



NATALIE A. HUBLEY  
PRESIDENT

## COMMONWEALTH AUTOMOBILE REINSURERS

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### RECORDS OF MEETING

#### COMMERCIAL AUTOMOBILE COMMITTEE – NOVEMBER 1, 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.
Mr. Andrew Lajzer	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

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 August 1, 2024. The Records have been distributed and are on file.

#### CAC

#### 24.06 Producer Checklist for Residual Market Forms

The Committee reviewed an updated version of the proposed New Business Underwriting Checklist developed to assist producers in complying with the requirements for submitting new business risks for cession to the residual market. The checklist has been revised to reflect Committee feedback from the prior meeting. Ms. Lynne Rosenburg noted that these revisions included an item to verify there is no owed premium with the Registry of Motor Vehicles, an item for producers to obtain copies of the loss runs, an item to use the Additional Insured Massachusetts Endorsement Form if applicable, and revisions to fully spell out several acronyms originally included in the checklist. Ms. Sheila Doherty indicated that the checklist was very comprehensive and would be an asset to the agent community. Accordingly, there was a consensus within the Committee to accept the revised checklist, and to distribute a Bulletin once the checklist has been added to CAR's website.

CAC

#### **24.07 Proposed Amendments to CAR Rules and Manuals for New Coverage Forms**

As part of its ongoing effort to implement the new policy coverage and endorsement forms, Ms. Wendy Browne reviewed proposed amendments to Rule 6 – Coverages of the Rules of Operations, as included with the meeting materials provided to the Committee.

Among these proposed changes, Rule 6 was restructured to address commercial auto risks first in the manual so that common coverages applicable to all risks could be referenced more easily, followed by coverage for taxi classifications and the re-titled Garage/Auto Dealers sections. Further amendments in the restructured Rule include:

- An update to the Medical Payment limit under Commercial Motor Vehicle Insurance to indicate that the coverage limit varies depending on the vehicle type.
- Bullets for Towing and Labor and Substitution Transportation coverages have been eliminated as the coverages are optional and not available to all vehicle types.
- Taxi Cab coverages have been separately listed for easier readability.

More substantial changes were made to the Garage and Auto Dealers Policy section of the Rule. Ms. Browne noted that the heading of this section had been updated to add two new subsections: one reflecting coverage for policies effective prior to January 1, 2027 which are applicable to risks written on the garage coverage form, and the other for policies effective 2027 and subsequent which will be written on the Auto Dealers coverage form. Additionally, coverage descriptions were broken down for improved clarity, medical payment coverages were added to the section, and the coverage for “Other Covered Autos” under Garage and Auto Dealers was renamed for consistency with the policy form name. The reference to endorsement CA 25 36 was removed because it is an optional endorsement under the Auto Dealers’ Policy. Under Garage Keepers coverage, the Auto Dealers’ Physical Damage coverage was added in addition to a sentence indicating that Garage Keepers coverage is automatically included under the Auto Dealers form. Finally, the Auto Dealers’ Collision coverage was included for a more consistent and complete listing.

The Committee then voted unanimously to recommend approval of the proposed amendments to the Rules of Operations. Ms. Browne indicated that similar updates to the Manual of Administrative Procedures and possibly the Commercial Automobile Insurance Manual will be presented to the Committee at a future meeting.

CAC

#### **24.08 Review of Standards for Validating the “Nerve Center” Principal Place of Business**

The Commercial Automobile Committee has been asked to review the standards for validating the principal place of business and discuss whether changes are needed to account for the rise in remote work across the industry since the Covid-19 pandemic.

Ms. Rosenberg opened the discussion with a brief overview of the issue, noting that in 2018, the Rule 2 definition of principal place of business was amended to add the nerve center concept. The Committee then adopted standards for validation of a risk’s principal place of business to ensure its eligibility for placement in the residual market set forth in Bulletin 1055 and later incorporated into Chapter X of the Manual of Administrative Procedures. Ms. Rosenberg summarized the standards before turning the discussion over to the Committee.

After some discussion relative to the details of the current standards, Mr. Tom Skelly opined that the standards established in 2018 are comprehensive, and that any issues of uncertainty in a risks' principal place of business should be unique at this point and thus more appropriately evaluated on a case-by-case basis. Mr. David Zawilinski concurred with Mr. Skelly's point, as did other Committee members, thus the Committee agreed to recommend no changes to the existing standards.

## **CAC**

### **24.09 Assignment Procedures for Affiliated Producers**

Ms. Rosenberg advised that the Commercial Program Oversight Committee has discussed alternative producer assignments procedures with the goal of minimizing market disruption during a redistribution of the ceded books of business. She explained that in the current environment of increased agency network participation and merger and acquisition activity, this goal has become increasingly difficult. Accordingly, the issue has been referred to this Committee to evaluate the feasibility of changes to assignment procedures for affiliated producers set forth under Rule 14.A.2.

Ms. Rosenberg explained that pursuant to the Rule, affiliated producers are assigned to a single Servicing Carrier. To assist the Committee in its discussion, she also provided information on the types and volume of the non-affiliated and affiliated agencies and CAR's current reassignment guidelines.

The Committee members recognized that merger and acquisition activity has resulted in large agencies comprised of smaller entities that no longer act independently. For this reason, the Committee initially focused its discussion on agencies participating in network clusters, under which entities referred to as aggregators provide a range of services to its members. Staff explained that under the current Rule, each network cluster is assigned to a single Servicing Carrier to prevent the ability for carrier shopping through broker-like activities. In some but not all instances, the aggregator also has an ERP appointment with the Servicing Carrier. Further, staff explained that because of the size of the network affiliations, these groups are not reassigned during a redistribution due to the disruptive impact of moving large volumes of ceded business.

Committee members noted that the nature of the relationship between the agencies participating in the network and its aggregator varies among networks. Some offer central marketing and processing services that may or may not be optional to its participants. Other network aggregators do not provide this centralized service. In order to evaluate the extent to which the agencies engaged with an aggregator operate independently, CAR must understand the operations of each network that it defines as an affiliated group for assignment purposes. It was suggested that the Committee will then be in a better position to evaluate the feasibility of alternative assignment procedures. For these reasons, staff was directed to further research the operations of the network clusters, including the optional and mandatory services provided by the aggregators and report back at a future meeting.

Ms. Doherty pointed out that the growth in both the merger and acquisition activity as well as the network clusters has created a disadvantage in the redistribution process for the smaller independent agencies. She suggested that the Committee consider the feasibility not only of assigning network participants as independent agencies but also of assignment of larger affiliated groups to multiple Servicing Carriers using geographic or other criteria. She asked that, for future discussion, staff provide additional clarification of the objectives to be accomplished.

**24.10 Pollution Coverage**

Ms. Browne advised the Committee that in response to concerns raised over potential inconsistencies in the application of pollution coverage among Servicing Carriers, along with CAR's transition to the new policy coverage forms and endorsements, staff reviewed the current pollution requirements described in the CAR Rules of Operation, Manual Rules and the policy forms and endorsements, and a summary was provided in the additional information.

First, Ms. Browne summarized pollution references included in the policy coverage and endorsement forms, highlighting that the Business Auto Coverage and Auto Dealers Coverage Forms exclude pollution. She noted that the Massachusetts Mandatory Endorsement and Auto Dealers Massachusetts Mandatory Endorsement provide limited coverage to cover pollution by modifying the exclusion to apply only when the statutory limits are exceeded, and that the additional endorsements are available to add back specific pollution coverage.

Next, Ms. Browne reviewed pollution references included in the three CAR manuals. She recommended that reference to endorsement CA 25 36 be removed from Rule 6 – Coverages of the Rules of Operation, as it provides optional coverage, and the Massachusetts Mandatory Endorsements provide the statutorily required minimum pollution coverage. Ms. Browne reviewed draft amendments to Rule 46 – Pollution Liability in the Commercial Auto Insurance Manual highlighting the modifications in Part D - Class of Pollutants as well as including appropriate FMCSA references. She requested that committee members with knowledge of pollution coverage requirements review the draft changes and provide feedback at the next meeting. Lastly, Ms. Browne recommended changes to Chapter V - Premium in the Manual of Administrative Procedures to note that Servicing Carriers are required to comply with all FMSCA filing requirements. She advised that the draft amendment will be finalized at a future meeting based on Committee feedback.

Ms. Browne gave an overview of the pollution statistical codes in the commercial statistical plan and a review of the reported statistical data. She noted significant differences in the volumes of exposures and premium dollars among the Servicing Carriers. The data reported with statistical code values indicating Hazardous and Extra Hazardous classes of pollutants are defined by the FMCSA and those exposure and premium differences could be attributed to the differences in the distribution of specific risks. However, the property (non-hazardous) class also showed differences in exposures and premiums among the Servicing Carriers that could also be due to differences in how pollution coverage requirements are determined by each Servicing Carrier. Ms. Browne recommended that staff survey each Servicing Carrier to solicit information on procedures or policies used to determine when pollution coverage is applied for non-hazardous property. Based on the survey results the Committee can then evaluate whether inconsistencies exist among the Servicing Carriers and if standards should be developed.

After brief discussion, the Committee was in favor of CAR's recommendation to survey the Servicing Carriers. Ms. Browne informed the Committee that company responses would not be made public, but staff will summarize the information in a way to identify the underwriting approaches.

TIMOTHY GALLIGAN  
Actuarial and Statistical Services Director

Boston, Massachusetts  
November 14, 2024

**ATTACHMENT LISTING**

Docket #CAC24.02, Exhibit #6

Attendance Listing

**COMMERCIAL AUTOMOBILE COMMITTEE MEETING  
MEETING ATTENDEES  
NOVEMBER 1, 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.
Andrew Lajzer	Safety Insurance Company
Sharon Murphy	Acadia Insurance Company
John Olivieri, Jr.	J.K. Olivieri Insurance Agency, Inc.
Thomas Skelly	Deland, Gibson Insurance Associates, 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
Matthew Devine	Arbella Insurance Group
Kathy Cormier	MAIA
Laura Poulin	MAIA
Mark Winiker	A-Affordable Insurance Agency, Inc.
Mary Ellen Thompson	Division of Insurance
Benjamin Hincks	TSH & D – CAR Counsel
Steven Torres	TSH & D – CAR Counsel
Kylee Morfitt	MAPFRE U.S.A Corporation
Monique Miller	AIB
Mark Alves	CAR Staff
Wendy Browne	CAR Staff
Shannon Chiu	CAR Staff
Richard Dalton	CAR Staff

**COMMERCIAL AUTOMOBILE COMMITTEE MEETING  
MEETING ATTENDEES  
NOVEMBER 1, 2024**

Individual's Name

Company / Agency

PLEASE PRINT

Adrienne Donovan	CAR Staff
Timothy Galligan	CAR Staff
Steven Gautieri	CAR Staff
Matthew Hirsh	CAR Staff
Cheryl Kopas	CAR Staff
Katy Proctor	CAR Staff
Tiffany Manning	CAR Staff
James Robery	CAR Staff
Evan Ross	CAR Staff
Lynne Rosenberg	CAR Staff
Robin Tigges	CAR Staff