



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

COMPLIANCE AND OPERATIONS COMMITTEE – NOVEMBER 6, 2024

Members Present

Ms. Erin Cummings– Chair
Mr. Thomas Bird ⁽¹⁾
Ms. Jean Emmons ⁽²⁾
Ms. Annmarie Hassan
Ms. Nicole Martorana
Mr. Henry Risman
Mr. Barry Tagen
Mr. Christopher Taylor
Ms. Brenda Williams

Norfolk and Dedham Group
Acadia Insurance Company
Allstate Insurance Company
Arbella Insurance Group
FBInsure
Risman Insurance Agency, Inc.
Pilgrim Insurance Company
The Hanover Insurance Company
MAPFRE U.S.A. Corporation

Substituted for:

⁽¹⁾ Ms. Sharon Murphy

⁽²⁾ Mr. Kenneth Yeh

Not in Attendance:

Mr. Thomas Harris, Quincy Mutual Group

24.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Compliance and Operations Committee meeting of September 4, 2024. The Records have been distributed and are on file.

24.04 Informational Items

Ms. Wendy Browne informed the members that the proposed updates to Chapter X – Quota Share and Credit Programs of the Assigned Risk Company (ARC) Procedures Manual pertaining to the sale and transfer of excess credits were approved by the Governing Committee at its September 17, 2024 meeting. Those changes have been incorporated into the ARC Procedures Manual that is available on CAR's website and a bulletin was distributed in late September to notify the industry of the changes.

Ms. Browne also noted that the process for advisory committee appointments for 2025 is ongoing. CAR anticipates having the committee appointments finalized by the end of the year in advance of the 2025 committee meetings. Ms. Browne also indicated that CAR's lease has been extended and CAR will remain at 101 Arch St., Suite 400 for several years.

Ms. Browne then notified the Committee that CAR is continuing to work with Amica on its efforts to report statistical data. This has been an ongoing issue for the company throughout 2024, and CAR expects that Amica will submit complete 2024 data by the end of the year.

24.05 Compliance Audit Program

Mr. Matthew Hirsh presented Hybrid Audit (HAP) results for Quincy Mutual. The Quincy Mutual Hybrid Audit scope included \$752,000 in written premium, and associated loss dollars, including paid losses and allocated loss adjustment expenses, totaled to \$1,841,000. Mr. Hirsh noted two recurring statistical premium reporting issues and one recurring statistical claims reporting issue not in compliance with the Statistical Plan. He also indicated that Quincy Mutual was compliant with the Claims Performance Standards review, with the SIU evaluation, and with the required CAR Rule 32.C.2. SIU-completed audits of garaging and policy facts. Mr. Hirsh noted that overall quota share and ratemaking results were exceptional and recommended a green light assessment of Quincy Mutual's audit results, indicating that no further auditing is required, and that the ARC remain in the five-year Hybrid Audit schedule.

The Committee voted unanimously to accept the audit report with no further auditing and assessed a green light value in accordance with the traffic light assessment rating system.

24.09 Commercial Statistical Plan Changes

At the September 4, 2024 Compliance and Operations Committee meeting, Ms. Browne noted that a Bulletin had recently informed the industry that the Division of Insurance had placed on file the Commercial Automobile Insurance Manual Rule, Policy Form, and Endorsement Form changes for use with ceded policies effective January 1, 2027. With the approval of these newer coverage and endorsement forms, staff identified updates to commercial statistical reporting to maintain consistency with the new forms. The Committee voted unanimously to accept the proposed outline of changes and directed staff to draft updates to the Commercial Statistical Plan for the Committee's consideration.

Ms. Browne reviewed the resulting proposed changes to the Commercial Statistical Plan. She noted that the most significant change applied to Non-owned Automobiles, resulting in several new class codes to further define each risk. Ms. Browne explained that these proposed changes would be mandatory for January 1, 2027, with an optional implementation date of January 1, 2026 for companies planning to use these breakdowns in their voluntary market.

Additionally, Ms. Browne identified several Miscellaneous OTC Coverage Codes that have been updated. Sound Receiving and Transmitting Equipment coverage has been updated to Audio, Visual, or Data Electronic Equipment to better describe the coverage, and On Hook Coverage, Towing and Labor Cost – Greater Than \$100 per disablement, and Roadside Assistance Coverage that were previously only applicable to Voluntary business have been updated to indicate that they are now applicable to both Voluntary and Ceded business.

The Committee unanimously voted to recommend to the Governing Committee that the proposed updates to the Commercial Statistical Plan be approved and submitted to the Division of Insurance for consideration.

24.10 MAIP Placement Record Reporting

Ms. Browne provided an update on the status of proposed changes to the reporting of the Rating Company Number as detailed in Chapter IX – MAIP Placement Record Reporting Requirements of the ARC Procedures Manual. She noted that, at the prior meeting, the Committee discussed the possibility of changing the company rate information collected on the MAIP placement record to obtain improved data consistency when a company adopts a voluntary rate that is equal to the MAIP rate. The Committee then requested that CAR contact the Division of Insurance to obtain more information. Ms. Browne informed the Committee that CAR has initiated discussions with the Division of Insurance, however, no decision has been made. Ms. Browne anticipates providing more detailed information at the January meeting.

24.11 Updates to the Manual of Administrative Procedures to Reflect Commercial Audit Changes

Mr. Mark Alves presented proposed changes to the Manual of Administrative Procedures for the Committee's review. The updated language reflects modified commercial auditing procedures previously approved by the Governing Committee that are now active in the new commercial audit application in use by Compliance Audit staff. Other suggested changes focused on improving the consistency of language in the Manual of Administrative Procedures with the ARC Procedures Manual.

The Committee unanimously voted to recommend to the Governing Committee approval of the proposed amendments to Chapter IX - Compliance Audit of the Manual of Administrative Procedures.

MATTHEW HIRSH
Compliance Audit Supervisor

Boston, Massachusetts
November 14, 2024

ATTACHMENT LISTING

Docket #COPC24.02, Exhibit #4

Attendance Listing

**COMPLIANCE AND OPERATIONS COMMITTEE MEETING
MEETING ATTENDEES
NOVEMBER 6, 2024**

Individual's Name

Company / Agency

PLEASE PRINT

Erin Cummings	Norfolk and Dedham Group
Annmarie Hassan	Arbella Insurance Group
Nicole Martorana	FBInsure, LLC
Thomas Bird	Acadia Insurance Company
Jean Emmons	Allstate Insurance Group
Henry Risman	Risman Insurance Agency, Inc.
Barry Tagen	Pilgrim Insurance Company
Christopher Taylor	The Hanover Insurance Company
Brenda Williams	MAPFRE U. S. A. Corporation
Jessica Katuska	PURE Insurance Company
Jennifer Nguyen	Merchants Insurance Company
Dionna Clanton	Starr Indemnity & Liability Company
Mary Ellen Thompson	Division of Insurance
Benjamin Hincks	TSH & D – CAR Counsel
Steven Torres	TSH & D – CAR Counsel
Mark Alves	CAR Staff
Wendy Browne	CAR Staff
Peter Bertoni	CAR Staff
Shannon Chiu	CAR Staff
Matthew Hirsh	CAR Staff
Tiffany Manning	CAR Staff
Virginia Plasse	CAR Staff
Katy Proctor	CAR Staff
Lynne Rosenburg	CAR Staff
Robin Tigges	CAR Staff