



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

COMPLIANCE AND OPERATIONS COMMITTEE – MARCH 25, 2026

Members Present

Ms. Erin Cummings– Chair
Mr. Tom Bird ⁽¹⁾
Mr. Cory Hanson
Ms. Annmarie Hassan
Mr. Henry Risman
Mr. Barry Tagen
Ms. Brenda Williams

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

Substituted for:

⁽¹⁾Ms. Sharon Murphy

Not in Attendance:

Ms. Nicole Martorana, FBInsure, LLC

26.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Compliance and Operations Committee meeting of January 28, 2026. The Records have been distributed and are on file.

26.04 Informational Items

Ms. Wendy Browne informed the Committee that the amendments to Rules 13 & 30 of the CAR Rules of Operations pertaining to the Servicing Carrier and Assigned Risk Companies requirement that the disclosure of fees must be compliant with all state laws and regulations including 940 CMR 38.00 were approved by the Governing Committee in February. She advised that the Bulletin announcing the approval has been distributed.

26.05 Compliance Audit Program

Mr. Matthew Hirsh presented Hybrid Audit (HAP) results for Green Mountain Insurance Company, Inc. The Green Mountain Hybrid Audit scope included \$818,000 in written premium. Associated loss dollars, including paid losses and allocated loss adjustment expenses, totaled \$1,162,000.

Mr. Hirsh explained that Green Mountain's Quota Shara and Ratemaking error rates were better than the industry averages and noted four recurring statistical reporting premium-related issues and two

recurring statistical claims-related issues not in compliance with the Statistical Plan. He also indicated that Green Mountain 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, Green Mountain was determined not in compliance with the SIU evaluation.

Mr. Hirsh 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. Mr. Hirsh noted that only one of the 25 sampled claims were referred to the SIU for investigation. For the remaining 24 sampled claims, the SIU was asked only to assist the claim adjuster. Because Green Mountain did not meet the minimum sample of 25 referrals to the SIU for investigation, CAR staff was unable to evaluate the effectiveness of Green Mountain's fraud control efforts.

Mr. Hirsh noted that, while non-compliance with the statutory requirement pertaining to the SIU program would normally result in a future focus audit to re-rest SIU data, Green Mountain is now a member of the Auto-Owners Insurance Company Incorporated and has recently transitioned to a new system. Therefore, CAR recommended that the Committee accept the results with the understanding that the Auto-Owners Group will undergo a Hybrid Audit, which will include re-testing the SIU program, as a priority after one full year of statistical data has been reported to CAR.

The Committee unanimously voted, with one recusal, to accept the audit report with no further auditing and assessed a green light value in accordance with the traffic light assessment rating system, with the understanding that the Auto-Owners Group will undergo a Hybrid Audit as a priority after one full year of statistical data has been reported to CAR.

26.08 HAP Traffic Light Assessment Rating – Tiered Penalty Assessments

Ms. Browne advised that the current Hybrid Audit Program directs that non-compliant companies be assessed the Late And Unacceptable Shipments penalty defined in the Private Passenger Statistical Plan. She noted that, at its last meeting, the Committee approved in concept staff's recommendation to introduce a second-tier non-compliance penalty to address non-compliance conditions having less significant impacts. Ms. Brown reviewed proposed amendments to the Assigned Risk Company Procedures Manual reflecting staff's proposal to introduce a flat \$1,000 penalty per submission for those companies with non-compliant findings that have limited impact to quota share and rate making data quality.

The Committee voted unanimously to adopt the additional penalty proposal and recommend approval by the Governing Committee of the modifications to Chapter XI – Compliance Audit of the Assigned Risk Company Procedures Manual.

26.09 Proposed Revisions to the Commercial Statistical Plan – On-Hook Coverage Codes

Ms. Lynne Rosenberg presented proposed modifications to the Commercial Statistical Plan for the Committee's consideration. Ms. Rosenberg reviewed recommended amendments to the Classification Code reporting for Non-Owned classes. She indicated that instruction was added to report a Non-Owned risk that qualifies as both an Auto Service Operation and a Partnership/LLC with the designated Auto Service Operation Classification Code. Ms. Rosenberg also noted Classification Code 700000 – Partnership as the Named Insured was deleted due to the addition of new Non-Owned Classification Codes for policies effective January 1, 2027. She also reviewed the addition of a new Coverage Code for On-Hook Collision coverage, optional for voluntary business with policies effective June 1, 2026 and mandatory for both ceded and voluntary policies January 1, 2027 and subsequent.

The Committee voted unanimously to recommend to the Governing Committee approval of the proposed changes to the Commercial Statistical Plan to include new and updated statistical coding for Non-Owned and On-Hook coverages.

MATTHEW HIRSH
Compliance Audit Supervisor

Boston, Massachusetts
March 31, 2026

ATTACHMENT LISTING

Docket #COPC26.02, Exhibit #2

Attendance Listing

**COMPLIANCE AND OPERATIONS COMMITTEE MEETING
MEETING ATTENDEES
MARCH 25, 2026**

Individual's Name

Company / Agency

PLEASE PRINT

Erin Cummings	Norfolk and Dedham Group
Thomas Bird	Acadia Insurance Company
Cory Hanson	The Hanover Insurance Group
Annmarie Hassan	Arbella Insurance Group
Henry Risman	Risman Insurance Agency, Inc.
Barry Tagen	Pilgrim Insurance Company
Brenda Williams	MAPFRE U. S. A. Corporation
Benjamin Hincks	TSH & D – CAR Counsel
Steven Torres	TSH & D – CAR Counsel
Margaret Barao	Division of Insurance
Monique Miller	AIB
Linda Zarella	Arbella Insurance Group
Mark Alves	CAR Staff
Wendy Browne	CAR Staff
Peter Bertoni	CAR Staff
Shannon Chiu	CAR Staff
Audrey DeSousa	CAR Staff
Timothy Galligan	CAR Staff
Richard Heath	CAR Staff
Matthew Hirsh	CAR Staff
Cheryl Kopas	CAR Staff
Tiffany Manning	CAR Staff
Virginia Plasse	CAR Staff
Lynne Rosenburg	CAR Staff
Evan Ross	CAR Staff

**COMPLIANCE AND OPERATIONS COMMITTEE MEETING
MEETING ATTENDEES
MARCH 25, 2026**

Individual's Name

Company / Agency

PLEASE PRINT

Alison Ruggiero	CAR Staff
Robin Tigges	CAR Staff
Jacob Vieira	CAR Staff