



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

COMMERCIAL AUTOMOBILE COMMITTEE – AUGUST 4, 2022

Members Present

Mr. Thomas DePaulo – Chair	Cabot Risk Strategies, LLC
Mr. Thomas Bird ⁽¹⁾	Acadia Insurance Company
Mr. Donald Bredberg	Norfolk and Dedham Group
Ms. Kristina Broskey	MAPFRE U.S.A. Corporation
Ms. Annmarie Castonguay	The Hanover Insurance Company
Ms. Sheila Doherty	Doherty Insurance Agency, Inc.
Ms. Mary McConnell	Safety Insurance Company
Mr. John Olivieri, Jr.	J.K. Olivieri Insurance Agency, Inc.
Mr. Thomas Skelly, Jr.	Deland, Gibson Insurance Associates, Inc.
Mr. Barry Tagen	Pilgrim Insurance Company
Mr. Mark Winiker	A-Affordable Insurance Agency, Inc.
Mr. David Zawilinski	Arbella Insurance Group

Substituted for:

⁽¹⁾Ms. Sharon Murphy

Not in Attendance:

N/A

22.01 Records of Previous Meeting

On a roll call vote, the Committee unanimously voted to approve the Records of the Commercial Automobile Committee meeting of March 30, 2022. The Records have been distributed and are on file.

19.05 Commercial Residual Market Issues

Ms. Wendy Browne reported that the list of issues impacting the commercial residual market has been updated, noting that the first two items were topics for discussion at today's meeting. These items include the ongoing review of manual Rules and Forms recently adopted by the Automobile Insurance Bureau (AIB), and the proposed taxi/limousine/car service underwriting inspection form.

Ms. Browne noted the new items that had been referred to other committees. More specifically, she reported that the Compliance and Operations Committee will begin discussing statistical reporting implications related to the rating differential for vehicles garaged outside of Massachusetts, which was included in CAR's recently approved rates. Additionally, the Joint Actuarial Commercial Lines Committee will consider alternatives for non-zone rated vehicles at a future meeting.

Continuing, she informed the Committee that the MAIP Steering Committee is discussing changes to the definition of private passenger vehicles to include additional vehicle types, increased Gross Vehicle Weights, and usage in order to address gaps in the residual market eligibility of certain vehicles. Ms. Browne indicated that a change to the commercial manual to add the SUVs to the PPT definition will be addressed in a future filing.

Finally, the Committee was informed that in response to comments and recommendations from Servicing Carriers in their annual reports, staff is researching items for referral to appropriate Committees, and working with Servicing Carriers directly, where applicable. Staff is already addressing certain issues, such as suggested enhancements to the Ineligible Risk Database application,

22.05 AIB Commercial Automobile Insurance Manual and Endorsement Changes

Ms. Natalie Hubley noted that, at its last meeting, the Committee reviewed a number of ISO commercial endorsements that were placed on file by the AIB and concluded that seven of those forms warranted further consideration for the Massachusetts commercial residual market. However, the Committee acknowledged that the more recent endorsement forms are not written to conform with the older policy forms on file for CAR. Therefore, the Committee agreed that a thorough review of the policy forms was necessary to consider implementation of the endorsements being considered. To that end, staff developed a chronology of previous considerations and adoptions of policy forms to assist the Committee with their analysis.

Ms. Hubley stated the chronology demonstrates that, although CAR frequently lags in implementing the latest changes, ISO form updates have been consistently adopted over time, and that CAR typically upgrades its forms when changes and/or endorsements are considered beneficial to the commercial residual market. Ms. Hubley noted examples in the chronology where the Committee considered and adopted newer forms to incorporate such improvements. However, she pointed out that the Committee did not recommend migration from the Truckers policy to the Motor Carrier policy in 2013, noting that the two forms are not substantively different and citing concerns with the hold harmless provisions in the motor carrier coverage form. Lastly, Ms. Hubley noted that in 2016 the Committee similarly did not adopt the Auto Dealers form, concluding that the newer form was not substantively different from the MA garage policy form.

Ms. Hubley advised that staff consulted with AIPSO to identify commercial automobile policy form and endorsement programs in place in other states. Staff learned that the AIPSO states have not adopted either the Trucker form or the Motor Carrier form. These states adopted the Auto Dealers form and employ the Business Auto form and attach relevant trucking endorsements to those forms.

In conclusion, Ms. Hubley summarized alternative approaches to schedule adoption of the newer ISO forms and consideration of endorsements that may benefit the MA residual market.

Recognizing the benefits of the approach employed in the “AIPSO states”, one committee member questioned how coverage would be afforded to trailers under an interchange agreement described as symbols 48 and 49 on the Truckers coverage form. After discussion, the Committee requested that staff and counsel further research the issue and report at the next meeting. Finally, one member also cautioned that impacts to claims and underwriting should also be considered when developing an implementation plan.

22.06 2022 Annual Evaluation of Market Need for ERP Appointments

Mr. John Metcalfe stated that in accordance with Rule 14 – Exclusive Representative Producer Requirements, an applicant for an ERP appointment to a Servicing Carrier must meet the conditions for addressing market need as determined by criteria established by CAR’s Governing Committee. The approved criteria include a provision that an annual assessment be made to determine if a market need exists for appointments. Mr. Metcalfe referenced the materials attached to the Notice of Meeting to assist the Committee in evaluating accessibility to the residual market throughout the Commonwealth through producers experienced in servicing all classes of commercial automobile risks. He indicated that the Committee should focus on determining whether there exists a market need for the appointment of an ERP without a voluntary commercial automobile contract and developing a recommendation for the annual determination of market need for the Governing Committee’s consideration.

Mr. Metcalfe noted that although there had been some inquiries relative to requests for appointment over the past months, a small number of appointments have been made for producers having voluntary commercial automobile contracts. The Committee observed that the current data reflects results similar to that of the prior year and concluded that there exists ample access to the residual market through qualified producers throughout the Commonwealth with experience servicing complex commercial risks.

Accordingly, on a roll call vote, the Committee unanimously voted to recommend to the Governing Committee that a market need does not exist for the appointment of new non-voluntary contracted ERPs at this time.

22.07 Taxi/Limo/Car Service Underwriting Inspection Forms

Ms. Tiffany Manning stated that at the prior meeting, the Committee directed staff to develop an inspection form for taxi, limousine, and car service residual market policies as a previous vendor is no longer providing this service to the industry. A common form would help to ensure consistency among the Servicing Carriers in fulfilling the inspection requirement. Ms. Manning referenced the memorandum distributed with the agenda, noting that staff had developed a draft version for the Committee’s consideration that reflected recent changes to the MAP and Statistical Plan to account for the combining of the two servicing carrier programs and growth in TNC coverage, as well as comments from the Servicing Carrier Annual Reports. She noted that the draft included additional questions that focus on information necessary to determine risk classification which might impact rating. Ms. Manning acknowledged that several of the suggested questions are also included in the application and that the Servicing Carriers may find these redundant; however, staff noted that the inspection form could be used as back-end verification of key rating characteristics.

Servicing Carriers noted that vehicles are not typically brought for inspection by the applicant. Therefore, the application signed and attested to by the insured is the better source document. Accordingly, the Committee recommended removing those items that are redundant to the application to avoid discrepancies. The Committee also suggested several amendments to the draft including formatting improvements and elimination of redundant questions.

Finally, concern was raised relative to risks that fail to comply with the inspection. It was suggested that some type of notification, such as a lock-out letter that initiates cancellation be used in response to such actions.

Staff indicated that the draft inspection form would be amended to include the suggested changes and an updated draft will be provided to the Committee for consideration at the next meeting.

TIMOTHY GALLIGAN
Director of Actuarial and Statistical Services

Boston, Massachusetts
August 17, 2022

ATTACHMENT LISTING

Docket #CAC22.02, Exhibit #3

Attendance Listing

**COMMERCIAL AUTOMOBILE COMMITTEE MEETING
 MEETING ATTENDEES
 AUGUST 4, 2022**

Individual's Name

Company / Agency

PLEASE PRINT

Mr. Thomas DePaulo	Cabot Risk Strategies, LLC
Mr. Donald Bredberg	Norfolk and Dedham Group
Ms. Kristina Broskey	MAPFRE U. S. A. Corporation
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Mr. Barry Tagen	Pilgrim Insurance Company
Mr. Mark Winiker	A-Affordable Insurance Agency, Inc.
Mr. David Zawilinski	Arbella Insurance Group
Mr. John Magadieu	Arbella Insurance Group
Ms. Linda Zarella	Arbella Insurance Group
Mr. John Elstermeyer	Arbella Insurance Group
Mr. William Scully	AIB
Mr. Peter Barton	Safety Insurance Company
Mr. Benjamin Hincks	TSH & D – CAR Counsel
Mr. Steven Torres	TSH & D – CAR Counsel
Mr. Mark Alves	CAR Staff
Ms. Wendy Browne	CAR Staff
Ms. Shannon Chiu	CAR Staff
Mr. Richard Dalton	CAR Staff
Mr. Timothy Galligan	CAR Staff

**COMMERCIAL AUTOMOBILE COMMITTEE MEETING
MEETING ATTENDEES
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Individual's Name

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Mr. Matthew Hirsh	CAR Staff
Ms. Natalie Hubley	CAR Staff
Ms. Tiffany Manning	CAR Staff
Mr. John Metcalfe	CAR Staff
Ms. Katy Proctor	CAR Staff
Mr. James Robery	CAR Staff
Ms. Lynne Rosenburg	CAR Staff
Ms. Alison Ruggiero	CAR Staff
Ms. Robin Tigges	CAR Staff
Mr. Jacob Vieira	CAR Staff