



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

COMMERCIAL AUTOMOBILE COMMITTEE – MARCH 28, 2024

Members Present

Mr. Thomas DePaulo – Chair	Cabot Risk Strategies, LLC
Ms. Annmarie Castonguay	The Hanover Insurance Company
Ms. Sheila Doherty	Doherty Insurance Agency, Inc.
Ms. Mary McConnell	Safety Insurance Company
Ms. Sharon Murphy	Acadia 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. David Zawilinski	Arbella Insurance Group
Mr. Jesse Zimmerman	MAPFRE U.S.A. Corporation

Substituted for:

N/A

Not in Attendance:

Mr. Tiago Prado, BRZ Insurance, LLC

24.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Commercial Automobile Committee meeting of February 1, 2024. The Records have been distributed and are on file.

23.04 Eligibility of Peer-to-Peer Vehicle Sharing Programs

The Committee continued discussion regarding the eligibility for cession of risks engaged in peer-to-peer vehicle sharing programs.

In advance of this meeting, Committee members were provided a proposed industry survey drafted by staff that will inquire about the approach companies take regarding insuring peer-to-peer ride sharing vehicles in the voluntary market. Ms. Wendy Browne presented the survey, briefly detailing its contents and specific inquiries into companies' current engagement with peer-to-peer vehicle sharing. Ms. Browne then opened the topic for discussion and feedback regarding the proposed survey.

Ms. Mary McConnell addressed the format of the survey, suggesting that an excel format would be ideal for viewing company responses to which Ms. Browne replied that staff plans to create a writeable PDF on CAR's website. Companies would then receive a link to access the survey and submit responses.

Ms. Sharon Murphy suggested adding a question regarding whether companies actively exclude peer-to-peer ride sharing vehicles. She opined that the difference between active and passive exclusion of coverage for these vehicles is significant and helpful in further understanding companies' approaches to this coverage. Staff resolved to add this question to the survey before finalizing it for distribution.

In addition to the proposed survey, staff provided the Committee with findings from other states' residual market programs regarding coverage of peer-to-peer ride sharing vehicles. Of the 21 plans reviewed, all specifically exclude vehicle sharing in the private passenger market. On the commercial side, 15 plans exclude the commercial coverage of vehicle sharing via the Leasing and Rental Concern Rule, one plan excludes vehicle sharing in its Private Passenger Type rating, and five plans are silent on the matter.

23.08 Default Radius Standardization

The Committee continued its discussion of the default procedures for determining radius and geographic classification in the absence of credible documentation in Chapter X of CAR's Manual of Administrative Procedures. The current proposal would use the higher of two options discussed by the Committee. For option 1, the intermediate radius class, Ms. Lynne Rosenberg informed the Committee that the proposal includes updating the use of rating territory from territory 10 to the highest rated territory, to be consistent with the intent of the procedure. For option 2, the zone combination radius class, Ms. Rosenberg reviewed a base rate liability comparison to the zone rating combinations for Boston to New York City and Boston to Los Angeles/San Francisco, with the latter suggestion intended to reduce any potential conflicts with claims processing. The Committee agreed that the premium difference of the two zone combinations is minimal, and that the use of Los Angeles/San Francisco would avoid potential claims handling issues.

After discussion, the Committee unanimously voted to recommend the revised options that include the highest rated territory for the intermediate radius class for option 1, and the zone combination of Boston to Los Angeles/San Francisco for option 2, with the final radius and geographic class to be determined by the higher of the two options.

Mr. Barry Tagen suggested a clarification to the introductory paragraph of the procedures to change "principal garaging and principal operation" to "principal garaging and/or principal radius of operation. **The Committee approved this change and unanimously voted to recommend Governing Committee approval of the proposed changes to Chapter X of the Manual of Administrative Procedures as amended** (Docket #CAC23.08, Exhibit #4).

23.09 Consistency in Determining Classification

The Committee continued its discussion of issues impacting the consistency among Servicing Carriers in determining the classification of certain public vehicles.

Ms. Browne noted that staff outlined topics for consideration in addressing certain cases. She indicated that because mixed use scenarios have been identified as challenging in determining a consistent classification, one option the Committee may contemplate is to modify the 80/20 rule and/or introduce a liability rating factor to address instances where the secondary usage represents a widely different exposure.

After discussion, Servicing Carriers advised that the mixed use scenario is not a significant concern. The committee members therefore favored addressing the lack of documentation.

To that end, Ms. Browne noted that committee members have cited inconsistencies in classifying school bus risks when contracts are not yet available at policy inception. Ms. Browne recommended developing a standard to address the lack of documentation with a standard default classification procedure, consistent with that used in the determination of radius class. Mr. Tagen suggested using the bus NOC classification if there is no documentation and reclassifying the exposure under certain circumstances when documentation is later available. After a brief discussion, the Committee agreed and directed the staff to draft the procedures for the Committee to review at its next meeting.

Ms. Browne presented other underwriting questions that staff have received recently, including the classification for vehicles owned by the day care centers and the rating territory for non-zone rated vehicles. Mr. Tagen commented that day care centers are not the same as schools or social service agencies. Therefore, he recommended classifying those as bus NOC. After discussion, staff resolved to clarify the definition of bus NOC in the rating manual rules.

The Committee continued the discussion with rating territory for non-zone rated vehicles. CAR staff had been asked if the definition of “operating” applies only when the vehicle is actually transporting clients to define the highest rated territory. Ms. Beth Poplawski pointed out the difficulty of verifying whether the vehicle operates with passengers or not at certain points as well as the points being driven through. Companies often used the start and end points to define the highest rated territory instead of using the highest rated territory “through which or in which” the vehicle operates. Mr. John Olivieri suggested that a guideline is needed, for example, to define the highest rated territory using a straight line from the start to end points. After discussions, the Committee directed staff to research other states’ residual market manuals to identify options for continued Committee discussion.

24.04 On Hook Towing Coverage

The Committee discussed adopting the on-hook coverage endorsement CA 04 52 11 20 sooner than the originally proposed 1/1/2027 effective date for the new policy coverage forms. Ms. Katy Proctor informed the Committee that since the coverage is an endorsement to the Business Auto Policy, it could be adopted sooner. Members were in favor of a more timely adoption of the endorsement to provide clarity of coverage for claims handling. However, the members expressed concern with certain risks seeking this coverage to which it may not apply and suggested clear specifications when drafting rules addressing eligibility for the on-hook towing coverage. Ms. Browne noted that staff will further review the endorsement language and its draft rule to consider additional clarification for discussion by the Committee at its next meeting.

TIMOTHY GALLIGAN
Actuarial and Statistical Services Director

Boston, Massachusetts
April 3, 2024

ATTACHMENT LISTING

Docket #CAC24.02, Exhibit #3

Attendance Listing

Docket #CAC23.08, Exhibit #4

Manual of Administrative Procedures – Chapter X Amended

**COMMERCIAL AUTOMOBILE COMMITTEE MEETING
MEETING ATTENDEES
MARCH 28, 2024**

Individual's Name

Company / Agency

PLEASE PRINT

Thomas DePaulo	Cabot Risk Strategies, LLC
Annmarie Castonguay	The Hanover Insurance Company
Sheila Doherty	Doherty Insurance Agency, Inc.
Mary McConnell	Safety Insurance Company
Sharon Murphy	Acadia Insurance Company
John Olivieri, Jr.	J.K. Olivieri Insurance Agency, Inc.
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David Zawilinski	Arbella Insurance Group
Jesse Zimmerman	MAPFRE U.S.A. Corporation
Peter Barton	Safety Insurance Company
Linda Zarella	Arbella Insurance Group
John Magadieu	Arbella Insurance Group
Beth Poplawski	MAPFRE U.S.A. Corporation
Mary Ellen Thompson	Division of Insurance
Benjamin Hincks	TSH & D – CAR Counsel
Steven Torres	TSH & D – CAR Counsel
Kathy Cormier	MAIA
Nick Fyntrilakis	MAIA
Monique Miller	AIB
Wendy Browne	CAR Staff
Shannon Chiu	CAR Staff
Richard Dalton	CAR Staff
Adrienne Donovan	CAR Staff

**COMMERCIAL AUTOMOBILE COMMITTEE MEETING
MEETING ATTENDEES
MARCH 28, 2024**

Individual's Name

Company / Agency

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Timothy Galligan	CAR Staff
Matthew Hirsh	CAR Staff
Natalie Hubley	CAR Staff
Cheryl Kopas	CAR Staff
Katy Proctor	CAR Staff
Tiffany Manning	CAR Staff
James Robery	CAR Staff
Alison Ruggiero	CAR Staff
Evan Ross	CAR Staff
Lynne Rosenburg	CAR Staff
Robin Tigges	CAR Staff

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/or principal radius of operation, the Servicing Carrier will perform two separate calculations and select the classification with the highest resulting premium.

CAR | **Manual of Administrative Procedures**
Chapter X | **Servicing Carrier and Exclusive Representative**
Revision Date | **2021.12.03**
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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 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
<u>Zone Combination</u>	N/A
Rating Territory	Assign <u>Rating Territory 10 highest rated territory</u>

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