



NATALIE A. HUBLEY  
PRESIDENT

## COMMONWEALTH AUTOMOBILE REINSURERS

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### RECORDS OF MEETING

#### COMPLIANCE AND OPERATIONS COMMITTEE – JANUARY 22, 2025

##### Members Present

Ms. Erin Cummings– Chair  
Ms. Annmarie Hassan  
Ms. Nicole Martorana  
Ms. Sharon Murphy  
Mr. Henry Risman  
Mr. Barry Tagen  
Ms. Brenda Williams  
Mr. Kenneth Yeh

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

Substituted for:  
N/A

Not in Attendance:  
Mr. Cory Hanson, The Hanover Insurance Company

#### 24.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Compliance and Operations Committee meeting of November 6, 2024. The Records have been distributed and are on file.

#### 25.04 Informational Items

Ms. Wendy Browne informed the members that the proposed modifications to the Commercial Automobile Statistical Plan pertaining to Non-Owned Automobile class codes and to Miscellaneous Coverage definitions are still under review at the Division of Insurance and have yet to be approved.

Ms. Browne also noted that the proposed modifications to the Manual of Administrative Procedures related to updates to the Commercial Audit program were approved by the Governing Committee at its November 19<sup>th</sup> meeting. The updates have been incorporated into the Manual of Administrative Procedures and are available on CAR's website.

## **25.05 Compliance Audit Program**

Mr. Matthew Hirsh presented Hybrid Audit (HAP) results for Main Street America. The Main Street America Hybrid Audit scope included \$551,000 in written premium and associated loss dollars, including paid losses and allocated loss adjustment expenses, totaled \$1,300,000. Mr. Hirsh noted five recurring statistical reporting premium-related issues and five recurring statistical claims-related issues not in compliance with the Statistical Plan. He also indicated that Main Street America was compliant with the Claims Performance Standards review and with the required CAR Rule 32.C.2. SIU-completed audits of garaging and policy facts. However, Main Street America was determined not in compliance with the SIU evaluation.

Mr. Mark Alves explained that Appendix J: CAR SIU File Review Process of the Claims Performance Standard requires a minimum of 25 claims or underwriting referrals to the SIU for investigation be uploaded into CAR's SIU system for use as the audit testing sample. Prior committee activity confirmed that if the audited company does not meet the minimum requirement of 25 true referrals that were investigated by the SIU, the company shall be considered Not Compliant with the SIU requirement. Mr. Alves noted that overall, Main Street America uploaded 28 claims as referrals investigated by the SIU. However, only six of those referrals were actual investigations. The remainder were screened through automated technology and rejected by the SIU. Mr. Alves noted that while CAR supports the use of technology in the SIU screening process, if an actual investigation is not completed by the SIU on a referral, it cannot be used to evaluate the quality of the SIU.

Mr. Hirsh noted that, while several recurring statistical-reporting issues were identified, overall quota share and ratemaking results did not exceed the threshold that would warrant continued focus auditing of Main Street America's statistical data, per the approved Compliance Audit program. He also indicated that typically, CAR staff would recommend a future focus audit on Main Street America's SIU. However, Main Street America has announced its intention to withdraw from the Massachusetts Private Passenger automobile insurance market. While an exit date has not yet been finalized, CAR staff determined it would not recommend a focus audit if the book transfer were completed within one year of the February Governing Committee meeting. If the book transfer is not finalized within that time, CAR would return to the Compliance and Operations Committee in February of 2026 to recommend a focus audit of Main Street America's SIU. As such, CAR staff recommended a green light assessment of Main Street America's audit results, excluding the SIU evaluation.

On a roll call vote, 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.

## **25.07 New Minimum Compulsory Limits for Policies Effective July 1, 2025 and Later**

Ms. Lynne Rosenburg provided for the Committee's consideration proposed changes to the Private Passenger and Commercial Statistical Plans for policies effective July 1, 2025 and later, to include new and updated statistical coding for liability limits. Ms. Rosenburg noted these updates are a result of newly signed legislation increasing minimum limits of liability for mandatory coverages on policies issued or renewed July 1, 2025 and subsequent. Ms. Rosenburg presented in detail each new liability code with the associated limit. Ms. Rosenburg stated that in addition to new coding, footnotes have been reviewed and updated. Ms. Rosenburg noted that CAR published Bulletin 1187 and Accounting and Statistical Notice 712 to identify the new minimum limits and to provide an update to the industry.

**On a roll call vote, the Committee voted unanimously to recommend to the Governing Committee the proposed changes to the Private Passenger and Commercial Statistical Plans to include new and updated statistical coding for mandatory minimum limits of liability.**

## **24.10 MAIP Placement Record Reporting**

Ms. Browne summarized prior committee discussions regarding CAR's proposal to add a new value to the Rating Company Number field to the MAIP Placement Record to enhance the ability to evaluate the rating information. Pursuant to Committee direction, she also advised the Committee of recent communications with the Division of Insurance as the primary user of this data, noting that the Division indicated that the proposed change is reasonable. Ms. Browne explained that the MAIP Placement Record currently has two codes that identify whether a MAIP policy was written at the voluntary rate or the MAIP rate. Based on feedback from the Committee and the Division of Insurance, CAR confirmed its recommendation to add a third option that indicates if a MAIP policy was written at the voluntary rate that is also equal to the MAIP rate. Ms. Browne clarified that if the rate calculated for the policy was equal to the MAIP rate, whether the company adopted the MAIP rate as part of its voluntary rate filings or if it is coincidentally the same as the MAIP rate, it should be reported using the new code.

Ms. Browne also noted that CAR is recommending delaying the proposed implementation date to January 1, 2026 due to the required industry processing changes necessitated by the increased compulsory limits effective July 1, 2025.

The Committee unanimously voted to approve the proposed changes to the MAIP Placement Record reporting and directed staff to draft applicable amendments to the ARC Procedures Manual.

MATTHEW HIRSH  
Compliance Audit Supervisor

Boston, Massachusetts  
January 30, 2025

**ATTACHMENT LISTING**

Docket #COPC25.02, Exhibit #1

Attendance Listing

**COMPLIANCE AND OPERATIONS COMMITTEE MEETING  
MEETING ATTENDEES  
JANUARY 22, 2025**

Individual's Name

Company / Agency

PLEASE PRINT

|                  |                                     |
|------------------|-------------------------------------|
| Erin Cummings    | Norfolk and Dedham Group            |
| Annmarie Hassan  | Arbella Insurance Group             |
| Nicole Martorana | FBInsure, LLC                       |
| Sharon Murphy    | Acadia Insurance Company            |
| Henry Risman     | Risman Insurance Agency, Inc.       |
| Barry Tagen      | Pilgrim Insurance Company           |
| Brenda Williams  | MAPFRE U. S. A. Corporation         |
| Kenneth Yeh      | Allstate Insurance Group            |
| Steven Torres    | TSH & D – CAR Counsel               |
| Monique Miller   | AIB                                 |
| Michael Brady    | Pilgrim Insurance Company           |
| Vidya Velloo     | Plymouth Rock Assurance Corporation |
| Linda Zarella    | Arbella Insurance Group             |
| Joel Arcieri     | AIB                                 |
| Mark Alves       | CAR Staff                           |
| Wendy Browne     | CAR Staff                           |
| Peter Bertoni    | CAR Staff                           |
| Timothy Galligan | CAR Staff                           |
| Steven Gautieri  | CAR Staff                           |
| Matthew Hirsh    | CAR Staff                           |
| Tiffany Manning  | CAR Staff                           |
| Virginia Plasse  | CAR Staff                           |
| Lynne Rosenberg  | CAR Staff                           |
| Evan Ross        | CAR Staff                           |
| Alison Ruggiero  | CAR Staff                           |
| Robin Tigges     | CAR Staff                           |