. • Agents are encouraged to add this coverage on risks that are required to have an MCS-90 by either the FMCSA or the MA DOT.
D	8% of the total exposure 10% of the total premium	<ul style="list-style-type: none"> • Check FMCSA for minimum liability limit • Pollution coverage added if requested <ul style="list-style-type: none"> ○ if not requested, confirm status with producer • If risk declines, process FMCSA with minimum required limit, rather than limit on the policy • If risk request coverage, confirm type of property being hauled • If risk requests FMCSA filing to reflect policy limit, then pollution coverage is applied to every vehicle on the policy.

The Committee should be prepared to discuss the information provided by the Servicing Carriers and whether it would be beneficial to clarify procedures to ensure the consistent application of

pollution coverage. It should be noted that one Servicing Carrier did comment that it had previously requested that CAR consider instituting a rule or standard regarding the application of pollution coverage when the MCS-90 form is required.

Finally, proposed amendments to Rule 46 Pollution Liability to include current FMCSA requirements had previously been provided to the Committee for review. Staff had requested that committee members confirm the proposed amendments. Additional enhancements will be drafted to enhance consistency among the Servicing Carriers based on the Committee's discussion.

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- C. In all other cases, coverage for loss of or damage to audio, visual and data electronic equipment is available if the equipment is permanently installed in the owned automobile.
- D. Refer to the Common Coverages rate pages in the Rate Section for premium development.

RULE 46. POLLUTION LIABILITY

- A. Coverage for bodily injury or property damage arising out of the discharge of pollutants that are being transported or towed by, loaded onto, or unloaded from or, with the exception of certain fuels, stored, disposed of, treated or processed in or upon a covered automobile is excluded under the Business Auto and Truckers Coverage Forms and the Massachusetts Garage Insurance Policy. Massachusetts Mandatory Endorsement MM 99 11 modifies this exclusion by applying the exclusion to damages payable for bodily injury or property damage that exceed limits of \$35,000 per person, \$80,000 per accident for Bodily Injury and \$5,000 for Property Damage.

- B. Pollution Liability – Broadened Coverage for Covered Automobiles

Business Auto and Truckers Coverage Forms and Massachusetts Garage Insurance Policies shall be endorsed at the option of the insured to delete that part of the pollution exclusion relating to the discharge of pollutants which are being transported or towed by, handled for movement into, onto, or from, the covered automobile, or otherwise in the course of transit by or on behalf of the insured. This extension of coverage does not apply to liability assumed under any contract or agreement. Attach endorsement MM 99 55 for Business Auto and Truckers Coverage Forms, and MM 25 96 for Massachusetts Garage Insurance Policies.

- C. Classes of Pollutants

Pollutants that are contained in any property that is being transported or towed by, or handled for movement into, onto, or from, covered automobiles are classed as follows:

1. Property (Non-Hazardous)
2. Hazardous substances, hazardous materials, and radioactive materials as defined in FMCSA Title 49 CFR Parts 171.8 and

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173.403 and associated appendixes transported in cargo tanks, portable tanks, or hopper-type vehicles with capacities in excess of 3,500 water gallons; including:

a. or in bulk Class A or B explosives,

b. poison gas (Poison A),

c. liquefied compressed gas or compressed gas; or

d. highway route controlled radioactive/radionuclide materials as defined in 49 CFR 173.455.

3. Oil listed in FMCSA Title 49 Part CFR 172.101, and hazardous waste, hazardous materials and hazardous substances defined in FMCSA Title 49 Part CFR 171.8 and listed in Part CFR 172.101, but not mentioned in Section C.2. or Section C.4. of this Rule.

4. Any quantity of Class A or B explosives; any quantity of poison gas (Poison A); or highway route controlled quantity radioactive/radionuclide materials as defined in FMCSA Title 49 Part CFR 173.40355.

D. Premium Development

1. Business Auto or Truckers Coverage Forms

a. Owned Automobiles

(1) Charge an additional 4% of the otherwise applicable compulsory bodily injury, optional bodily injury and property damage premium at policy limits for each covered automobile transporting any substance described in Section C.1. of this Rule.

(2) Charge an additional 9% of the otherwise applicable compulsory bodily injury, optional bodily injury and property damage premium at policy limits for each covered automobile transporting any substance described in Section C.3. of this Rule.

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(3) Charge an additional 24% of the otherwise applicable compulsory bodily injury, optional bodily injury and property damage premium at policy limits for each covered automobile transporting any substance described in Sections C.2. or C.4. of this Rule.

(4) Where more than one class of pollutants is transported by a covered automobile, apply the charge which develops the highest premium.

b. Hired Automobiles

Charge an additional percentage of the otherwise applicable compulsory bodily injury, optional bodily injury, and property damage premium at policy limits for Hired Automobile Coverage. Such percentage is the highest one determined in accordance with Section D.1.a. of this Rule for any covered automobile. Where hired automobiles will transport more than one class of pollutants, apply the charge which develops the highest premium.

2. Garage Policies

Dealers

Charge an additional 4% of the otherwise applicable compulsory bodily injury, optional bodily injury, and property damage premium at policy limits.

RULES 47-50 RESERVED FOR FUTURE USE.