



NATALIE A. HUBLEY  
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110  
www.commauto.com 617-338-4000

**ADDITIONAL INFORMATION**

**TO MEMBERS OF THE GOVERNING COMMITTEE**

**FOR THE MEETING OF:**

**Tuesday, June 18, 2024, at 10:30 a.m.**

**GC**

**24.08 Commercial Program Oversight Committee**

The Records of the Commercial Program Oversight Committee meeting of May 29, 2024 are attached (Docket #GC24.08, Exhibit #3).

The Records of the Commercial Program Oversight Committee meeting of May 29, 2024 have been distributed and are on file.

**GC**

**24.12 Loss Reserving Committee**

A Summary of the Loss Reserving Committee meeting of June 5, 2024 is attached (Docket #GC24.12, Exhibit #2).

**GC**

**24.14 MAIP Steering Committee**

The Records of the MAIP Steering Committee meeting of May 30, 2024 are attached (Docket #GC24.14, Exhibit #2).

The Records of the MAIP Steering Committee meeting of May 30, 2024 have been distributed and are on file.

NATALIE HUBLEY  
President

Attachments

Boston, Massachusetts  
June 11, 2024



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## RECORDS OF MEETING

### COMMERCIAL PROGRAM OVERSIGHT COMMITTEE – MAY 29, 2024

#### Members Present

Mr. John Olivieri, Jr – Chair  
Mr. Thomas Bird<sup>(1)</sup>  
Mr. Brian Hayes  
Mr. Henry Risman  
Ms. Meredith Woodcock

J.K. Olivieri Insurance Agency, Inc.  
Acadia Insurance Company  
Quincy Mutual Group  
Risman Insurance Agency, Inc.  
Liberty Mutual Insurance Companies

Substituted for:

<sup>(1)</sup>Ms. Sharon Murphy

Not in Attendance:

Ms. Nicole Martorana, FBInsure

#### 24.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Commercial Program Oversight Committee meeting of April 25, 2024. The Records have been distributed and are on file.

#### 24.04 Redistribution of Residual Market Books of Business

At its last meeting, the Committee requested Staff solicit feedback from Servicing Carriers regarding the alternatives for the allocation of expense allowances as well as the current tolerance level for redistribution of residual market books of business. Ms. Wendy Browne provided the Committee with an overview of the responses stating that three of the four Servicing Carriers believe the current percent-of-premium methodology is the preferred option as it closely associates the expense reimbursement to the actual expenses incurred in servicing the more complicated policies with higher premium. Ms. Browne noted that one Servicing Carrier preferred the hybrid option as it best tempers the differences in company expenses that can arise from agency mergers and acquisitions while still providing a portion of the premium reimbursement based upon premium volume.

Continuing, Ms. Browne also noted that one Servicing Carrier suggested the Committee consider the concept of assigning new business on a rotational basis for larger agencies and networks and/or for all ceded business. The Servicing Carrier believed this approach could potentially eliminate the need for future redistributions as well as address other concerns such as brokering. She noted that only two carriers commented on the current tolerance level with no consensus of the best option.

Ms. Meredith Woodcock opened the discussion by asking for clarification relative to assigning risks on a rotational basis and how that reduces the need for redistribution. Ms. Browne noted that this option would require significant analysis by staff and Committees to define the basis for initial assignment and subsequent calculation of premium, employing a process similar to the quota share model. Noting that large producers and networks would work with all Servicing Carriers, she explained that the approach would directly lessen the need for redistributions. In discussing the merits of this approach, Mr. Henry Risman expressed concern with limiting the assignment process to only larger agencies and networks but commented that it would be difficult for smaller agencies to work with all Servicing Carriers. He noted that smaller agencies might not have the business relationships that larger agencies or networks have and therefore would not have the same working knowledge of different procedures and processes. The Committee acknowledged that there are definite pros and cons to this approach of assigning risks on a rotational basis and had concerns with the variables potentially creating additional disruption.

Mr. John Olivieri noted that a goal of the Committee is to work towards assuring stability in the commercial residual market and that redistributions are disruptive. He asked for staff's thoughts relative to the hybrid modeled approach to expense allocation. Ms. Natalie Hubley opined that the hybrid model has merit in that it addresses Servicing Carrier comments that premium volume correlates with costs incurred to service residual market business, but it also recognizes that some costs are fixed. She suggested that by reducing the variance in distribution of expense dollars, the hybrid model presents an opportunity for the Committee to consider increasing the established threshold to consider redistribution. She added that Servicing Carriers have identified revenue as the leading factor in determining whether to request a redistribution of the ceded book of business.

After discussion, the Committee expressed interest in further consideration of the advantages and disadvantages of the hybrid model approach. Accordingly, the Committee directed staff to incorporate a comment in the RFP for the proposers to understand that the Committee is considering alternative approaches to the expense allocation methodology with the decision to be determined at a future meeting.

Continuing, Ms. Browne reported on the status of the current residual market distribution. Referring to Exhibit #5 of the agenda, she noted that currently one carrier is undersubscribed in excess of 3%. In addition, she advised that there is a need to realign certain agencies as a result of merger and acquisition activity. Once the realignment of agencies is completed, a different carrier will be undersubscribed by more than 3%. Accordingly, staff is recommending the Committee consider a redistribution for policies effective January 1, 2025 to address these issues. Ms. Browne noted that a redistribution at this time would realign the books of business well in advance of the next Servicing Carrier appointment term. It would also ensure that an additional redistribution would not occur prior to the next term. Ms. Browne explained that a redistribution at this time would involve reassigning less than 15 agencies. The Committee, reflecting on the market disruption associated with a redistribution, requested additional information relative to the impacted agencies. The Committee also requested information reflecting the guidelines used to realign the books of business as well as processes defined for the book transfers. The Committee agreed to continue discussion at its next meeting.

#### **24.05 2027 Commercial Program Request for Proposal**

Ms. Lynne Rosenberg reviewed updates made to the RFP which have been included in the Highlight of Changes to the Request for Proposal document. Ms. Rosenberg pointed out the added program requirement for Servicing Carriers to have representation on CAR advisory committees with the intent to improve participation in the administration of CAR's commercial program. Additionally, Ms. Rosenberg noted changes to the RFP relative to projection costs and evaluation factors. Specifically, in section 5.1, language has been added to require a separate price quote for anticipated one-time costs associated with transitioning to the new coverage forms and endorsements and emphasis added to instruct proposers to

employ refined residual market cost projections singularly in developing a price quotation for on-going services. Also, Appendix A has been added to provide a format which proposers should utilize in addressing the one-time residual market costs associated with the implementation of the new policy forms and endorsements and to describe their price quotations. Appendix B has been updated with the intent to clarify expenses that should be identified in preparation of proposers' bid quotations. In addition, CAR is recommending Appendix B be modified to eliminate references to separate yearly price quotations, and instead input a single annual price quotation for the appointment term. Finally, the Evaluation Factors section has been updated to simplify the evaluation process and enable more flexibility for the Selection Committee to distinguish aspects of individual proposals.

Mr. Barry Tagen asked about the timing of the reimbursement for the one-time costs. Ms. Hubley responded that it should be addressed as part of the bid proposal and commented that the RFP would be updated to expressly request that information. Mr. Tagen also questioned the reasoning behind eliminating separate, yearly price quotations. Ms. Browne explained that the expense allowance in previous appointment terms was based on exposure whereas now it is based on premium. Accordingly, expense modifications are inherent with rate changes. Mr. Tagen therefore asked whether separate price quotations were necessary based on the number of Servicing Carriers. Ms. Hubley explained that the number of Servicing Carriers helps in understanding the variability of expenses with respect to premium volume as well as helping the Selection Committee understand the proposers' tolerance for handling maximum and minimum volumes.

**After discussion, the Committee unanimously voted to recommend to the Governing Committee to authorize the distribution of the RFP as amended.**

RICHARD DALTON  
Residual Market Liaison

Boston, Massachusetts  
June 7, 2024

May 29, 2024

Commercial Servicing Carrier Appointments  
Massachusetts Residual Market  
Commercial Automobile Program

Highlight of Changes to the Request for Proposal

CAR staff has drafted initial modifications to the RFP for Committee review. The recommended changes are intended to continue to enhance consistent Servicing Carrier procedures, to solicit additional information in proposer responses and to address the implementation of the newer policy coverage and endorsement forms. Below is a summary of the substantive changes for Committee discussion.

1.1 Schedule of Events

- The Schedule for the RFP release and Servicing Carrier selection has been updated.

2.2/

4.2 Underwriting and Policy Processing

- Language has been added to emphasize the requirement that Servicing Carriers use the forms and endorsements on file with the Division of Insurance for use in the residual market.

2.4/

4.4 Management Information Systems

- Language has been added to request that the proposer identify any substantial systems upgrades anticipated during the appointment term and to describe the steps to be taken to abate residual market disruption.

2.9/

4.9 Staffing

- To align with the staffing requirements of the Program, proposers are asked to address the steps to be taken to abate residual market disruption if significant staffing changes were to occur during the appointment period.

2.10/

4.10 CAR Advisory Committee Participation

- A program requirement for Servicing Carrier representation on certain CAR advisory committees has been introduced to improve participation in the administration of CAR's commercial program.

2.11/

4.11 Implementation Plan

- Language has been added concentrating on the transitional needs of the proposers to address adoption and usage of the new policy coverage and endorsement forms with specific instruction to address training of staff and assigned producers.

5.1 Projected Costs/Expense Allowance

- Language has been added to require a separate price quotation for anticipated one-time costs associated with transitioning to the new coverage forms and endorsements.
- Emphasis is added to instruct proposers to employ refined residual market cost projections singularly in developing a price quotation for on-going services.
- Reference to multiple-year price quotations is eliminated, rather proposers are asked to quote a single annual price quotation.
- Language has been added to notify proposers that there are two alternative methods for allocating expense costs being considered and that information regarding committee deliberations will be provided as it becomes available.

8.4 Evaluation Factors

- This section has been rewritten to simplify the evaluation process and enable more flexibility for the Selection Committee to distinguish aspects of individual proposals.

Appendix A: Projected Costs of Forms Implementation Project

- Appendix A is added to set forth the format that proposers should use to identify one-time costs associated with the implementation of the new policy forms and endorsements, to describe their price quotations, and to indicate preference in the timing of the expense allocation.

Appendix B: Summary of Projected Costs for Servicing the Commercial Residual Market

- Minor edits to the Appendix are intended to clarify expenses that should be identified in preparation of proposers' bid quotations.
- The Appendix is modified to eliminate reference to separate yearly price quotations, but rather to request a single annual price quotation for the appointment term.
- Language has been added to indicate a maximum premium volume the company can service in the residual market.



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**REQUEST FOR PROPOSAL**  
**FOR COMMERCIAL SERVICING CARRIER APPOINTMENT**  
**MASSACHUSETTS AUTOMOBILE RESIDUAL MARKET**  
**COMMERCIAL AUTOMOBILE PROGRAM**  
**CEDED POLICIES EFFECTIVE JANUARY 1, 2027**

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## Section 1 – Background and Purpose

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### 1.1 Schedule of Events

The schedule for selection of Servicing Carrier appointment for policies effective January 1, 2027 and later is initiated well in advance of the effective date to accommodate staff training and programming changes needed to transition to the updated commercial policy coverage forms and endorsements. Commonwealth Automobile Reinsurers (CAR) intends to progress in this procurement in a series of orderly steps. The schedule that follows has been developed to provide adequate information for proposers to prepare definitive proposals and to permit CAR to consider fully various factors that may affect its decision. These dates will be carefully observed.

<u>Event</u>	<u>Date</u>
Notice of RFP Issued	Aug 1, 2024
Mandatory Pre-Response Conference	Aug 15, 2024
Final Date for Proposer Questions	Aug 29, 2024
Final Date to Submit Proposals	Sept 16, 2024
Selection Committee Evaluation of Proposals	Oct 14-31, 2024
Governing Committee Decision	Nov 19, 2024
Servicing Carrier Appointment Notification	Nov 20, 2024
ERP Distribution Notification	Sept 1, 2026
ERPs Contracted by Servicing Carriers	Oct 30, 2026
Servicing Carrier Implementation of Services	Jan 1, 2027

### 1.2 Background Information

CAR consolidates the servicing of commercial residual market business to a limited number of Servicing Carriers appointed for a specific term. The program is designed to enhance the effectiveness of underwriting and loss control practices by assigning each producer to one Servicing Carrier. The Commercial Program Oversight Committee has indicated its preference to appoint four Servicing Carriers for the upcoming program term. However, the Committee notes that a final decision regarding the number of Servicing Carriers will be determined subsequent to the evaluation of the submitted proposals.

### 1.3 Administrative Procedures - Servicing Carrier and Producer Requirements

Servicing Carriers shall comply with all provisions of Rules 1 through 20 of CAR's Rules of Operation and required procedures set forth in CAR's Manual of Administrative Procedures, Commercial Automobile Manual, and Commercial Claims Performance Standards. These manuals are available on CAR's website at [www.commauto.com](http://www.commauto.com).

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## Section 1 – Background and Purpose (Continued)

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### 1.4 Purpose

The purpose of this Request for Proposal (RFP) is to provide qualified Member Companies with sufficient information to enable submission of proposals for appointment as a Servicing Carrier to service all classes of Massachusetts ceded commercial automobile business effective January 1, 2027. Proposals shall respond to all terms and conditions of this RFP. Proposers shall complete all information requested.

### 1.5 Program Oversight

Oversight of the Commercial Servicing Carrier Program is managed through the combined efforts of CAR staff in partnership with the Commercial Program Oversight Committee and the Compliance and Operations Committee.

The Commercial Program Oversight Committee is responsible for the general oversight of the Commercial Servicing Carrier Program and acts as the selection committee for Servicing Carrier appointments. The Committee reviews Servicing Carrier annual reports and CAR audit results to recommend potential enhancements to program standards that may involve further consideration by the Commercial Auto Committee. The Committee also engages in reviews of and recommendations to the Governing Committee relative to Servicing Carrier requests for extraordinary expenses, and any other issues that may arise concerning oversight of the programs.

The Compliance and Operations Committee reviews the results of recurring and focused audits conducted by CAR staff designed to monitor Servicing Carrier adherence to the program standards, statistical reporting requirements, and claims handling performance standards. The Committee may recommend corrective action where appropriate.

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## Section 2 – Program and Performance Requirements

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### 2.1 Administrative and Account Management Services

The Servicing Carrier(s) will be expected to:

- Assign a management level account executive with knowledge of the Program responsible for responding to CAR inquiries and the requirements set forth herein and, upon reasonable notice, be available to meet with CAR staff and committee(s).
- For commercial automobile residual market business with policy effective dates beginning on or after January 1, 2027, each appointed Servicing Carrier shall utilize an installment payment plan that has been filed with and approved by the Commissioner of Insurance. The plan shall include the application of an installment finance charge based on an annual percentage rate (APR), and no more than a 30% first or deposit payment due on or before the policy effective date. The plan shall also include that no fewer than seven monthly payments thereafter must be offered to the insured that chooses to pay in installments. The Servicing Carrier will cooperate with its producers assigned through the program to assure that policyholders are made aware of their option to utilize an installment plan.

### 2.2 Underwriting and Policy Processing

Subject to general direction of CAR, the Servicing Carrier(s) will be required to provide the ability for assigned Exclusive Representative Producers to immediately bind coverage and certify registrations for commercial automobile residual market business. The Servicing Carrier(s) shall:

- Evaluate and confirm residual market eligibility.
- Properly classify and rate all risks ceded to the commercial residual market.
- Comply with all standards and issuance of all commercial forms, endorsements, and applications on file with the Division of Insurance for use with residual market risks as described in the Commercial Automobile Manual and Chapter 10 of the Manual of Administrative Procedures.
- Provide training for, support to, and oversight of assigned producers.

### 2.3 Claims Management Services

Subject to general direction of CAR, the Servicing Carrier(s) shall establish procedures for claims management for the risks insured through this program pursuant to the provisions of CAR's Rules of Operation, Manual of Administrative Procedures, and Commercial Claims Performance Standards.

- The Servicing Carrier(s)' MA claims units will manage claims arising out of state.
- Each Servicing Carrier is required to maintain a SIU in accordance with M.G.L. Chapter 175 § 113H, Articles III and IV of the Plan and Rule 10 of the Rules of Operation to investigate suspicious claims and to verify underwriting facts of questionable risks with the objective to eliminate fraud.
- The Servicing Carrier must employ litigation management and legal cost containment processes.
- The Servicing Carrier must develop a fraud management program and describe related costs associated with it.

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Section 2 – Program and Performance Requirements (continued)

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2.4 Management Information Systems

Subject to general direction of CAR, the Servicing Carrier(s) shall gather and produce reliable, relevant, and properly organized data that supports the requirements of the Program.

- Provide all data required by CAR's Rules of Operation and Manual of Administrative Procedures.
- Produce ad hoc reports as may be requested by CAR staff and its committees.
- Meet all statistical reporting requirements.

2.5 Loss Control Services

The Servicing Carrier(s) will be expected to provide safety engineering or loss control services consistent with best practices and as directed by the Governing Committee. Minimum parameters for the establishment of loss control programs to be made available to qualifying policyholders are as follows:

- Upon request, any risk regardless of size will be provided written material concerning loss control. Any risk with five or more power units or the equivalent of such exposure, if hired by the risk, that develops an experience rating debit will be offered a loss control survey.
- Program features shall include vehicle inspection, driver and equipment evaluation, a review of accident and loss experience, a safety newsletter or other informational mailings.
- The results of the loss control survey shall include a corrective action plan, safety management features and, if applicable to the risk, a hazardous material plan.

2.6 Integration of Claims and Underwriting Operations with Loss Control

The Servicing Carrier(s) must provide the means to facilitate successful integration of the claims, underwriting and loss control functions including but not limited to an SIU investigation of suspicious underwriting issues and the establishment of procedures for claims alerts to the underwriting and loss control personnel. It is critically important that the claims and underwriting operations are fully coordinated with loss control services.

2.7 Innovative and Creative Solutions

As CAR's statutory obligation is to contain and control costs, Servicing Carriers should employ innovative and creative ideas that strengthen the underwriting, claim administration and loss control process in a cost-effective manner, applying them to the Program wherever appropriate. Proposals will be evaluated, in part, on their ability to bring fresh ideas and concepts to all classes of commercial business.

2.8 Additional Services

CAR is interested in any other services which the proposer is qualified to offer that would enhance, or expand in a related manner, the services that CAR provides to its Members, producers, and insureds in a cost-effective manner.

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Section 2 – Program and Performance Requirements (continued)

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2.9 Staffing

Whenever possible, staff should be assigned full time to the Program. All staff assigned to the Program must have an excellent working knowledge of the needs and requirements of the Program and how these may differ from other business. The account executive must be able to make a time commitment to the management of this account and will be held responsible for the delivery of all services provided by the Servicing Carrier(s).

2.10 CAR Advisory Committee Participation

Servicing Carrier participation in the discussion of program policies and procedures is vital to the successful performance of the program. Therefore, Servicing Carriers are required to appoint qualified staff members to sit on CAR's Commercial Automobile, Compliance and Operations, and Loss Reserving Committees. Additionally, Servicing Carriers are required to assign qualified staff members to attend CAR's Commercial Program Oversight Committee meetings to add company perspective to that committee's discussions.

2.11 Implementation

Servicing Carriers shall develop an implementation plan to the new appointment term which will provide the smoothest transition and minimal service disruption for the producer and the insured.

2.12 Term and Termination

CAR seeks a multi-year appointment of five years. In accordance with the provisions of CAR's Rules of Operation and Manual of Administrative Procedures, CAR has the ability to terminate the appointment for lack of acceptable performance by the Servicing Carrier.

Refer to Rule 16 of CAR's Rules of Operation which addresses voluntary and involuntary Servicing Carrier terminations.

2.13 Residual Market Management Control Efforts

The Servicing Carrier(s) shall assist CAR in its efforts to control the size and the financial results of the commercial residual market. CAR will require an annual report from each Servicing Carrier providing a self-assessment of its performance in addressing commercial market concerns and the results of those efforts. The Servicing Carriers will outline their objectives to maintain the highest levels of achievement in dealing with the issues of concern identified in the marketplace and strategies for maintaining or exceeding those expectations. The report will include any factors that may have successfully permitted or negatively impacted the company's efforts to effectively manage the residual market. Annually, CAR will provide Servicing Carriers a template and schedule for the reports to be delivered and reviewed.

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### Section 3 – General Conditions for Proposals

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#### 3.1 Eligibility of Proposers

Proposers must be Massachusetts licensed motor vehicle insurance companies with an acceptable A.M. Best rating of A- or better or comparable financial and operating performance as determined by CAR.

#### 3.2 Regular Proposals

Each proposer shall comply with all requirements as directed by this notice. Proposals which are defective, or irregular may be rejected immediately.

#### 3.3 Uniform Proposals

To facilitate comparative analysis and evaluation of proposals, it is desired that a uniform format be employed in structuring each proposal. The required format is specified in Section 7 of the RFP. Proposals with major deviations or omissions may not be considered for detailed study.

#### 3.4 Requests for Additional Information

Questions regarding the RFP and the selection process should be directed to:

Richard Dalton  
CAR Residual Market Services  
Tel: 617-880-2319  
Email: [rdalton@commauto.com](mailto:rdalton@commauto.com)

Proposers may also submit questions orally or in writing at the pre-response conference (see Section 3.6). All questions and answers of general interest will be circulated in writing after the pre-response conference to all firms who have attended. Officials or employees of CAR, its consultants or committee members shall not be contacted at any time by proposers. Any unauthorized contact may be grounds for disqualification of the proposer's proposal.

Any questions submitted after the mandatory pre-response conference must be submitted by August 29, 2024. Answers will be returned in writing to all proposers.

#### 3.5 Revisions

If it should become necessary to revise any part of this RFP or otherwise provide additional information, an addendum will be issued by CAR and furnished to all prospective proposers that have attended the CAR pre-response conference.

#### 3.6 Pre-Response Conference

A mandatory pre-response conference for prospective proposers will be held virtually via Zoom video conferencing software at 11:00 A.M. on August 15, 2024. **Only those firms represented at the mandatory pre-response conference shall be eligible to submit proposals to CAR.**



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Section 3 – General Conditions for Proposals (Continued)

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3.7 Proposer's Examination of the RFP

Proposers shall examine all information and materials contained in and with this RFP. Proposers shall also be responsible for having full knowledge of all relevant laws and regulations of the State of Massachusetts and the United States Government. Failure to do so shall be at the proposer's risk.

3.8 Exceptions to the RFP

It is anticipated that proposers may find instances where their proposals are not completely consistent with the specifications of this RFP. All such exceptions shall be clearly identified and written explanations shall include the scope of the exceptions, the ramifications of the exceptions for CAR, its Members, representative producers and insureds, and a description of the advantages to be gained by CAR, its Members, representative producers and insureds as a result of these exceptions. This written description shall be included in Section 7.3.2 of this RFP.

3.9 Proposals Considered Firm

All proposals received by CAR in response to this RFP shall be considered firm and may not be amended during the pendency of the selection process unless CAR amends any data or RFP requirements during that process.

3.10 Statement of Time

Time, if stated as a number of days, shall include Monday through Friday, excluding legal holidays, unless specifically stated otherwise.

3.11 Incurring Costs

CAR shall not be liable for any costs incurred by proposers in preparing, submitting or presenting proposals, or in satisfying any other requirements. CAR shall not reimburse any costs incurred by proposers in anticipation of being awarded a Servicing Carrier appointment under this RFP. CAR shall not accept billings for additional costs except as may be otherwise specified in this RFP.

3.12 Responsibilities of Servicing Carrier

The successful proposer(s) shall be considered the Servicing Carrier(s) and shall be required to comply with all CAR's Servicing Carrier requirements and to assume total responsibility for all services offered in this proposal, whether or not it is the producer, author, or supplier of them.

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Section 3 – General Conditions for Proposals (Continued)

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CAR shall consider the authorized representative of the successful proposer(s) to be the sole point of contact regarding all obligations incurred and all services supplied or performed pursuant to this RFP.

Prior to final selection, proposers may be required to submit any additional information which CAR may deem necessary to determine the proposer's qualification to respond to this RFP.

3.13 Firm Price

Prices provided pursuant to this RFP shall be firm and not subject to increase during the term of any appointment arising between CAR and the successful proposer(s) as a result of this RFP, except as may be approved by CAR's Governing Committee.

3.14 Exceptions to Firm Price

In accordance with Rule 11 of CAR's Rules of Operation and Chapter III of CAR's Manual of Administrative Procedures, a Servicing Carrier may petition to be reimbursed in whole or in part for a specific, necessary and extraordinary expense incurred in performing its obligations as a Servicing Carrier. The expense must be actually incurred before reimbursement. Such expense must be explained by the Servicing Carrier in such detail as is requested and establish that the expense is necessary and significantly in excess of the normal additional expense that could reasonably have been contemplated by the Servicing Carrier in acceptance of the terms of CAR's request for proposal for the current service period.

Servicing Carriers may also petition CAR for reimbursement of unanticipated expenses resulting from statutory or regulatory assessments that include ceded premium in the determination of the company's market-share-based assessment during the term of this agreement period. Any agreed upon reimbursement under this condition will expire at the end of the service term.

3.15 Open Procurement

CAR reserves the right to accept any item or group of items proposed in any response, unless the proposer qualifies its offer by specific limitation. CAR reserves the right to negotiate with proposers regarding variations to the original proposal(s), to include cost(s), which may be in the best interest of CAR. CAR reserves the right to accept or reject any or all proposals in whole or in part.

3.16 Terminology

Terms used in this RFP are not intended to imply or denote a proposer and are not to be construed as restrictive in any way.

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Section 3 – General Conditions for Proposals (Continued)

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3.17 Implementation Dates

Proposers shall be expected to fully implement their services on January 1, 2027, and contract with those producers appointed to them no later than October 30, 2026.

3.18 Execution of Appointment

Upon the acceptance of a proposal(s), CAR shall name the selected Servicing Carrier(s) in accordance with the provisions of CAR's Rules of Operation and Manual of Administrative Procedures, and as approved by its Governing Committee.

3.19 No Assignment

Assignment by the successful proposer(s) to any third party of any contract based on this RFP or any monies shall be absolutely prohibited and will not be recognized by CAR unless approved by CAR in writing.

3.20 Proposer Responsibility

Notwithstanding the details presented in this RFP, it is the responsibility of the proposer to verify the completeness and suitability of the services proposed to meet the intent of these specifications. Any additional services which may be required within each individual component of service proposed, even if not specifically mentioned herein, shall be provided by the proposer without claim for additional payment. The successful proposer shall be obligated to provide a program which meets all guarantees in its proposal for the price contained herein. This includes, but is not limited to, all requirements of the Commonwealth of Massachusetts and the United States Government, whether or not specifically identified in this RFP.

3.21 Proposer Commitment

The proposer shall provide and maintain all services proposed pursuant to this RFP for the term of the appointment by CAR unless otherwise directed by the Governing Committee.

3.22 Rights to Submitted Material

All proposals, responses, inquiries, or correspondence relating to or in reference to this RFP, and all reports, charts, displays, schedules, exhibits and other documentation submitted by proposers shall become the property of CAR when received. CAR shall have no obligation to return any such submitted material.

Supporting technical manuals will be returned at the request of the proposer. CAR retains the right to use any or all ideas presented in any proposal in response to the RFP, whether selected or not. Selection or rejection of any proposal does not affect this right.

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Section 3 – General Conditions for Proposals (Continued)

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3.23 Proposals Not Selected

Non-selection of proposals will mean that another proposal was deemed to be more advantageous to CAR or that no proposal was accepted. The decision of CAR's Governing Committee is final. Proposers whose proposals are not accepted will be so notified.

3.24 Non-Discrimination in Employment and Affirmative Action

The proposer shall not discriminate against any qualified employee or applicant for employment because of race, color, national origin, ancestry, age, sex, religion or physical or mental handicap. The proposer agrees to comply with all applicable federal and state statutes, rules and regulations prohibiting discrimination in employment.

3.25 Force Majeure

Neither the proposer nor CAR shall be liable, nor may either cancel the Appointment pursuant to this RFP, when delays arise out of causes beyond the control and without fault or negligence of the proposer or CAR. Such causes may include but are not restricted to acts of God or the public enemy, fires, floods, lightning strikes, epidemics, quarantine restrictions, strikes, freight embargoes, wars, civil disturbances, work stoppage, power failures, laws, regulations, ordinances, acts or orders of any governmental agency or official thereof, and unusually severe weather. In every case, the delay must be beyond the control and without the fault or negligence of either party.

If the proposer is delayed in its performance as a result of the above causes, CAR may either (1) extend the time for completion of such responsibilities for a period of time equivalent to the time lost for the completion of such responsibilities by reason of any or all of the aforesaid causes, or (2) secure substitute performance at its own cost and expense during the duration of the excusable delay and reduce performance and payment under this Appointment, or (3) terminate all or a portion of this Appointment when the delay totally precludes the proposer's performance or materially affects it and the delay continues for a period of thirty (30) consecutive days. CAR agrees that within 10 business days after commencement of the delay, it shall give the proposer written notice of its election as to options (1), (2) or (3).

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## Section 4 – Proposal for Services

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### 4.1 Administration and Account Management Services

Referring to Section 2.1 of the RFP, indicate how your firm would approach the delivery of administrative and account management services.

### 4.2 Underwriting and Policy Processing

Referring to Section 2.2 of the RFP, indicate how your firm would approach the delivery of underwriting and policy processing.

### 4.3 Claims Management Services

Referring to Section 2.3 of the RFP, please describe in detail the process by which your firm will manage claims from the point of accident to the closing of the case. Include any charts or diagrams which you believe would be helpful to CAR in understanding your presentation on this subject.

### 4.4 Management Information Systems

Referring to Section 2.4 of the RFP, describe how your firm would meet the information storage and reporting requirements of CAR. Include samples of your reporting formats. Included in this section, the proposer should identify any planned significant systems changes and steps the company will take to mitigate disruption to the residual market. Note that systems changes in this instance do not refer to the policy forms update, which should be addressed in the Section 4.11.

### 4.5 Loss Control Services

Referring to Section 2.5 of the RFP, indicate how your firm would approach the delivery of loss control services.

### 4.6 Integration with Loss Control

Referring to Section 2.6 of the RFP, describe how your firm would integrate the claims management operation with that of loss control.

### 4.7 Innovative and Creative Solutions

Referring to Section 2.7 of the RFP, list and describe any services which your firm could offer that would further control claims and service costs.

### 4.8 Additional Services

Referring to Section 2.8 of the RFP, describe any additional services that your firm could make available to CAR that would be relevant and useful to the operation of a property and liability pool.

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Section 4 – Proposal for Services (Continued)

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4.9     Staffing

Referring to Section 2.9 of the RFP, describe your firm's proposed staffing to address the requirements of CAR's Commercial Servicing Carrier Program. Include in this section actions your company has taken and will take to notify CAR of changes to staffing and confirm the qualifications of staff reassigned to service the residual market.

4.10    CAR Advisory Committee Participation

Referring to Section 2.10 of the RFP, describe your firm's commitment to participate in CAR advisory committee activities.

4.11    Implementation Plan

Referring to Section 2.11 of the RFP, describe your firm's proposed implementation plan which will provide the smoothest transition and minimal service disruption for the producer and the insured. Specific to this appointment term, proposers will address staff and producer training and programming requirements to accommodate the newer policy coverage and endorsement forms.

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## Section 5 – Program Price

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### 5.1 Projected Costs/Expense Allowance

#### 5.1.1 Policy Coverage and Endorsement Forms Update

CAR anticipates that Servicing Carriers will incur one-time costs associated with the implementation of newer policy coverage and endorsement forms. Proposers should submit a separate price quote for the forms implementation project. To the extent that carriers will use these forms in the voluntary market, the carrier should comment on how it has prorated costs attributed to the residual market. Using the format set forth in Appendix A, provide information to detail your company's cost projections and price proposal.

The selected price, as approved by CAR's Governing Committee, shall be uniformly applicable to each carrier selected to be a Servicing Carrier.

#### 5.1.2 Servicing Residual Market Business

Proposers should provide separate detailed cost projections to service residual market business. Your analysis should assume that your company will service a specified volume of ceded commercial written premium, distributed equitably among either two, three, or four selected Servicing Carrier(s). The total ceded written premium identified in Section 5.4 of the RFP is used as a basis for calculating estimated residual market premium. Your analysis should conclude with an annual price proposal, calculated as a percentage of ceded written premium. Additional information providing a more detailed breakdown of this data will be distributed under separate cover.

**Note that proposers must include ONLY costs associated with servicing residual market business when preparing its bid price quotation. Proposers should describe methods used to isolate such costs when preparing cost projections.**

Using the format set forth in Appendix B, provide the following information to detail your company's cost projections and price proposal for servicing this business.

1. In Sections A, B, C and D, separately identify projected annual company expenses for servicing ceded business by ULAE expenses, Underwriting/Policy Processing expenses, Loss Control Services expenses, and Company/General expenses. Include detail as specified in the exhibit and based on the ceded written premium scenarios given in Section F. Specify your preference for an optimal premium volume by completing the column titled Preference. Also identify the maximum premium volume that your company is able to service. If actual proposed expenses are not used, please specify the methodology used to allocate these expenses.
2. In Section G, calculate your company's projected annual expense ratio using the ceded written premium given in Section F.

## Section 5 – Program Price (Continued)

3. In Section H, provide your company's proposed annual program price.

The selected annual price, as approved by CAR's Governing Committee, shall be uniformly applicable to each carrier selected to be a Servicing Carrier.

**Note that CAR is considering alternative methods for allocating expenses among the selected Servicing Carriers. One alternative will allocate all expenses as a percent of premium in accordance with the annual price approved by the Governing Committee. The second alternative will allocate a portion of the total expense dollars as a percent of premium and the remaining portion divided equally among the chosen number of Servicing Carriers. Information regarding committee deliberations will be provided as it becomes available.**

Note that the selected Servicing Carriers will be requested to provide CAR with an annual expense call containing the same information and detail level your company is providing in this proposal.

### 5.2 General Cost-Related Information

The tables in the following sections provide statistics which identify the current size of the residual market and general claim costs. More detailed data will be posted to CAR's website in March. Respondents may also request additional statistics at the pre-response conference.

### 5.3 Volume of Business

Residual market business is written through approximately 1,000 producers. The 2023 policy year residual market volume at 12 months for all commercial classes is as follows:

Classification	Premium	Exposures	Exposure-Based Cession Rate
Regular TTT & Regular TTT Fleet			
Zone Rated TTT & Zone Rated TTT Fleet			
Commercial Buses & Commercial Buses - Fleet			
Zone Rated Buses & Zone Rated Buses - Fleet			
PPT Buses & PPT Buses-Fleet			
Garages Subject to Compulsory Law			
Garages Premises			
Van Pools			



Section 5 – Program Price (Continued)

Classification	Premium	Exposure	Exposure-Based Cession Rate
Private Passenger Types - Non-Fleet			
Private Passenger Types - Fleet			
Taxi			
Limo			
Car Service			
Special Types & Motorcycles			
Non-Owned, Special Rating & Gross Receipts			
<b>Total</b>			
<b>Approximate number of agencies</b>			
<b>Approximate number of policies</b>			

5.4 Ceded Commercial Claim Experience

Ceded Commercial Claim Experience Data as of December, 2023 (CAR ID Codes 4,5)			
Policy Year			
	2023	2022	2021
<b><u>Written Premium</u></b>			
<b><u>Premium Cession Rate</u></b>			
<b><u>Earned Premium</u></b>			
<b><u>Reported Loss Ratio</u></b>			
<b><u>Incurred Claim Counts</u></b> Liability Physical Damage Total			
<b><u>Incurred Losses</u></b> Liability Physical Damage Total			
<b><u>Cost Per Claim Count</u></b> Liability Physical Damage Total			

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## Section 6 – General Instructions

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### 6.1 Contact Information and Deadline of Submission of Proposals

It is intended that this be a “turnaround” document, i.e. that each proposer furnishes all information in the format presented by this RFP. Submissions of manuals, promotional literature and other documents should be minimized except as the proposer may consider absolutely necessary to meet the requirements of this RFP.

Each proposal shall include a letter of transmittal, not to exceed two pages in length, which bears the signature of an authorized representative of the proposer and designates by name not more than two individuals authorized to represent the proposer with binding authority.

The letter of transmittal may also briefly set forth any particular information the proposer wishes to bring to CAR’s attention.

The proposer shall provide one electronic copy of its proposal no later than 12:00 noon on September 16, 2024 to:

Mr. Richard Dalton  
Residual Market Services  
Commonwealth Automobile Reinsurers  
101 Arch Street, Boston, MA 02110  
Tel: 617-880-2319  
Fax: 617-880-7298  
Email: [rdalton@commauto.com](mailto:rdalton@commauto.com)

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Section 7 – Proposal Information

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7.1 General Information

7.1.1 Proposer Information

(If more than one office in Massachusetts, list on a separate sheet)

Office Headquarters      Name: \_\_\_\_\_  
   Address: \_\_\_\_\_  
   \_\_\_\_\_  
   Telephone: \_\_\_\_\_  
   EIN: \_\_\_\_\_

Local Underwriting      Name: \_\_\_\_\_  
Office                              Address: \_\_\_\_\_  
   \_\_\_\_\_  
   Telephone: \_\_\_\_\_

Local Claims              Name: \_\_\_\_\_  
Office                              Address: \_\_\_\_\_  
   \_\_\_\_\_  
   Telephone: \_\_\_\_\_

Local Loss Control      Name: \_\_\_\_\_  
Office                              Address: \_\_\_\_\_  
   \_\_\_\_\_  
   Telephone: \_\_\_\_\_

In what year was your firm incorporated?

What are your firm's other lines of business?

What is your firm's A.M. Best rating?

What is your firm's total gross revenue?

What is your firm's total written premium?

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Section 7 – Proposal Information (Continued)

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Who is the individual responsible for this account?

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By submitting this proposal, the proposer certifies that the firm is in compliance with all laws of the Commonwealth of Massachusetts, the Internal Revenue Service relating to taxes and 201 CMR 17.00 relating to confidentiality and protection of personal information.

7.1.2 Service Profile

List the location of the office(s) that would service this account.

\_\_\_\_\_  
\_\_\_\_\_

What is your current staffing for underwriting, claims, and loss control services in the Boston/New England area:

<u>Position Classification</u>	<u>Number of FTE Personnel</u>
Underwriting	_____
Claims	_____
Loss Control	_____

For this program:

Describe your firm's billing payment plan.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

What minimum and maximum levels of assigned ceded written premium are necessary for your firm to bid on servicing this business?

Minimum: \_\_\_\_\_

Maximum: \_\_\_\_\_

What ratio of premium or insureds to underwriters does your firm propose to maintain? \_\_\_\_\_

What ratio of underwriters to supervisors will your firm maintain?

\_\_\_\_\_

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Section 7 – Proposal Information (Continued)

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What ratio of open claims to claim adjusters does your firm propose to maintain?  
If applicable, separate your response by coverage: BI, PDL, and PIP/med pay.

What ratio of adjusters to supervisors will your firm maintain?

What ratio of premium or insureds to loss control representatives does your firm propose to maintain?

What ratio of loss control representatives to supervisors will your firm maintain?

Describe what efforts your firm would employ in seeking to reduce the size of the residual market and improve financial results for all classes of commercial automobile business.

Describe your company's use of SIU for underwriting and loss investigations.

7.1.3 Division of Responsibilities

If the proposer intends to utilize one or more subcontractors, provide a summary description of responsibilities among (a) the proposer and (b) each subcontractor. Also, describe how you have worked with the subcontractor in the past. If no subcontractors are to be used, so state.

Subcontractor Information:

Name, Address, and Telephone Number:

Specify this subcontractor's responsibility for this engagement.

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Section 7 – Proposal Information (Continued)

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Name, Address, and Telephone Number:

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Specify this subcontractor's responsibility for this engagement.

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Name, Address, and Telephone Number:

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Specify this subcontractor's responsibility for this engagement.

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7.1.4 Executive Summary

Provide a summary of your proposal, prepared in such a manner as to be understood to individuals at a general management level with experience in commercial automobile insurance. The synopsis should contain a summary of your proposal and a brief description of the following:

- Your claim and management philosophy and proposed approach.
- Your proposed services.
- Your integration of functions.
- The distinctive elements of your proposal and your firm's capabilities.
- Your training and support commitments.
- The experience of your firm with similar programs, with Massachusetts commercial business, and with other commercial business.
- Your additional recommendations for this engagement.

7.2 Implementation

Provide your implementation plan, referring to Section 2.11 and 4.11 of the RFP.

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Section 7 – Proposal Information (Continued)

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7.3 Miscellaneous Provisions

7.3.1 Capability to Respond to Significant Changes

Explain your firm's capability to respond to significant changes in this engagement.

7.3.2 Exceptions to the RFP

Summarize material exceptions which your firm has to this RFP.

7.3.3 Additional Services and Associated Costs

List any additional services or approaches and the anticipated costs.

7.3.4 Addendum

Specify in not more than two pages any additional information which your firm feels CAR should have in evaluating your proposal.

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## Section 8 – Selection Process

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The selection of Servicing Carrier(s) to serve CAR's needs is an important and complex task. CAR will follow the process outlined in the following subsections.

### 8.1 Request for Proposal (RFP)

This RFP is intended to provide the interested proposers with uniform information concerning the nature of the services desired and conditions for submitting proposals. The pre-response conference will be held to clarify any points which may be in question. In responding to this RFP, proposers shall adhere to the format provided herein so that comparable objective data will be provided for CAR's review and analysis.

### 8.2 Evaluation Responsibility

CAR's Commercial Program Oversight Committee, with the advice of any consultants and/or subcommittees it may choose to engage, will have responsibility for reviewing and evaluating all proposals submitted, and making its recommendation for Servicing Carrier appointments to CAR's Governing Committee.

### 8.3 General Objectives for Evaluation

The general objectives to be evaluated include but are not limited to the proposer's ability to properly establish eligibility for placement in the residual market, to underwrite risks written through the Program according to classification and garaging (territory) and to minimize fraud and mitigate the frequency and severity of losses through effective claims management and loss control.

Servicing Carrier(s) will be selected based on their proven ability to handle all classes of commercial business. Measurement of a Servicing Carrier's qualifications will include a basis for an expectation of superior performance and improvement in overall underwriting results within the Program.

### 8.4 Evaluation Factors

Proposals will be evaluated against the specifications presented in the RFP. A proposer may or may not be eliminated from consideration for failure to comply completely with one or more of the Program requirements as outlined in this RFP, depending on the nature of the requirement.

The award of an appointment pursuant to this RFP will be made to the proposer(s) whose proposal is determined to have the greatest overall benefit to CAR, its Members, producers and insureds

The proposals will be evaluated based on the evaluation categories listed below. Each category will be scored by assigning a value from the indicated point range. Each range is intended to reflect the relative importance of each evaluation category. The final score for each proposal will be determined by the average total points assigned by each Selection Committee member.



## Section 8 – Selection Process (Continued)

These scores will be used as a tool by the Committee in evaluating each proposal. They will not necessarily determine Servicing Carrier selection.

<b>Evaluation Categories</b>	<b>Point Range</b>
<b><u>Underwriting and Policy Processing</u></b> Considerations: <ul style="list-style-type: none"> <li>• Experience/demonstrated performance               <ul style="list-style-type: none"> <li>○ writing MA commercial automobile business</li> <li>○ commercial business, including servicing residual market automobile programs.</li> <li>○ General experience of proposer</li> </ul> </li> <li>• Personnel and Leadership               <ul style="list-style-type: none"> <li>○ Administration and account management</li> <li>○ Capability and experience of assigned staff</li> <li>○ Integration of underwriting with loss control</li> </ul> </li> <li>• Ability to adjust to changed exposure</li> </ul>	<b>0-35</b>
<b><u>Claims Management Services</u></b> Considerations: <ul style="list-style-type: none"> <li>• Experience/demonstrated performance               <ul style="list-style-type: none"> <li>○ writing MA commercial automobile business</li> <li>○ commercial business, including servicing residual market automobile programs.</li> <li>○ General experience of proposer</li> </ul> </li> <li>• Personnel and Leadership               <ul style="list-style-type: none"> <li>○ Administration and account management</li> <li>○ Capability and experience of assigned staff</li> <li>○ Integration of claims with loss control</li> <li>○ Location of staff</li> </ul> </li> <li>• Ability to adjust to changed exposure</li> </ul>	<b>0-35</b>
<b><u>Loss Control Services</u></b> Considerations: <ul style="list-style-type: none"> <li>• Experience/demonstrated performance               <ul style="list-style-type: none"> <li>○ writing MA commercial automobile business</li> <li>○ commercial business, including servicing residual market automobile programs.</li> <li>○ General experience of proposer</li> </ul> </li> <li>• Personnel and Leadership               <ul style="list-style-type: none"> <li>○ Administration and account management</li> <li>○ Capability and experience of assigned staff</li> <li>○ Integration of loss control with underwriting and claims</li> <li>○ Location of staff</li> </ul> </li> <li>• Ability to adjust to changed exposure</li> </ul>	<b>0-10</b>
<b><u>Quality of Implementation Plan</u></b>	<b>0-10</b>
<b><u>Other</u></b> Considerations: <ul style="list-style-type: none"> <li>• Management information services/statistical reporting</li> <li>• Experience with MA-specific reporting; statistical, financial, registry</li> <li>• Systems/programming change management</li> <li>• Staffing change management</li> <li>• Advisory committee participation/attendance</li> <li>• Minimize/mitigate market disruption</li> <li>• Creative/innovative solutions</li> <li>• AM Best rating</li> </ul>	<b>0-10</b>

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Section 8 – Selection Process (Continued)

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8.5 Proposer Conferences

Following the initial screening of proposals, some of the proposers may be eliminated from consideration. Those that have not been eliminated may then be requested at no cost to CAR to meet with CAR staff and its committees and advisors for the purpose of presenting distinguishing elements of its proposal and responding to questions. Each such conference may be expected to take up to two hours.

8.6 Proposer Selection

The field of proposers shall be reduced to a group of finalists. The finalists, or a subset thereof, may be invited to participate in a more detailed review of qualifications and capabilities with CAR. CAR's personnel will also be available during that time to meet with each proposer's personnel to discuss any special requirements presented by this RFP.

These conferences may be supplemented by visits to the proposer's office. Interviews with individual staff on-site may be required.

Concurrently, each finalist may be requested to submit supplemental information based on its meeting with CAR and the ongoing evaluation of its proposal. This supplemental information will also be considered in CAR's selection process.

Following the procedures previously described, CAR will make a decision regarding selection of the proposer(s) to whom it will engage for the purpose of servicing ceded commercial business.

## Appendix A

### Projected Costs of Forms Implementation Project

CAR anticipates that Servicing Carriers will incur one-time costs associated with the implementation of the newer policy coverage and endorsement forms. Proposers should identify those one-time costs using the format below.

Description	Amount			
	BAP	Truckers to BAP	Garage to AD	Total
Underwriter Training Costs				
Claims Training Costs				
Systems/Programming Costs				
Other Costs (explain below)				
Total Cost Projections				
Bid Price Quotation				

Describe other costs included above:

Describe variance between projected costs and bid price quotation:

Indicate preference for timing of expense allocation. \_\_\_\_\_

## Appendix B

### Summary of Projected Costs for Servicing the Commercial Residual Market (Include ONLY costs directly related to servicing of residual market business)

<b>A. ULAE Expenses</b>	2 Carriers	3 Carriers	4 Carriers	Preference
Claims Management Services Loaded Annual Staffing Costs, Overhead, Travel Expenses				
Special Investigations (concerning the underwriting and/or loss facts)				
Adjuster's Fees				
Motor Vehicle Appraisal Fees				
Fees for retrieval of pre-inspection reports				
Other				
Total				

<b>B. Underwriting/Policy Processing Expenses</b>	2 Carriers	3 Carriers	4 Carriers	Preference
Underwriting/Technical Services Loaded Annual Staffing Costs				
Agency Education and Training				
General Processing Expenses				
Other				
Total				

<b>C. Loss Control Services Expenses</b>	2 Carriers	3 Carriers	4 Carriers	Preference
Loss Control Services Loaded Annual Staffing Costs				
Surveys of New Insureds				
Surveys of Renewal Insureds				
Cost for Vehicle Inspection				
Educational Programs				
Monitoring of Loss Control Recommendations				
Special Services				
Other				
Total				

## Appendix B

### Summary of Projected Costs for Servicing the Commercial Residual Market (Include ONLY costs directly related to servicing of residual market business)

D. Company/General Expenses	2 Carriers	3 Carriers	4 Carriers	Preference
Other Loaded Annual Staffing Costs (Administrative/Account Management)				
Management Information System Services				
All Other Services				
Rent and Rent Items				
Office Equipment & Supplies				
Professional Services (Auditors, Actuarial, Legal, etc.)				
Taxes, Licenses, & Fees (Exclude Premium Tax)				
Other				
Total				

E. Calculation of Total Expenses	2 Carriers	3 Carriers	4 Carriers	Preference
Section A. Total: ULAE Expenses				
Section B. Total: Underwriting/Technical Services Expenses				
Section C. Total: Loss Control Services Expenses				
Section D. Total: Company/General Expenses				
TOTAL: (A+B+C+D)				

F. Estimated Residual Market Premium	\$105,500,000	\$70,333,000	\$52,750,000	
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G. Expense Ratio (Total E / F)				
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H. Annual Price				
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If different from H., please explain:

Indicate maximum premium volume your company is able to service on behalf of the residual market: \_\_\_\_\_



NATALIE A. HUBLEY  
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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617-338-4000

## SUMMARY OF MEETING

### LOSS RESERVING COMMITTEE – JUNE 5, 2024

#### Members Present

Ms. Melissa Vaughn – Chair  
Mr. Martin Murphy  
Mr. Jacob Sechler  
Mr. Gavin Traverso

Safety Insurance Company  
Plymouth Rock Assurance Corporation  
The Hanover Insurance Company  
MAPFRE U.S.A. Corporation

#### Not in Attendance:

Ms. Satomi Miyanaga, Liberty Mutual Insurance Companies

#### 24.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Loss Reserving Committee meeting of March 6, 2024. The Records have been distributed and are on file.

#### 24.04 Quality of Current Quarter Reporting

The Committee reviewed the current quarter's data quality and large loss reports. The Committee was advised that there were no data adjustments for missing data.

The Committee was notified that the data quality review was updated to include a review of losses in excess of the policy limit. The Committee was informed that there are two accident year 2017 policies that have Bodily Injury (BI) reserves incorrectly reported totaling approximately \$1.7 million. The information was distributed and incorporated into the final accident year selection.

Next, the Committee was informed that eight BI claims were referred this quarter to CAR's Compliance Audit Department for additional information and verification of the reported statistics. Seven of the policies carried a \$1.0 million combined single limit (CSL) coverage, and one policy carried a \$1.5 million CSL coverage. There were two property damage liability (PDL) claims referred this quarter. These claims were either newly reported, experienced large upward or downward reserve changes, or were paid in excess of the prior quarter reserve and were verified for accuracy with the reporting Servicing Carrier.

The Committee reviewed large loss reports for all losses greater than \$1.0 million reported for policy years 2015-2024 as of March 2024. During the current quarter, there were eight new claims added to the report. Five of the policies carried a \$1.0 million CSL coverage and three carried a \$5.0 million CSL coverage. The three \$5.0 million CSL claims have statistically reported losses of \$1.1, \$2.6, and \$1.0 million, respectively. As of the current quarter, there have been 126 claims over \$1.0 million reported for the latest 10 policy years. These claims have current incurred losses of approximately \$216.4 million, an increase of \$6.2 million since the prior quarter. The corresponding large loss reports are attached as pages 6-10.

### Summary of Large Losses GT \$1.0M as of March, 2024 (\$ in millions)

	Claims ≥\$1.0M	Current Incurred Losses	Current Reserves	Prior Incurred Losses	Change in Loss
New Claims	8	\$10.1	\$8.2	\$4.7	\$5.3
Total Claims	126	\$216.4	\$79.6	\$210.3	\$6.2

The Committee was also informed that, during the current quarter, 13 new claims were reported using the Large Loss Notification Form. This report is attached as pages 11-12. Three of the 13 claims carry a \$5.0 million CSL with initial loss estimates of \$500,000 or less. Nine claims are insured at a \$1.0 million CSL, and one carries a \$500,000 CSL coverage. Because of the timing, there were several significant large losses identified by these forms with no reported statistics that were evaluated and included by the Committee in the selection of accident year losses. These losses include a \$5.0 million PDL claim related to a pollution loss that was also included in the prior quarter, and several other BI claims with estimated losses totaling approximately \$3.6 million for accident years 2022-2024. Additionally, one submission relating to an updated record was received, but was not significant and therefore required no adjustments.

#### 24.06 Policy Year Deficit and Loss Ratio Report

The latest deficit projections as of March, 2024 were reviewed and finalized as follows:

The Committee estimated a policy year 2021 surplus of \$24.1 million with an ultimate loss ratio of 67.0%. The estimate results in a \$734,000 improvement on the prior quarter's projected surplus of \$23.3 million.

The Committee estimated a policy year 2022 deficit of \$23.7 million with an ultimate loss ratio of 89.1%, resulting in a \$2.8 million increase of the prior quarter's projected deficit of \$20.9 million. The increased deficit results are in part due to the large loss activity including two new large losses reported in the current quarter, as well as four large claims reported in the prenotification process that were considered in the loss data.

The Committee estimated a policy year 2023 deficit of \$6.0 million with an ultimate loss ratio of 79.0%. The estimate results in a \$1.3 million deterioration of the prior quarter's projected deficit of \$4.8 million.

Ultimate loss ratio and deficit projections for all policy years are attached as pages 13-16.

The following summary displays the policy year results:

**Policy Year Results**  
**Total Commercial Ceded**

<u>PY</u>	<u>Earned Premium (000)</u>	<u>Loss &amp; Allocated Loss Adjustment Expense (000)</u>				<u>Number of Open Claims</u>
		<u>Paid</u>	<u>Case Outstanding</u>	<u>IBNR</u>	<u>Held Ultimate</u>	
2015	151,439	130,137	69	0	130,206	5
2016	169,141	156,430	9,912	2	166,344	75
2017	182,590	137,577	4,036	-1,180	140,433	38
2018	195,958	158,556	20,524	-771	178,309	120
2019	190,284	115,980	15,307	165	131,452	75
2020	172,642	78,581	22,234	2,743	103,558	197
2021	183,368	85,648	32,663	4,509	122,820	484
2022	186,376	71,119	73,290	21,647	166,056	1,421
2023	149,337	38,224	39,251	40,474	117,949	2,334
2024	8,139	525	1,226	4,764	6,515	160
<b>Total</b>	<b>1,589,274</b>	<b>972,777</b>	<b>218,512</b>	<b>72,353</b>	<b>1,263,642</b>	<b>4,909</b>

**Policy Year Change in Ultimate Loss**

<u>PY</u>	<u>Current Quarter</u>			<u>Prior Quarter</u>			<u>Difference</u>	
	<u>Ultimate Loss(000)</u>	<u>Earned Prem(000)</u>	<u>Loss Ratio</u>	<u>Ultimate Loss(000)</u>	<u>Earned Prem(000)</u>	<u>Loss Ratio</u>	<u>Ultimate Loss(000)</u>	<u>Loss Ratio</u>
2015	130,206	151,439	86.0%	130,222	151,439	86.0%	-16	0.0%
2016	166,344	169,141	98.3%	166,619	169,141	98.5%	-275	-0.2%
2017	140,433	182,590	76.9%	141,803	182,590	77.7%	-1,370	-0.8%
2018	178,309	195,958	91.0%	178,416	195,958	91.0%	-107	-0.1%
2019	131,452	190,284	69.1%	132,720	190,284	69.7%	-1,268	-0.7%
2020	103,558	172,642	60.0%	105,300	172,642	61.0%	-1,742	-1.0%
2021	122,820	183,368	67.0%	123,565	183,368	67.4%	-745	-0.4%
2022	166,056	186,376	89.1%	163,283	186,469	87.6%	2,773	1.5%
2023	117,949	149,337	79.0%	82,082	104,716	78.4%	35,867	0.6%
2024	6,515	8,139	80.0%				6,515	80.0%

The following summary displays the accident year results from the meeting:

**Accident Year Results**  
**Total Commercial Ceded**

<u>CAL/AY</u>	<u>Earned Premium(000)</u>	<u>Loss &amp; Allocated Loss Adjustment Expense (000)</u>				<u>Number of Open Claims</u>
		<u>Paid</u>	<u>Case Outstanding</u>	<u>IBNR</u>	<u>Held Ultimate</u>	
2015	140,066	110,327	173	-	110,500	3
2016	160,225	155,630	370	2	156,002	9
2017	175,270	145,545	10,367	(1,180)	154,732	80
2018	189,481	150,502	13,688	(318)	163,872	97
2019	198,126	145,736	19,886	(901)	164,721	91
2020	176,009	84,015	15,494	195	99,704	110
2021	181,581	79,447	23,543	5,106	108,096	282
2022	184,422	85,248	64,146	7,815	157,209	872
2023	196,173	62,035	59,292	36,766	158,093	2,285
2024	53,006	7,157	11,703	24,868	43,728	1,081
<b>Total</b>	<b>1,654,359</b>	<b>1,025,642</b>	<b>218,662</b>	<b>72,353</b>	<b>1,316,657</b>	<b>4,910</b>



### Accident Year Change in Ultimate Loss

<u>CAL/AY</u>	<b>Current Quarter</b>			<b>Prior Quarter</b>			<b>Difference</b>	
	<u>Ultimate Loss(000)</u>	<u>Earned Prem(000)</u>	<u>Loss Ratio</u>	<u>Ultimate Loss(000)</u>	<u>Earned Prem(000)</u>	<u>Loss Ratio</u>	<u>Ultimate Loss(000)</u>	<u>Loss Ratio</u>
2015	110,500	140,066	78.9%	110,748	140,066	79.1%	-248	-0.2%
2016	156,002	160,225	97.4%	156,121	160,225	97.4%	-119	-0.1%
2017	154,732	175,270	88.3%	156,534	175,270	89.3%	-1,802	-1.0%
2018	163,872	189,481	86.5%	164,187	189,481	86.7%	-315	-0.2%
2019	164,721	198,126	83.1%	164,481	198,126	83.0%	240	0.1%
2020	99,704	176,009	56.6%	101,624	176,009	57.7%	-1,920	-1.1%
2021	108,096	181,581	59.5%	110,164	181,581	60.7%	-2,068	-1.1%
2022	157,209	184,422	85.2%	156,947	184,475	85.1%	262	0.2%
2023	158,093	196,173	80.6%	156,453	196,459	79.6%	1,640	1.0%
2024	43,728	53,006	82.5%				43,728	82.5%

SHANNON CHIU  
Actuarial/Statistical Analyst

Boston, Massachusetts  
June 11, 2024

## **Loss Reserving Committee Executive Summary – Attachments**

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Commonwealth Automobile Reinsurers  
Large Loss Detail By Policy Year (Large Losses \$1.0 Million and Greater)

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Data Reported Through March, 2024

Row	Eff Yr	Liab Lim	Lim Id	Accdt Year	Clm	Class Desc	ITD Paid Loss	Current Reserve	ALAE ITD	ITD Total Loss	Prior Reserves	Prior Qtr Tot Loss	Change Tot Loss	PIP Loss	State	Qtr First > \$1.0M	First Rptd
1	23	1.0 M	CSL	2023	1	Non-Owned / Special Rating	0	1,000,000	4,500	1,004,500	500,000	504,500	500,000	0	MA	1Q 2024	3Q 2023
2	23	1.0 M	CSL	2023	9	Zone Rated TTT	111,666	1,000,000	55,461	1,167,127	1,000,000	1,155,891	11,236	0	Out Of State	2Q 2023	2Q 2023
3	23	5.0 M	CSL	2023	2	Commercial Bus	15,592	1,034,408	35,528	1,085,528	0	0	1,085,528	50,500	Out Of State	1Q 2024	4Q 2023
4	23	1.0 M	CSL	2023	4	TTT	486,792	622,600	200,006	1,309,398	653,219	1,309,397	1	0	MA	2Q 2023	1Q 2023
5	23	1.0 M	CSL	2023	4	Zone Rated TTT	50,669	978,870	90,025	1,119,564	108,200	151,419	968,145	0	Out Of State	1Q 2024	3Q 2023
							<b>664,719</b>	<b>4,635,878</b>	<b>385,520</b>	<b>5,686,117</b>	<b>2,261,419</b>	<b>3,121,207</b>	<b>2,564,910</b>	<b>50,500</b>			
1	22	5.0 M	CSL	2022	37	Commercial Bus	239,291	5,002,832	408,857	5,650,980	5,002,832	5,548,258	102,722	111,264	MA	4Q 2022	4Q 2022
2	22	1.0 M	CSL	2022	3	TTT	230,394	750,000	37,500	1,017,894	750,000	1,017,894	0	0	MA	4Q 2023	1Q 2023
3	22	1.0 M	CSL	2023	4	TTT	190,318	1,000,000	57,612	1,247,930	1,000,000	1,247,930	0	6,768	Out Of State	1Q 2023	1Q 2023
4	22	1.0 M	CSL	2022	1	Garage	0	1,000,000	37,562	1,037,562	1,000,000	1,027,901	9,661	0	MA	1Q 2023	2Q 2022
5	22	1.0 M	CSL	2022	3	Garage	229,757	1,000,000	97,433	1,327,190	1,000,000	1,317,666	9,524	0	MA	4Q 2022	4Q 2022
6	22	1.5 M	CSL	2022	2	Commercial Bus	27,282	1,000,162	98,856	1,126,300	1,000,162	1,077,962	48,338	28,002	Out Of State	4Q 2022	4Q 2022
7	22	5.0 M	CSL	2022	6	Commercial Bus	130,991	5,018,552	109,035	5,258,578	5,048,112	5,258,452	126	147,418	Out Of State	1Q 2023	3Q 2022
8	22	5.0 M	CSL	2022	12	Zone Rated Bus	54,294	2,325,000	265,150	2,644,444	278,278	349,314	2,295,130	54,857	Out Of State	1Q 2024	4Q 2022
9	22	1.0 M	CSL	2022	2	TTT	13,001	1,000,000	70,187	1,083,188	1,000,000	1,083,188	0	8,187	MA	3Q 2023	3Q 2022
10	22	1.0 M	CSL	2022	3	Non-Owned / Special Rating	0	1,000,000	29,538	1,029,538	1,000,000	1,029,538	0	0	Out Of State	4Q 2023	3Q 2023
11	22	1.0 M	CSL	2023	2	Zone Rated TTT	11,173	985,744	53,735	1,050,652	985,744	1,050,653	-1	0	Out Of State	3Q 2023	1Q 2023
12	22	1.0 M	CSL	2023	4	Zone Rated TTT	0	1,150,000	75,445	1,225,445	1,012,300	1,087,745	137,700	150,375	Out Of State	4Q 2023	2Q 2023
13	22	1.0 M	CSL	2023	1	TTT	0	983,374	49,948	1,033,322	983,374	983,574	49,748	0	Out Of State	1Q 2024	2Q 2023
14	22	1.0 M	CSL	2022	3	Zone Rated TTT	0	1,000,000	35,485	1,035,485	1,000,000	1,035,485	0	0	Out Of State	3Q 2023	2Q 2022
15	22	1.0 M	CSL	2022	3	Zone Rated TTT	12,942	987,058	50,001	1,050,001	987,058	1,050,001	0	0	Out Of State	2Q 2023	3Q 2022
16	22	1.0 M	CSL	2022	1	Zone Rated TTT	4,141	1,010,840	90,152	1,105,133	1,010,840	1,105,133	0	15,106	Out Of State	2Q 2023	3Q 2022
17	22	1.0 M	CSL	2022	4	Zone Rated TTT	168,619	994,446	60,211	1,223,276	1,144,446	1,248,476	-25,200	149,800	Out Of State	3Q 2023	4Q 2022
18	22	1.0 M	CSL	2023	4	Zone Rated TTT	19,330	1,000,001	70,033	1,089,364	1,000,001	1,089,363	1	0	Out Of State	3Q 2023	1Q 2023
19	22	5.0 M	CSL	2023	24	Zone Rated Bus	60,910	5,080,290	105,776	5,246,976	5,071,100	5,232,721	14,255	118,075	Out Of State	3Q 2023	3Q 2023
20	22	1.0 M	CSL	2022	7	TTT	106,400	1,000,000	20,001	1,126,401	1,000,000	1,126,401	0	0	Out Of State	4Q 2022	4Q 2022
							<b>1,498,843</b>	<b>33,288,299</b>	<b>1,822,517</b>	<b>36,609,659</b>	<b>31,274,247</b>	<b>33,967,655</b>	<b>2,642,004</b>	<b>789,852</b>			
1	21	1.0 M	CSL	2021	1	Special Types / Motorcycle	1,000,000	0	68,722	1,068,722	763,000	823,593	245,129	0	MA	1Q 2024	1Q 2022
2	21	1.0 M	CSL	2022	4	TTT	39,548	1,000,000	30,768	1,070,316	1,000,000	1,071,517	-1,201	0	MA	1Q 2023	3Q 2022
3	21	1.0 M	CSL	2022	4	Non-Owned / Special Rating	39,626	1,000,000	25,027	1,064,653	1,000,000	1,023,622	41,031	0	Out Of State	2Q 2022	2Q 2022
4	21	1.0 M	CSL	2021	8	TTT	134,914	970,000	79,937	1,184,851	970,000	1,180,799	4,052	0	MA	1Q 2022	4Q 2021
5	21	5.0 M	CSL	2022	4	TTT	152,390	2,608,400	167,117	2,927,907	2,608,400	2,923,855	4,052	0	MA	1Q 2022	1Q 2022
6	21	5.0 M	CSL	2022	1	Zone Rated Bus	4,900,000	0	84,893	4,984,893	0	4,984,893	0	0	Out Of State	3Q 2022	3Q 2022
7	21	5.0 M	CSL	2022	17	Commercial Bus	505,807	3,635,352	182,260	4,323,419	3,387,868	4,066,882	256,537	167,957	Out Of State	4Q 2022	2Q 2022
8	21	1.0 M	CSL	2021	2	TTT	1,030,884	0	4,959	1,035,843	0	1,035,843	0	8,000	MA	4Q 2021	4Q 2021
9	21	1.0 M	CSL	2021	5	TTT	184,745	910,000	60,441	1,155,186	910,000	1,148,947	6,239	0	MA	4Q 2023	4Q 2021
							<b>7,987,914</b>	<b>10,123,752</b>	<b>704,124</b>	<b>18,815,790</b>	<b>10,639,268</b>	<b>18,259,951</b>	<b>555,839</b>	<b>175,957</b>			

Commonwealth Automobile Reinsurers

Large Loss Detail By Policy Year (Large Losses \$1.0 Million and Greater)

CAR DOCKET #GC24.12

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Data Reported Through March, 2024

Row	Eff Yr	Liab Lim	Lim Id	Accdt Year	Clm	Class Desc	ITD Paid Loss	Current Reserve	ALAE ITD	ITD Total Loss	Prior Reserves	Prior Qtr Tot Loss	Change Tot Loss	PIP Loss	State	Qtr First > \$1.0M	First Rptd
1	20	1.0 M	CSL	2020	5	TTT	1,035,920	0	21,226	1,057,146	0	1,057,146	0	0	MA	4Q 2020	4Q 2020
2	20	1.0 M	CSL	2021	9	TTT	1,041,107	15,000	55,891	1,111,998	1,000,000	1,098,350	13,648	0	MA	2Q 2021	1Q 2021
3	20	1.0 M	CSL	2021	1	PPT - NF	0	1,000,000	66,875	1,066,875	1,000,000	1,066,028	847	0	Out Of State	2Q 2021	1Q 2021
4	20	1.0 M	CSL	2021	3	Zone Rated TTT	26,254	977,947	50,247	1,054,448	977,947	1,053,098	1,350	0	MA	1Q 2022	2Q 2021
5	20	1.0 M	CSL	2021	3	Zone Rated TTT	1,025,146	0	17,498	1,042,644	0	1,042,644	0	0	Out Of State	4Q 2021	2Q 2021
6	20	1.0 M	CSL	2021	3	TTT	52,982	1,000,000	58,547	1,111,529	1,000,000	1,111,096	433	68	Out Of State	2Q 2022	3Q 2021
7	20	1.0 M	CSL	2021	5	TTT	1,037,469	0	14,737	1,052,206	0	1,052,206	0	5,242	MA	3Q 2021	1Q 2021
8	20	1.0 M	CSL	2020	2	Zone Rated TTT	2,412	997,588	55,555	1,055,555	997,588	1,053,294	2,261	0	Out Of State	2Q 2022	4Q 2020
9	20	1.0 M	CSL	2020	1	Public Transportation Buses	1,008,000	0	1,782	1,009,782	0	1,009,782	0	8,000	MA	1Q 2022	4Q 2020
10	20	1.0 M	CSL	2021	3	Non-Owned / Special Rating	1,000,000	0	24,840	1,024,840	0	1,024,840	0	0	MA	3Q 2021	2Q 2021
11	20	5.0 M	CSL	2021	1	Commercial Bus	8,000	1,000,000	57,784	1,065,784	1,000,000	1,061,140	4,644	8,023	MA	4Q 2021	4Q 2021
12	20	1.0 M	CSL	2020	1	Garage	1,008,000	0	1,042	1,009,042	0	1,009,042	0	8,000	MA	4Q 2021	1Q 2021
13	20	1.0 M	CSL	2021	3	Zone Rated TTT	0	1,000,000	75,084	1,075,084	850,000	925,000	150,084	0	Out Of State	1Q 2024	2Q 2021
14	20	1.0 M	CSL	2020	3	Zone Rated TTT	1,020,372	0	106,042	1,126,414	1,000,000	1,245,381	-118,967	0	Out Of State	3Q 2020	2Q 2020
							8,265,662	5,990,535	607,150	14,863,347	7,825,535	14,809,047	54,300	29,333			
1	19	1.0 M	CSL	2019	1	TTT	1,000,000	0	33,462	1,033,462	0	1,033,462	0	0	Out Of State	3Q 2020	3Q 2020
2	19	1.0 M	CSL	2020	2	TTT	1,000,000	0	25,382	1,025,382	0	1,025,382	0	0	MA	3Q 2022	1Q 2020
3	19	1.0 M	CSL	2019	8	TTT	1,093,233	0	0	1,093,233	0	1,093,233	0	0	MA	4Q 2019	3Q 2019
4	19	1.0 M	CSL	2019	2	TTT	999,999	0	19,096	1,019,095	0	1,019,095	0	0	MA	1Q 2023	2Q 2019
5	19	5.0 M	CSL	2020	11	TTT	1,702,387	321,503	44,921	2,068,811	330,955	2,069,284	-473	0	MA	2Q 2020	2Q 2020
6	19	1.0 M	CSL	2019	3	TTT	32,130	975,870	66,268	1,074,268	975,870	1,069,098	5,170	8,000	MA	4Q 2021	2Q 2019
7	19	1.0 M	BI	2019	3	Non-Owned / Special Rating	975,000	0	77,532	1,052,532	0	1,052,532	0	0	Not Reported	3Q 2021	2Q 2020
8	19	1.0 M	CSL	2019	5	TTT	1,000,000	0	6,071	1,006,071	0	1,006,071	0	0	MA	4Q 2022	4Q 2019
9	19	1.0 M	CSL	2019	2	TTT	1,027,641	0	18	1,027,659	0	1,027,659	0	0	MA	2Q 2022	4Q 2019
10	19	1.0 M	CSL	2019	2	TTT	1,000,000	0	576	1,000,576	0	1,000,576	0	0	MA	4Q 2019	3Q 2019
11	19	1.0 M	CSL	2020	2	TTT	0	1,003,750	125,145	1,128,895	1,003,750	1,128,895	0	3,875	MA	4Q 2020	3Q 2020
12	19	1.0 M	CSL	2020	7	TTT	1,063,469	0	34,095	1,097,564	960,814	1,165,296	-67,732	0	Out Of State	3Q 2022	1Q 2020
13	19	1.0 M	CSL	2019	2	Zone Rated TTT	0	1,000,000	75,000	1,075,000	1,000,000	1,075,000	0	0	Out Of State	4Q 2022	4Q 2019
14	19	5.0 M	CSL	2019	7	Zone Rated Bus	439,274	1,500,000	105,987	2,045,261	1,500,000	2,045,261	0	65,595	Out Of State	1Q 2020	4Q 2019
15	19	5.0 M	CSL	2019	1	Zone Rated Bus	20,410	1,000,000	125,288	1,145,698	1,000,000	1,145,698	0	20,698	Out Of State	2Q 2022	3Q 2019
16	19	5.0 M	CSL	2020	4	Zone Rated Bus	2,803,454	0	145,697	2,949,151	0	2,949,151	0	100,000	Out Of State	3Q 2020	1Q 2020
17	19	1.0 M	CSL	2019	7	Zone Rated TTT	1,045,357	0	18,256	1,063,613	0	1,063,613	0	0	MA	4Q 2020	3Q 2019
18	19	1.5 M	CSL	2019	6	Commercial Bus	1,116,830	0	50,712	1,167,542	0	1,167,542	0	109,801	Out Of State	3Q 2019	3Q 2019
19	19	1.0 M	CSL	2020	5	Zone Rated TTT	1,036,871	0	34,790	1,071,661	0	1,071,661	0	0	Out Of State	3Q 2020	2Q 2020
20	19	5.0 M	CSL	2019	13	Zone Rated Bus	2,310,420	42,098	61,809	2,414,327	42,098	2,414,327	0	43,307	Out Of State	4Q 2019	3Q 2019
21	19	1.0 M	CSL	2019	6	TTT	1,030,550	0	10,784	1,041,334	0	1,041,334	0	42	MA	1Q 2020	4Q 2019
							20,697,025	5,843,221	1,060,889	27,601,135	6,813,487	27,664,170	-63,035	351,318			

Commonwealth Automobile Reinsurers  
Large Loss Detail By Policy Year (Large Losses \$1.0 Million and Greater)  
Data Reported Through March, 2024

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Row	Eff Yr	Liab Lim	Lim Id	Accdt Year	Clm	Class Desc	ITD Paid Loss	Current Reserve	ALAE ITD	ITD Total Loss	Prior Reserves	Prior Qtr Tot Loss	Change Tot Loss	PIP Loss	State	Qtr First > \$1.0M	First Rptd
1	18	1.5 M	CSL	2019	2	Commercial Bus	8,000	1,508,000	98,454	1,614,454	1,508,000	1,613,852	602	16,009	MA	4Q 2019	3Q 2019
2	18	1.0 M	CSL	2018	4	TTT	1,094,953	0	32,112	1,127,065	0	1,127,065	0	0	Out Of State	3Q 2019	2Q 2018
3	18	1.0 M	CSL	2018	8	TTT	1,183,229	0	17,741	1,200,970	0	1,200,970	0	0	Out Of State	4Q 2018	4Q 2018
4	18	1.0 M	CSL	2018	6	TTT	1,250,286	0	28,724	1,279,010	0	1,279,010	0	0	MA	3Q 2020	4Q 2018
5	18	1.0 M	CSL	2019	2	TTT	1,079,123	0	4,331	1,083,454	0	1,083,454	0	0	Out Of State	1Q 2019	1Q 2019
6	18	1.0 M	CSL	2019	2	Commercial Bus	8,005	993,940	79,248	1,081,193	993,940	1,078,873	2,320	0	MA	3Q 2021	3Q 2019
7	18	1.0 M	CSL	2018	2	Non-Owned / Special Rating	1,000,000	0	135,006	1,135,006	0	1,135,006	0	0	Not Reported	2Q 2020	2Q 2018
8	18	1.0 M	CSL	2018	5	TTT	18,277	987,651	72,102	1,078,030	981,723	1,064,195	13,835	0	Out Of State	4Q 2023	4Q 2018
9	18	1.0 M	CSL	2019	2	Garage	1,013,028	0	5,071	1,018,099	0	1,018,099	0	0	MA	2Q 2019	2Q 2019
10	18	1.0 M	CSL	2018	4	TTT	1,095,196	0	39,901	1,135,097	0	1,135,097	0	0	Out Of State	3Q 2020	4Q 2018
11	18	1.0 M	CSL	2019	16	Zone Rated TTT	1,024,688	0	78,550	1,103,238	0	1,103,238	0	0	Out Of State	2Q 2019	2Q 2019
12	18	1.0 M	CSL	2018	2	TTT	34,184	1,000,000	12,549	1,046,733	1,000,000	1,046,398	335	0	MA	4Q 2018	4Q 2018
13	18	1.0 M	CSL	2019	3	TTT	11,720	989,583	40,092	1,041,395	989,583	1,041,395	0	0	Out Of State	4Q 2023	3Q 2019
14	18	1.0 M	CSL	2018	3	Zone Rated TTT	960,890	0	68,594	1,029,484	0	1,029,484	0	35,083	Out Of State	2Q 2020	4Q 2018
15	18	5.0 M	CSL	2018	9	Zone Rated Bus	1,643,965	0	60,540	1,704,505	0	1,702,115	2,390	32,468	Out Of State	3Q 2020	4Q 2018
16	18	5.0 M	CSL	2019	14	Zone Rated Bus	1,000,644	0	45,901	1,046,545	0	1,046,545	0	25,198	Out Of State	4Q 2019	3Q 2019
17	18	1.0 M	CSL	2019	2	Zone Rated TTT	28,466	998,440	75,144	1,102,050	998,440	1,102,050	0	26,906	Out Of State	2Q 2022	2Q 2019
18	18	5.0 M	CSL	2019	59	Zone Rated Bus	5,026,954	726,643	406,370	6,159,967	726,643	6,159,967	0	376,358	Out Of State	1Q 2019	1Q 2019
19	18	5.0 M	CSL	2018	1	Zone Rated Bus	5,000,000	0	29,419	5,029,419	0	5,029,419	0	21	Out Of State	1Q 2019	4Q 2018
20	18	5.0 M	CSL	2019	4	Zone Rated Bus	5,000,000	0	209,896	5,209,896	0	5,209,896	0	0	Out Of State	3Q 2019	3Q 2019
21	18	5.0 M	CSL	2018	72	Zone Rated Bus	1,327,745	5,003,500	845,795	7,177,040	5,003,500	7,154,499	22,541	1,933,430	Out Of State	2Q 2018	2Q 2018
							<b>28,809,353</b>	<b>12,207,757</b>	<b>2,385,540</b>	<b>43,402,650</b>	<b>12,201,829</b>	<b>43,360,627</b>	<b>42,023</b>	<b>2,445,473</b>			
1	17	1.0 M	CSL	2017	8	TTT	1,136,433	0	3,762	1,140,195	0	1,140,195	0	4,100	MA	4Q 2017	3Q 2017
2	17	1.0 M	CSL	2018	1	Commercial Bus	1,000,000	0	11,874	1,011,874	0	1,011,874	0	0	MA	3Q 2022	3Q 2022
3	17	1.0 M	CSL	2018	6	TTT	1,002,713	0	78,737	1,081,450	0	1,081,450	0	2,783	MA	2Q 2019	1Q 2018
4	17	5.0 M	CSL	2017	4	Zone Rated Bus	2,511,460	0	37,303	2,548,763	0	2,548,763	0	0	Out Of State	2Q 2021	4Q 2017
5	17	1.0 M	CSL	2017	1	Non-Owned / Special Rating	1,000,000	0	3,456	1,003,456	0	1,003,456	0	0	Out Of State	1Q 2018	4Q 2017
6	17	5.0 M	CSL	2017	2	Zone Rated TTT	1,087,500	0	67,247	1,154,747	0	1,179,502	-24,755	0	Out Of State	3Q 2022	3Q 2022
7	17	1.0 M	CSL	2017	2	Commercial Bus	1,020,493	0	1,692	1,022,185	0	1,022,185	0	0	MA	3Q 2017	3Q 2017
8	17	1.0 M	CSL	2018	2	TTT	1,000,000	0	133,648	1,133,648	0	1,133,648	0	0	MA	4Q 2018	4Q 2018
9	17	1.0 M	CSL	2018	2	TTT	1,009,645	0	7,085	1,016,730	0	1,016,730	0	0	MA	3Q 2018	2Q 2018
							<b>10,768,244</b>	<b>0</b>	<b>344,804</b>	<b>11,113,048</b>	<b>0</b>	<b>11,137,803</b>	<b>-24,755</b>	<b>6,883</b>			

Commonwealth Automobile Reinsurers

Large Loss Detail By Policy Year (Large Losses \$1.0 Million and Greater)

CAR DOCKET #GC24.12

EXHIBIT #2

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Data Reported Through March, 2024

Row	Eff Yr	Liab Lim	Lim Id	Accdt Year	Clm	Class Desc	ITD Paid Loss	Current Reserve	ALAE ITD	ITD Total Loss	Prior Reserves	Prior Qtr Tot Loss	Change Tot Loss	PIP Loss	State	Qtr First > \$1.0M	First Rptd
1	16	1.0 M	CSL	2017	3	Garage	1,068,595	0	24,217	1,092,812	0	1,092,812	0	8,000	Out Of State	1Q 2018	2Q 2017
2	16	5.0 M	CSL	2016	1	Commercial Bus	5,000,000	0	51,479	5,051,479	0	5,051,479	0	0	Out Of State	3Q 2016	3Q 2016
3	16	1.0 M	CSL	2017	2	Non-Owned / Special Rating	1,000,000	0	17	1,000,017	0	1,000,017	0	0	Out Of State	3Q 2017	2Q 2017
4	16	1.0 M	CSL	2016	1	Commercial Bus	1,007,000	0	118,457	1,125,457	0	1,125,457	0	2,000	MA	1Q 2020	3Q 2016
5	16	5.0 M	CSL	2017	4	Commercial Bus	3,550,031	0	78,378	3,628,409	0	3,628,409	0	50,337	Out Of State	4Q 2018	2Q 2017
6	16	1.0 M	CSL	2016	3	Zone Rated TTT	1,003,220	0	39,530	1,042,750	0	1,042,750	0	0	Out Of State	3Q 2018	4Q 2016
7	16	5.0 M	CSL	2017	27	Commercial Bus	510,197	5,000,000	584,736	6,094,933	5,000,000	6,028,933	66,000	72,935	Out Of State	4Q 2017	3Q 2017
8	16	5.0 M	CSL	2016	1	Commercial Bus	3,250,000	0	384,547	3,634,547	0	3,634,547	0	0	MA	4Q 2018	4Q 2016
9	16	1.0 M	CSL	2016	2	Non-Owned / Special Rating	1,000,000	0	45	1,000,045	0	1,000,045	0	0	Not Reported	1Q 2017	3Q 2016
10	16	1.0 M	CSL	2016	10	TTT	1,013,500	0	52,275	1,065,775	0	1,065,775	0	0	MA	2Q 2018	4Q 2016
11	16	1.0 M	CSL	2016	1	PPT Fleet	1,050,000	0	100,493	1,150,493	0	1,150,493	0	50,025	Out Of State	4Q 2016	3Q 2016
12	16	1.0 M	CSL	2017	4	TTT	994,060	0	9,918	1,003,978	0	1,003,978	0	0	MA	2Q 2020	4Q 2017
13	16	1.0 M	CSL	2016	4	Non-Owned / Special Rating	1,000,000	0	109,214	1,109,214	0	1,109,214	0	0	Not Reported	4Q 2017	3Q 2017
14	16	5.0 M	CSL	2017	12	Zone Rated Bus	1,366,396	0	197,474	1,563,870	0	1,563,870	0	46,964	Out Of State	4Q 2018	3Q 2017
15	16	5.0 M	CSL	2017	2	Zone Rated Bus	0	900,000	125,095	1,025,095	575,000	675,095	350,000	0	Out Of State	1Q 2024	2Q 2017
16	16	1.0 M	CSL	2017	18	Garage	1,010,100	800,542	480,815	2,291,457	800,542	2,291,457	0	0	MA	2Q 2017	2Q 2017
17	16	1.5 M	CSL	2016	4	Commercial Bus	1,497,944	0	57,951	1,555,895	0	1,555,895	0	39,509	Out Of State	2Q 2017	2Q 2016
18	16	1.0 M	CSL	2017	17	Garage	1,000,000	812,599	1,500	1,814,099	812,599	1,814,099	0	0	MA	2Q 2017	2Q 2017
							<b>26,321,043</b>	<b>7,513,141</b>	<b>2,416,141</b>	<b>36,250,325</b>	<b>7,188,141</b>	<b>35,834,325</b>	<b>416,000</b>	<b>269,770</b>			
1	15	1.0 M	CSL	2016	2	TTT	1,016,000	0	12,957	1,028,957	0	1,028,957	0	16,000	MA	4Q 2016	4Q 2016
2	15	5.0 M	CSL	2016	76	Zone Rated Bus	5,560,777	0	872,180	6,432,957	0	6,431,809	1,148	330,558	Out Of State	4Q 2016	1Q 2016
3	15	1.0 M	CSL	2016	3	TTT	999,999	0	86,581	1,086,580	0	1,086,580	0	0	Out Of State	1Q 2018	2Q 2017
4	15	5.0 M	CSL	2016	31	Non-Owned / Special Rating	5,000,000	0	76,786	5,076,786	0	5,076,786	0	0	Out Of State	2Q 2018	4Q 2016
5	15	5.0 M	CSL	2016	5	Non-Owned / Special Rating	1,842,823	0	146,584	1,989,407	0	1,989,407	0	0	MA	1Q 2016	1Q 2016
6	15	1.0 M	CSL	2016	2	TTT	1,000,000	0	40,716	1,040,716	0	1,040,716	0	0	Out Of State	1Q 2019	2Q 2016
7	15	1.0 M	CSL	2016	3	Zone Rated TTT	1,001,356	0	172,598	1,173,954	0	1,173,954	0	0	Out Of State	4Q 2018	1Q 2016
8	15	1.0 M	CSL	2015	3	Public Transportation Buses	1,006,295	0	489	1,006,784	0	1,006,784	0	6,380	MA	1Q 2016	3Q 2015
9	15	5.0 M	CSL	2016	15	Zone Rated Bus	2,954,996	0	312,059	3,267,055	0	3,267,055	0	55,845	Out Of State	3Q 2016	2Q 2016
							<b>20,382,246</b>	<b>0</b>	<b>1,720,950</b>	<b>22,103,196</b>	<b>0</b>	<b>22,102,048</b>	<b>1,148</b>	<b>408,783</b>			

## Large Loss by Policy Year

## Change by Quarter

Data Reported through March, 2024

## Summary of Losses Over 1.0 Million

Policy Year	# Policies	Current Reserves	Current Incurred Loss	Prior Incurred Loss	Change in Loss
2023	5	4,635,878	5,686,117	3,121,207	2,564,910
2022	20	33,288,299	36,609,659	33,967,655	2,642,004
2021	9	10,123,752	18,815,790	18,259,951	555,839
2020	14	5,990,535	14,863,347	14,809,047	54,300
2019	21	5,843,221	27,601,135	27,664,170	(63,035)
2018	21	12,207,757	43,402,650	43,360,627	42,023
2017	9	0	11,113,048	11,137,803	(24,755)
2016	18	7,513,141	36,250,325	35,834,325	416,000
2015	9	0	22,103,196	22,102,048	1,148
<b>Subtotal</b>	<b>126</b>	<b>79,602,583</b>	<b>216,445,267</b>	<b>210,256,833</b>	<b>6,188,434</b>
<b>Total All</b>	<b>126</b>	<b>79,602,583</b>	<b>216,445,267</b>	<b>210,256,833</b>	<b>6,188,434</b>

## New to Report: Incurred Losses Over 1.0 Million

Policy Year	# Policies	Current Reserves	Current Incurred Loss	Prior Incurred Loss	Change in Loss
2023	3	3,013,278	3,209,592	958,947	2,250,645
2022	2	3,308,374	3,677,766	1,332,888	2,344,878
2021	1	0	1,068,722	823,593	245,129
2020	1	1,000,000	1,075,084	925,000	150,084
2016	1	900,000	1,025,095	675,095	350,000
<b>Subtotal</b>	<b>8</b>	<b>8,221,652</b>	<b>10,056,259</b>	<b>4,715,523</b>	<b>5,340,736</b>

Commonwealth Automobile Reinsurers  
Large Loss Notification Summary  
March, 2024 Loss Reserving Committee Meeting  
Large Loss Notifications By Policy Year

											Current Qtr	Difference of	Difference of	
											Stat Reported	Estimate to	Prior to Current	
#	*	Notification	Policy	Accident	Estimated \$									
		Date	Year	Year/Qtr	Liab Limit	Class Description	BI	PDL	PIP	Total	State	Total	Current Qtr	Prior to Current
Prior Quarter Loss Notifications														
1		2/21/2024	2023	20241	\$1,000,000	ZR TTT	993,200	6,800	0	1,000,000	Out Of State	283,400	716,600	283,400
2		2/7/2024	2023	20234	\$5,000,000	TTT	0	5,000,000	0	5,000,000	MA	0	0	0
3		1/24/2024	2023	20234	\$5,000,000	Commercial Bus	1,000,000	0	50,000	1,050,000	Out Of State	1,085,528	(35,528)	782,500
4		12/11/2023	2023	20234	\$5,000,000	Commercial Bus	800,000	5,000	0	805,000	Out Of State	850,569	(45,569)	(4,731)
5		12/13/2023	2022	20234	\$1,000,000	Special Types / Motorcycle	600,000	0	8,000	608,000	MA	0	0	0
6		3/4/2024	2022	20233	\$1,000,000	ZR TTT	973,669	26,331	0	1,000,000	Out Of State	0	0	0
7		2/27/2024	2022	20233	\$1,000,000	ZR TTT	600,000	16,567	0	616,567	Out Of State	649,232	(32,665)	574,901
8		2/22/2024	2022	20232	\$1,000,000	ZR TTT	750,000	250,000	0	1,000,000	Out Of State	634,760	365,240	298,729
9		1/29/2024	2022	20232	\$5,000,000	Commercial Bus	250,000	0	3,710	253,710	Out Of State	300,240	(46,530)	295,125
10		12/6/2023	2022	20232	\$1,000,000		300,000	95,000	0	395,000	MA	461,244	(66,244)	0
11		12/18/2023	2022	20231	\$1,000,000	TTT	983,374	16,626	0	1,000,000	Out Of State	0	0	0
12		3/6/2024	2022	20223	\$5,000,000	Commercial Bus	2,300,000	25,000	0	2,325,000	Out Of State	2,644,444	(319,444)	2,295,130
13		2/7/2024	2020	20204	\$1,000,000	ZR TTT	750,000	0	0	750,000	Out Of State	0	0	0
14		12/18/2023	2018	20193	\$1,000,000	TTT	989,582	10,418	0	1,000,000	Out Of State	1,041,395	(41,395)	0
15		1/26/2024	2018	20192	\$5,000,000	Commercial Bus	300,000	0	0	300,000	Out Of State	340,000	(40,000)	340,000
16		2/7/2024	2018	20184	\$1,000,000	TTT	987,650	12,328	0	999,978	Out Of State	1,078,030	(78,052)	13,835
17		2/6/2024	2017	20181	\$5,000,000		275,000	25,000	30,000	330,000	Out Of State	0	0	0
Current Quarter Loss Notifications														
1		5/17/2024	2024	20242	\$5,000,000	Commercial Bus	500,000	5,000	0	505,000	Out Of State	0	0	0
2		5/17/2024	2023	20241	\$500,000	Non-Owned / Special Rating	500,000	0	0	500,000	MA	0	0	0
3		4/24/2024	2023	20241	\$5,000,000		500,000	0	0	500,000	Out Of State	0	0	0
4		4/8/2024	2023	20241	\$1,000,000	PPT - NF	553,836	125,000	40,000	718,836	MA	623,110	95,726	623,110
5		3/25/2024	2023	20241	\$1,000,000	TTT	500,000	5,300	0	505,300	Out Of State	565,300	(60,000)	565,300
6		5/17/2024	2023	20233	\$1,000,000	PPT - NF	300,000	0	0	300,000	Out Of State	0	0	0
7		5/14/2024	2023	20232	\$1,000,000	TTT	1,000,000	0	0	1,000,000	Out Of State	1,167,127	(167,127)	11,236



Commonwealth Automobile Reinsurers  
Large Loss Notification Summary  
March, 2024 Loss Reserving Committee Meeting  
Large Loss Notifications By Policy Year

												Current Qtr	Difference of	Difference of
												Stat Reported	Estimate to	Prior to Current
#	*	<u>Notification</u> Date	<u>Policy</u> Year	<u>Accident</u> Year/Qtr	<u>Liab Limit</u>	<u>Class Description</u>	<u>BI</u>	<u>Estimated \$</u>		<u>Total</u>	<u>State</u>	<u>Total</u>	<u>Current Qtr</u>	<u>Qtr Reported Losses</u>
								PDL	PIP					
8		4/9/2024	2023	20231	\$1,000,000	Non-Owned / Special Rating	800,000	8,000	0	808,000	Out Of State	102,731	705,269	23,500
9		5/6/2024	2022	20232	\$1,000,000	ZR TTT	350,000	25,000	0	375,000	Out Of State	362,526	12,474	240,582
10		5/20/2024	2022	20231	\$5,000,000	Commercial Bus	300,000	0	0	300,000	Out Of State	20,100	279,900	0
11		5/6/2024	2022	20223	\$1,000,000	TTT	750,000	0	0	750,000	Out Of State	244,153	505,847	110,000
12		5/14/2024	2022	20222	\$1,000,000		600,000	0	0	600,000	MA	38,310	561,690	38,310
13		5/14/2024	2018	20183	\$1,000,000	TTT	625,000	15,662	0	640,662	MA	588,591	52,071	2,026

\* Updated records that had been previously reported

COMMERCIAL ULTIMATE POLICY YEAR DEFICIT PROJECTIONS  
 BASED ON DATA REPORTED THROUGH QUARTER ENDING MARCH 2024  
 (000's OMITTED)

DOCKET #: LR 24.07  
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CAR DOCKET #GC24.12  
 EXHIBIT #2  
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SUMMARY EXHIBIT

	Policy Year 2021		Policy Year 2022		Policy Year 2023	
	Dollars	% Prem	Dollars	% Prem	Dollars	% Prem
Premium	183,400	100.0%	186,400	100.0%	207,900	100.0%
Losses Incurred and ALAE	122,878	67.0%	166,082	89.1%	164,241	79.0%
Underwriting Expenses	36,443	19.9%	44,055	23.6%	49,688	23.9%
Underwriting Result	24,079	13.1%	(23,737)	-12.7%	(6,029)	-2.9%

COMPARISON OF ULTIMATE POLICY YEAR DEFICIT PROJECTIONS  
PRIOR AND CURRENT QUARTER ESTIMATES

DOCKET #: LR 24.07  
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Policy Year 2023

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	206,600	100.0%	207,900	100.0%	1,300	0.6%
Losses Incurred and ALAE	161,974	78.4%	164,241	79.0%	2,267	1.4%
Underwriting Expenses	49,377	23.9%	49,688	23.9%	311	0.6%
Underwriting Result	(4,751)	-2.3%	(6,029)	-2.9%	(1,278)	26.9%

Policy Year 2022

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	186,300	100.0%	186,400	100.0%	100	0.1%
Losses Incurred and ALAE	163,199	87.6%	166,082	89.1%	2,883	1.8%
Underwriting Expenses	44,032	23.6%	44,055	23.6%	23	0.1%
Underwriting Result	(20,931)	-11.2%	(23,737)	-12.7%	(2,806)	13.4%

Policy Year 2021

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	183,400	100.0%	183,400	100.0%	0	0.0%
Losses Incurred and ALAE	123,612	67.4%	122,878	67.0%	(734)	-0.6%
Underwriting Expenses	36,443	19.9%	36,443	19.9%	0	0.0%
Underwriting Result	23,345	12.7%	24,079	13.1%	734	3.1%

COMPARISON OF ULTIMATE POLICY YEAR DEFICIT PROJECTIONS  
PRIOR AND CURRENT QUARTER ESTIMATES

DOCKET #: LR 24.07  
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Policy Year 2020

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	172,644	100.0%	172,644	100.0%	0	0.0%
Losses Incurred and ALAE	105,300	61.0%	103,558	60.0%	(1,742)	-1.7%
Underwriting Expenses	37,120	21.5%	37,120	21.5%	0	0.0%
Underwriting Result	30,224	17.5%	31,966	18.5%	1,742	5.8%

Policy Year 2019

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	190,284	100.0%	190,284	100.0%	0	0.0%
Losses Incurred and ALAE	132,720	69.7%	131,452	69.1%	(1,268)	-1.0%
Underwriting Expenses	41,379	21.7%	41,379	21.7%	0	0.0%
Underwriting Result	16,185	8.5%	17,453	9.2%	1,268	7.8%

Policy Year 2018

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	195,958	100.0%	195,958	100.0%	0	0.0%
Losses Incurred and ALAE	178,416	91.0%	178,309	91.0%	(107)	-0.1%
Underwriting Expenses	45,927	23.4%	45,927	23.4%	0	0.0%
Underwriting Result	(28,385)	-14.5%	(28,278)	-14.4%	107	-0.4%

COMPARISON OF ULTIMATE POLICY YEAR DEFICIT PROJECTIONS  
PRIOR AND CURRENT QUARTER ESTIMATES

DOCKET #: LR 24.07  
EXHIBIT #: 5  
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PY 2017

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	182,591	100.0%	182,591	100.0%	0	0.0%
Losses Incurred and ALAE	141,803	77.7%	140,433	76.9%	(1,370)	-1.0%
Underwriting Expenses	45,686	25.0%	45,686	25.0%	0	0.0%
Underwriting Result	(4,898)	-2.7%	(3,528)	-1.9%	1,370	-28.0%

PY 2016

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	169,141	100.0%	169,141	100.0%	0	0.0%
Losses Incurred and ALAE	166,619	98.5%	166,344	98.3%	(275)	-0.2%
Underwriting Expenses	43,287	25.6%	43,287	25.6%	0	0.0%
Underwriting Result	(40,765)	-24.1%	(40,490)	-23.9%	275	-0.7%



NATALIE A. HUBLEY  
PRESIDENT

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## RECORDS OF MEETING

### MAIP STEERING COMMITTEE – MAY 30, 2024

#### Members Present

Mr. Barry Tagen – Chair  
Mr. Matthew Cote  
Ms. Ida Denard Jones  
Mr. Shaun Farley  
Mr. Cory Hanson  
Ms. Jean Houghton  
Mr. Robert Jackson  
Ms. Mary McConnell  
Mr. Henry Risman  
Mr. Gavin Traverso  
Mr. Mark Winiker

Pilgrim Insurance Company  
Arbella Insurance Group  
Denard Insurance Agency, Inc.  
Vermont Mutual Insurance Group  
The Hanover Insurance Company  
Norfolk & Dedham Group  
GEICO  
Safety Insurance Company  
Risman Insurance Agency, Inc.  
MAPFRE U.S.A. Corporation  
A-Affordable Insurance Agency, Inc.

Substituted for:  
N/A

Not in Attendance:  
Ms. Sheila Doherty, Doherty Insurance Agency, Inc.

#### 24.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the MAIP Steering Committee meeting of March 14, 2024. The Records have been distributed and are on file.

#### 22.08 MAIP Physical Damage Maximum Loss Payable

Ms. Lynne Rosenberg informed the Committee that amendments to Rule 27 – Coverages of the CAR Rules of Operation were deemed approved by the Commissioner of Insurance on May 13, 2024 and that amendments to the Private Passenger Residual Market Manual Rules and Rates, as well as the proposed endorsement form MP-0004, were filed with the Division of Insurance and are awaiting approval. She then provided an overview of the revised implementation process since the Committee had recommended some more substantive changes at its last meeting.

Beginning with the Notice to Policyholders, Ms. Rosenberg noted that a generic notice will be attached to all MAIP policies renewing during the 12-month renewal cycle following the effective date of the implementation and that a separate Notice to Lienholder was drafted that includes more detailed information to identify which vehicles are impacted by this change. In reviewing the insurance binder, she

noted that producers should check the open box in the physical damage limit section and input the language: “Not to Exceed \$175,000” in the amount field. Lastly, the Coverage Selections Page was updated following the Committee’s suggestion that “Actual Cash Value” be replaced with “Coverage Maximum \$175,000” in the physical damage section. Because the Coverage Selection Form is an integral part of the policy documentation, this change must be hard-coded on the form and placed on file with the Division of Insurance as a MAIP form. Ms. Rosenberg concluded that it is the intent of staff to provide a procedures bulletin to the industry, work with MAIA to notify the industry of this change and begin updating the MAIP Policy Application with changes to be presented to the Committee at a future meeting.

A question was asked if each carrier needs to place on file a corresponding rating procedure in the event that a company’s voluntary rate is lower than the MAIP rate on a MAIP policy. Ms. Hubley responded that she does not believe that carriers need to make specific filings but to take the coverage limit into consideration when selecting a base-list price to assign rating symbol or VRG in the voluntary rating calculation. She indicated that staff will that confirm with the Division of Insurance.

The Committee unanimously voted to approve the presented procedures packet as developed with the revision on the Coverage Selections Page to read “Coverage Maximum \$175,000” on all vehicles.

#### **24.04 Rule 30 – Assigned Risk Company Requirements**

Ms. Rosenberg reviewed the proposed amended language to Rule 30 – Assigned Risk Company Requirements of the Rules of Operation Section C.1.c. - Procedures for Voluntary Writing of Risks from the MAIP relative to the notification to the producer of record to allow for a reduction in the notification timeframe to no less than sixty days and to allow for notification by electronic means.

**The Committee unanimously voted to recommend to the Governing Committee approval of the proposed amendments to Rule 30 – Assigned Risk Company Requirements.**

#### **24.05 Residual Market Private Passenger Volume**

Mr. Timothy Galligan began the discussion by informing the Committee of the Governing Committee’s directive to review the current status and size of the residual market and evaluate areas in which Rules and procedures can be strengthened to address volume concerns. He advised that the Actuarial Committee continues to discuss market conditions impacting the size of the residual market. In performing its annual review of the quota share credits, the Committee determined that the increase in assignments is not impacted by credits, but rather the Committee has cited voluntary rate increases lagging behind rising loss costs as factors contributing to carrier’s tightening their underwriting criteria. Mr. Galligan noted that committee members stressed the impact of an insufficient MAIP rate on carriers’ profitability, further straining their willingness to write marginal risks voluntary.

Mr. Galligan explained that the Actuarial Committee reviewed summarized agency assignment statistics and noted that 13 agencies write approximately half of all assignments. He advised that additional analysis will be provided to this Committee at its next meeting.

Mr. Galligan then provided an overview of the exhibits attached to the Notice of Meeting, including MAIP assignment and exposure volumes, residual market shares, and retention rate statistics.

The Committee discussed the impact of the residual market rate level on the growth in assignment volume. One member expressed concern that the residual market rate should not be included with a price quotation, providing incentive for producers to seek lower-priced coverage in the residual market. Others

responded that most producers prefer to place business in the voluntary market. Some members opined that the current residual market growth is reflective of the cyclical nature of the marketplace, and they anticipate improvement as rates improve. They also noted the extraordinary impact of COVID on the unprecedented low residual market volumes of 2020 and 2021, and questioned expectations with respect to expected residual market volume.

Ms. Wendy Browne noted that the Committee has been asked to discuss the current requirements and procedures for declination of a risk in the voluntary market and the insured's eligibility to be placed in the residual market. To that end, she identified references in CAR Rules and the ARC Procedures Manual that address this issue.

The committee members considered the means in which agents currently obtain declinations, through agency software and underwriting guidelines, noting that most of the application process occurs online, thus making it difficult to obtain a written declination. Committee members also indicated that the ability to obtain declinations can also be impacted by the size of the agency and how many, if any, voluntary markets are available to them.

After considerable discussion, the Committee did not favor changes to the current process for voluntary declinations. Similarly, the Committee did not favor a change to rules confirming a MAIP risk's right to remain in the residual market for the full three-year assignment period. Rather, the Committee supported further review of agency assignment data at its next meeting.

ADRIANNE DONOVAN  
Residual Market Services Liaison

Boston, Massachusetts  
June 10, 2024



## **CAR Rules of Operation**

### **Memorandum of Changes**

The following amendments are proposed to Rule 30 – Assigned Risk Company Requirements to allow for a more efficient notification of a voluntary offer to a MAIP risk:

#### Rule 30 – Assigned Risk Company Requirements

Language has been updated to reflect that:

- The producer be notified no less than 60 days prior to the policy expiration date
- The addition of electronic notification as an option for communication to the policyholder

CAR Rule 30 Revision Date Page	Rules of Operation Assigned Risk Company Requirements <u>2020.07.20</u> <u>Draft 2024.05.30</u> 7 of 9
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b. Offer to Write

The kinds and amounts of coverage to be offered for such voluntary risks shall not be less than those afforded by the policy being replaced unless the insured refuses such kinds and amounts of coverage.

c. Notification to the Producer of Record

The producer of record must be mailed notification of such offer no less than sixty ~~ninety~~ days prior to policy expiration, which shall contain the premium quotation to be offered. The policyholder shall be mailed or notified by electronic means the offer for voluntary coverage forty-five days prior to policy expiration with copy to the producer of record.

Following such offer to write, the ARC shall have no further obligations to the policyholder or to the producer of record if the policyholder obtains replacement insurance from another Member.

If such replacement coverage is obtained by the producer of record within the forty-five day advance notice period, the producer of record shall notify the assigned ARC and it shall not make an offer to the policyholder.

d. ARC Obligations to the Producer of Record

A duly licensed insurance producer, certified to place business through the MAIP, shall own and have an exclusive right, as the insured's producer of record, to use certain insurance information of the insured embodying the records of the insurance agency which shall include but not be limited to, the name of the insured, the policy inception date, the amount of insurance coverage, the policy number and the terms of insurance. An ARC may choose to offer voluntary coverage to a policyholder it has insured through the MAIP. Once the ARC mails the offer to write voluntary coverage and the policyholder accepts the offer, the policyholder's producer of record shall continue to represent the policyholder who has been written or renewed in the voluntary market and to service the policy unless: 1) the producer is decertified or suspended by the MAIP or the Commissioner of Insurance pursuant to Rule 31.B.; 2) the insured chooses to terminate such producer as its producer of record; or 3) the producer of record is precluded from