



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

COMPLIANCE AND OPERATIONS COMMITTEE – JUNE 3, 2026

Members Present

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

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

Substituted for:
N/A

Not in Attendance:
N/A

26.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Compliance and Operations Committee meeting of March 25, 2026. The Records have been distributed and are on file.

26.04 Informational Items

Ms. Wendy Browne informed the Committee that the amendments to the Assigned Risk Company Procedures Manual reflecting the 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 were approved by the Governing Committee in April.

Additionally, Ms. Browne notified the Committee that the amendments to the Commercial Statistical Plan updating Classification Code reporting for Non-Owned classes and introducing a new Coverage Code for On-Hook Collision coverage were also approved by the Governing Committee in April and subsequently approved by the Division of Insurance.

Ms. Browne advised that the Bulletins announcing the updates to the Assigned Risk Company Procedures Manual and the Commercial Statistical Plan have been distributed to the industry.

26.05 Compliance Audit Program

Mr. Matthew Hirsh presented Commercial Audit results for Pilgrim Insurance Company. Mr. Barry Tagen of Pilgrim recused himself from participating in discussion regarding the audit.

Mr. Hirsh explained that this was the first audit conducted under the new commercial audit program previously approved by the Compliance and Operations Committee. The comprehensive commercial audit program tests premium and claims statistical reporting, rate calculations, statutory compliance including claims performance standards and SIU fraud control, and potential duplicate loss payments. Additionally, Mr. Hirsh noted that ten policies were selected for an Enhanced Procedures review that considered the documentation and underwriting practices used by the Servicing Carrier to determine the risk's residual market eligibility.

The Pilgrim Commercial Audit scope included \$3,000,000 in written premium over 33,000 exposures. Associated loss dollars, including paid losses and allocated loss adjustment expenses, totaled \$861,220.

Mr. Hirsh noted that because this was the first audit completed under the commercial audit program, industry averages were not yet established. However, few exceptions were identified in Pilgrim's premium and claims statistical data and there were no recurring premium-related or claims-related statistical reporting issues identified. It was also determined that Pilgrim rated its risks in accordance with all applicable ceded and voluntary rates and rules.

Mr. Hirsh indicated that Pilgrim was also found compliant with the Claims Performance Standards review, the SIU review, the required CAR Rule 10.C.1 and 10.C.2 SIU-completed audits of garaging and policy facts, and with the reinsurance review of potential duplicate loss payments.

Lastly, Mr. Hirsh explained that nine of the ten policies selected for the Enhanced Procedures review which considered documentation and underwriting practices used by the Servicing Carrier to determine residual market eligibility has enough information present to support the residual market eligibility decision. Information provided for the remaining policy, however, suggested an inconsistency in the Principal Place of Business for the risk, and staff determined that the information present did not support the Servicing Carrier's eligibility decision for that risk.

The Committee voted unanimously, 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.

Mr. Mark Alves then updated the committee on the Towing & Labor focus audit outcomes of USAA and Hanover. Mr. Alves informed the Committee that both companies were notified that staff would recommend that CAR begin assessing the lower-tiered penalty of \$1,000 per submission to each company.

Mr. Alves noted that USAA's staff was communicative with CAR throughout the audits and ensuing discussions and provided documentation on several occasions. However, the documentation remained insufficient to substantiate that the statistically reported loss amounts did not include Unallocated Loss Adjustment Expenses (ULAE) as required in the Private Passenger Statistical Plan.

Mr. Alves then noted that while Hanover was proactive in getting documentation to verify reported Towing & Labor loss amounts to CAR, the supports also did not allow validation that ULAE was not included in the reported loss amounts. As such, Hanover previously communicated its intention to transition to a new towing vendor that would provide documentation that allows for validation that ULAE is not included in the reported loss amounts as required by the Statistical Plan. However, Hanover has informed

CAR that negotiations are still ongoing and thus the transition will not occur until a later date, leaving the reporting issue unresolved.

Mr. Alves advised that Hanover has requested consideration of a six-month stay of the recommended penalties to allow Hanover additional time to work with its vendor to address CAR's concerns. Mr. Harris Berenson, representing Hanover, explained that the company has been transparent with CAR in its attempts to obtain the additional information from its current vendor and that Hanover staff will be presenting proposals to its business leadership regarding suggested alternatives to work with the current vendor as well as consideration of a potential new vendor.

Mr. Henry Risman suggested that the Committee consider approval of staff's recommendation, but to allow penalties to accrue and only assess if the issue remains unresolved after six months.

After discussion, the Committee voted unanimously, with one recusal, to accept the recommendation to begin assessing Hanover the lower tiered penalty of \$1,000 per submission for Towing & Labor loss statistical reporting errors beginning with the May 2026 statistical submission, but to hold enforcement of those penalties and only assess if the issue remains unresolved by the November 2026 data submissions.

The Committee separately voted unanimously, with one recusal, to accept CAR's recommendation to begin assessing USAA the lower tiered penalty of \$1,000 per submission for Towing & Labor loss statistical reporting errors beginning with the May 2026 statistical submission.

26.10 SIU Reporting

The Committee reviewed the SIU compliance reports provided annually to the Division of Insurance. Mr. Jacob Vieira noted that CAR uses automation to validate that the reported SIU data matches statistical data in order to generate SIU referral counts by company. However, a more thorough company SIU compliance with SIU statutory requirements and CAR Rules is evaluated at the time of the Hybrid Audit.

Mr. Vieira indicated that overall, only one Private Passenger company was considered not in compliance as it did not have the minimum number of referrals to the SIU for investigation as required by Appendix J of the Claims Performance Standards.

The Committee unanimously accepted the reports and directed CAR staff to distribute the reports to the Division of Insurance.

MATTHEW HIRSH
Compliance Audit Supervisor

Boston, Massachusetts
June 9, 2026

ATTACHMENT LISTING

Docket #COPC26.02, Exhibit #3

Attendance Listing

**COMPLIANCE AND OPERATIONS COMMITTEE MEETING
 MEETING ATTENDEES
 JUNE 3, 2026**

Individual's Name

Company / Agency

PLEASE PRINT

Erin Cummings	Norfolk and Dedham Group
Cory Hanson	The Hanover Insurance Group
Annmarie Hassan	Arbella Insurance Group
Nicole Martorana	Patriot Growth Insurance Services, LLC
Sharon Murphy	Acadia Insurance Company
Henry Risman	Risman Insurance Agency, Inc.
Barry Tagen	Pilgrim Insurance Company
Brenda Williams	MAPFRE U. S. A. Corporation
Michael Brady	Pilgrim Insurance Company
Benjamin Hincks	TSH & D – CAR Counsel
Steven Torres	TSH & D – CAR Counsel
Margaret Barao	Division of Insurance
Harris Berenson	The Hanover Insurance Company
Meghan Nye	The Hanover Insurance Company
Mark Alves	CAR Staff
Wendy Browne	CAR Staff
Peter Bertoni	CAR Staff
Shannon Chiu	CAR Staff
Audrey DeSousa	CAR Staff
Timothy Galligan	CAR Staff
Steven Gautieri	CAR Staff
Mariah Harris	CAR Staff
Richard Heath	CAR Staff
Matthew Hirsh	CAR Staff
Cheryl Kopas	CAR Staff

**COMPLIANCE AND OPERATIONS COMMITTEE MEETING
MEETING ATTENDEES
JUNE 3, 2026**

Individual's Name

Company / Agency

PLEASE PRINT

Tiffany Manning	CAR Staff
Virginia Plasse	CAR Staff
Katy Proctor	CAR Staff
James Robery	CAR Staff
Lynne Rosenburg	CAR Staff
Evan Ross	CAR Staff
Alison Ruggiero	CAR Staff
Robin Tigges	CAR Staff
Jacob Vieira	CAR Staff