



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

COMMERCIAL AUTOMOBILE COMMITTEE – JULY 18, 2025

Members Present

Mr. Thomas DePaulo – Chair	Cabot Risk Strategies, LLC
Mr. Michael Brady ⁽¹⁾	Pilgrim Insurance Company
Ms. Annmarie Castonguay	The Hanover Insurance Company
Mr. Andrew Lajzer	Safety Insurance Company
Ms. Sharon Murphy	Acadia Insurance Company
Mr. John Olivieri, Jr.	J.K. Olivieri Insurance Agency, Inc.
Mr. Tiago Prado	BRZ Insurance, LLC
Ms. Allison Ratliff	MAPFRE U.S.A. Corporation
Mr. Thomas Skelly, Jr.	Deland, Gibson Insurance Associates, Inc.
Mr. David Zawilinski	Arbella insurance Group

Substituted for:

⁽¹⁾Mr. Barry Tagen

Not in Attendance:

Ms. Sheila Doherty, Doherty Insurance Agency, Inc.

25.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Commercial Automobile Committee meeting of March 27, 2025. The Records have been distributed and are on file.

25.03 CAR Conflict of Interest Policy

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

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

Ms. Wendy Browne indicated that in anticipation of the CAR filing effective 1/1/2027 that includes the new coverage forms, additional endorsement updates will be provided for Committee discussion. Ms. Browne directed the committee's attention to seven endorsements that have been updated due to the changes to the compulsory limits. Ms. Browne then requested the Committee's direction regarding other coverage and endorsement forms recently placed on file by the AIB, including Pick Up and Delivery of Auto, Auto Hacking Expense Coverage, and Other Exclusionary endorsements.

Mr. David Zawilinski recommended adopting the exclusionary endorsements, noting that these are commonplace in the auto market. He also recommended that potential exposures including PFAS and Silica-dust related liability exposures be covered elsewhere than the auto coverage. Most committee members agreed that adoption of the exclusionary endorsements is appropriate for the residual market and that these non-auto exposures should be covered in other lines of business.

Mr. Mike Brady pointed out the low volume of ceded risks opting for False Pretense Coverage and Drive Away Collision Coverage and suggested that use of new endorsements would be similarly low, not justifying the implementation expense. Ms. Browne confirmed that in 2024 these two endorsements were each present on less than thirty ceded policies, with less than \$25,000 in associated premium. While several members agreed that the two non-exclusionary endorsements are not needed at this time, Ms. Allison Ratliff questioned whether the Auto Hacking endorsements should be adopted given technological advancements. However, Ms. Sharon Murphy pointed out that the endorsement provides expense coverage only rather than bodily injury. Ms. Browne responded that there is no critical need at this time and suggested that CAR include the Auto Hacking endorsement on the list of topics for future consideration. Staff may then provide committee members with a copy of the endorsement and other pertinent information for discussion at a future meeting. Mr. Zawilinski asked the committee to consider introducing the Punitive Damage exclusionary endorsement as well.

After discussion, the Committee voted unanimously to recommend adoption of the seven updated endorsements for the change to compulsory limits and the three exclusionary endorsements for policies effective 1/1/2027 and later.

Continuing, Ms. Browne informed the Committee that, in December, the Division of Insurance approved proposed amendments to Rule 6 – Coverages for updated references to the new policy and endorsement forms. In order to ensure consistency within CAR manuals, the Committee is now asked to consider recommended changes to Chapter V – Premium of the Manual of Administrative Procedures. She noted that the updates consisted of formatting changes to improve the readability, terminology updates and a reorganization of the coverages to maintain consistency with Rule 6. Also, the table of the policy forms and endorsements is eliminated as these forms are now included in the Commercial Automobile Insurance Manual.

The Committee unanimously voted to recommend Governing Committee approval of the proposed changes to Chapter V – Premium of the Manual of Administrative Procedures.

24.09 Assignment Procedures for Affiliated Producers

At the last meeting, the Committee requested that CAR staff inquire with the Servicing Carriers on operations of the agency networks, and the carriers' perspectives on the Committee's consideration of several options being discussed for potential changes to the redistribution process. These options include considering the network participants as independent agencies, assignment of the larger participating groups to multiple Servicing Carriers based upon geographic location or a similar criterion, and the assignment of residual market business on a rotational basis.

Ms. Lynne Rosenberg informed the Committee that Staff had discussions with the four Serving Carriers, as well as representatives from two networks. Ms. Rosenberg summarized the main takeaways of these conversations including:

- Some suggested that the agencies participating in network clusters typically work independently. Therefore, they saw no issue with the member agencies being assigned to multiple Servicing Carriers.
- None of the Servicing Carriers or the network representatives were concerned with brokering, and although they acknowledged that brokering could happen, it is unlikely.
- Others commented that one network is more involved with the day-to-day operations of its members' agencies and therefore should be assigned to a single Servicing Carrier.
- The networks have a strong vetting process for new agencies, and they only allow well established and successful agencies into the network.
- There was consensus among the Servicing Carriers on the importance of agencies staying with the assigned Serving Carrier based on relationships established and built over time. To preserve those relationships, they are not in favor of splitting the networks among Servicing Carriers.
- With regard to splitting up larger agencies based on some criteria, for example geographic location, two Servicing Carriers felt that it was too complicated and were not in favor.
- Three of the four Servicing Carriers opposed a procedure to assign new business on a rotational basis, citing loss of producer oversight, making it more difficult to identify fraudulent behavior.

Ms. Rosenberg noted that during the discussions, some possible recommendations were raised to be considered for future redistributions, including:

- The sharing of DEC pages and other documentation by the Servicing Carriers would facilitate the transitions.
- Enhancements to CAR's website to provide more information when a redistribution occurs, so that all parties involved understand the process, the relevant dates, and procedures that are necessary.

Ms. Rosenberg informed the Committee that because this is such an important and challenging issue, an Ad Hoc Committee has been established to discuss alternatives and potential solutions for future redistributions to ease the impact on producers and Servicing Carriers. Therefore, this agenda item is being transferred to the new Ad-Hoc Committee, set to meet in mid-August.

Mr. Prado asked if there could be consideration of a more dynamic criteria for ERP appointments in underserved regions. He also noted that some clusters and agencies come out of a redistribution at an advantage to other agencies and suggested this issue be considered. He also noted concern that guidelines including underwriting and document collection should be the same for all Servicing Carriers. It was noted that these issues will be among those for discussion by the Ad Hoc Committee.

Mr. Skelly noted his concern with the potential for brokering if networks are assigned to multiple Servicing Carriers in spite of others suggesting it is not likely. He commented that multiple assignments essentially enable the agencies to shop for a desired Servicing Carrier through brokering, while agencies not in a network do not have that option.

Mr. Olivieri advised that the Ad Hoc committee has been set up well in advance of the next RFP to address all assignment and redistribution issues in an effort to find solutions that work for all parties involved.

24.10 Pollution Coverage

Ms. Browne introduced the topic of Pollution Coverage with a brief review of the Committee's discussions over the past several meetings. At its last meeting, the Committee reached consensus that, if the MCS-90 is required on a policy, then the corresponding pollution coverage should be required. Ms. Browne then presented the Committee with amendments to Rule 46 – Pollution Liability of the Commercial

Auto Manual containing additional language to require pollution liability coverage if the MCS-90 Endorsement for Motor Carriers is required for vehicles subject to the higher limit by the Motor Carrier Act.

Ms. Browne noted that additional changes to the language and classes of pollutants to better follow the language used by the Federal Motor Carrier Services Administration (FMCSA) were included in Rule 46, but these updates do not change any requirements.

After a brief discussion, the Committee agreed to implement these changes upon approval by the Division of Insurance. **Accordingly, the Committee unanimously voted to recommend Governing Committee approval of the proposed amendments to Rule 46, to be effective upon approval of the Division of Insurance.**

Ms. Browne then presented the Committee with a change to the Manual of Administrative Procedures, specifically to Chapter III – Servicing Carrier Responsibilities, which would add a new item to the Servicing Carrier responsibilities. This item emphasizes that Servicing Carriers are required to maintain access with the FMCSA in order to ensure the required filings on behalf of their ceded risks.

Mr. Zawilinski concurred with this amendment, but he also noted that certain circumstances arise that disrupt this access and can be challenging to rectify. Mr. Lajzer voiced his agreement with Mr. Zawilinski's comment regarding the lack of control a Servicing Carrier may have in some circumstances.

Further discussion ensued regarding the wording of this requirement with several other Committee members suggesting alternate/additional language to account for circumstances out of the carrier's control. Many members affirmed support for the added emphasis to the manual, but concern persisted over how the wording of this amendment might imply when uncontrollable circumstances could leave Servicing Carriers at fault for failing to comply.

Ms. Browne noted the negative impacts to the risk when access to the FMCSA is lost and needed insurance certifications cannot be filed. Furthermore, Ms. Browne clarified that the intent of this amendment is not to address one-off situations where access is lost due to extenuating circumstances but rather to ensure consistent effort on the carriers' behalf in maintaining this connection.

After discussion, The Committee voted unanimously to recommend Governing Committee approval of the amendment to Chapter III – Servicing Carrier Responsibilities requiring Servicing Carriers to maintain their access to the FMCSA.

25.05 2025 Annual Evaluation of Market Need for ERP Appointments

Mr. Richard Dalton 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. Dalton noted that attached to the Notice of Meeting were data reports to assist the Committee in evaluating accessibility to the residual market throughout the Commonwealth utilizing producers experienced in servicing all classes of commercial automobile risks. He indicated that the Committee should focus on determining whether a market need exists for the appointment of an ERP without a voluntary commercial automobile contract to develop a recommendation for the annual determination of market need for the Governing Committee's consideration.

Mr. Dalton informed the Committee that during the past year, there have been 7 new ERP appointments made to producers with a voluntary contract in place, and 2 requests from producers without voluntary contracts that were not approved. There are currently 3 requests pending. The Committee observed that the current data reflects results similar to the prior year. The Committee concluded that there continues to exist ample access to the residual market through qualified producers throughout the Commonwealth with experience servicing complex commercial risks.

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.

TIMOTHY GALLIGAN
Actuarial and Statistical Services Director

Boston, Massachusetts
August 13, 2025

ATTACHMENT LISTING

Docket #CAC25.02, Exhibit #2

Attendance Listing

**COMMERCIAL AUTOMOBILE COMMITTEE MEETING
MEETING ATTENDEES
JULY 18, 2025**

Individual's Name

Company / Agency

PLEASE PRINT

Thomas DePaulo	Cabot Risk Strategies, LLC
Annmarie Castonguay	The Hanover Insurance Company
Andrew Lajzer	Safety Insurance Company
Sharon Murphy	Acadia Insurance Company
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Michael Brady	Pilgrim Insurance Company
David Zawilinski	Arbella Insurance Group
Allison Ratliff	MAPFRE U.S.A. Corporation
Peter Barton	Safety Insurance Company
Michael Brady	Pilgrim Insurance Company
John Magadieu	Arbella Insurance Group
Kylee Morfitt	MAPFRE U.S.A. Corporation
Benjamin Hincks	TSH & D – CAR Counsel
Steven Torres	TSH & D – CAR Counsel
Monique Miller	AIB
Mark Alves	CAR Staff
Wendy Browne	CAR Staff
Shannon Chiu	CAR Staff
Richard Dalton	CAR Staff
Adrianne Donovan	CAR Staff
Timothy Galligan	CAR Staff
Steven Gautieri	CAR Staff

**COMMERCIAL AUTOMOBILE COMMITTEE MEETING
MEETING ATTENDEES
JULY 18, 2025**

Individual's Name

Company / Agency

PLEASE PRINT

Richard Heath	CAR Staff
Matthew Hirsh	CAR Staff
Natalie Hubley	CAR Staff
Cheryl Kopas	CAR Staff
Tiffany Manning	CAR Staff
Katy Proctor	CAR Staff
Evan Ross	CAR Staff
Lynne Rosenberg	CAR Staff
Robin Tigges	CAR Staff