



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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NOTICE OF MEETING

GOVERNING COMMITTEE

A meeting of the Governing Committee will be held at the Automobile Insurers Bureau Conference Center at 101 Arch Street, 7th Floor, Boston, on

TUESDAY, SEPTEMBER 23, 2025, AT 10:30 A.M.

MEMBERS OF THE COMMITTEE

Mr. William Hughes – Chair
Arbella Insurance Group

Ms. Pamela Bodenstab-Krynicky
Ms. Sarah Clemens
Mr. Kevin Costigan
Mr. Thomas DePaulo
Ms. Jean Houghton
Ms. Ida Denard Jones
Ms. Nicole Martorana
Ms. Mary McConnell
Mr. John Olivieri, Jr.
Mr. Tiago Prado
Mr. Christopher Taylor
Ms. Meredith Woodcock

P.L. Krynicky Insurance Agency, Inc.
MAPFRE U.S.A. Corporation
GEICO
Cabot Risk Strategies, LLC
Norfolk and Dedham Group
Denard Insurance Agency, Inc.
FBInsure, LLC
Safety Insurance Company
J.K. Olivieri Insurance Agency, Inc
BRZ Insurance, LLC
The Hanover Insurance Company
Liberty Mutual Insurance Group

AGENDA

GC

25.01 Transcript of Previous Meeting

The transcript of the Governing Committee meeting of June 17, 2025, should be read and approved.

GC

25.03 CAR Conflict of Interest Policy

The Chair will read a statement relative to CAR's Conflict of Interest Policy.

GC

25.04 President's Report

Commonwealth Automobile Reinsurers' President will report on matters affecting CAR.

GC

25.05 Counsel's Report

Commonwealth Automobile Reinsurers' counsel will report on pending litigation, CAR Rule changes and any other matters relevant to legal issues at CAR.

GC

25.06 Compliance and Operations Committee

The Governing Committee will hear the report of the Compliance and Operations Committee meeting of September 3, 2025.

The Records of the Compliance and Operations Committee meeting of September 3, 2025, are attached (Docket #GC.25.06, Exhibit #3).

The Records of the Compliance and Operations Committee meeting of September 3, 2025, have been distributed and are on file.

GC

25.08 Financial Audit Committee

The Governing Committee will hear the report of the Financial Audit committee meeting of September 9, 2025.

The Records of Financial Audit Committee meeting of September 9, 2025, are attached (Docket #GC25.08, Exhibit #3).

The Records of the Financial Audit Committee meeting of September 9, 2025, have been distributed and are on file.

GC

25.09 Loss Reserving Committee

The Governing Committee will hear the report of the Loss Reserving Committee meeting of September 3, 2025.

The Summary of the Loss Reserving Committee meeting of September 3, 2025, is attached (Docket #GC25.09, Exhibit #3).

GC

25.10 Commercial Program Oversight Committee

The Governing Committee will hear the report of the Commercial Program Oversight Committee meeting of July 16, 2025.

The Records of the Commercial Program Oversight Committee meeting of July 16, 2025, are attached (Docket #GC25.10, Exhibit #2).

The Records of the Commercial Program Oversight Committee meeting of July 16, 2025, have been distributed and are on file.

GC

25.11 MAIP Steering Committee

The Governing Committee will hear the report of the MAIP Steering Committee meeting of July 30, 2025.

The Records of the MAIP Steering Committee meeting of July 30, 2025, are attached (Docket #GC25.11, Exhibit #2).

The Records of the MAIP Steering Committee meeting of July 30, 2025, have been distributed and are on file.

GC

25.12 Commercial Automobile Committee

The Governing Committee will hear the reports of the Commercial Automobile Committee meetings of July 18, 2025, and August 27, 2025.

The Records of the Commercial Automobile Committee meeting of July 18, 2025, are attached (Docket #GC25.12, Exhibit #2).

The Records of the Commercial Automobile Committee meeting of July 18, 2025, have been distributed and are on file.

The Records of the Commercial Automobile Committee meeting of August 27, 2025, will be distributed as additional information prior to the meeting.

GC

25.13 Actuarial Committee

The Governing Committee will hear the reports of the Actuarial Committee meetings of August 21, 2025, and September 16, 2025.

The Records of the Actuarial Committee meeting of August 21, 2025, will be distributed as additional information prior to the meeting.

**GC
25.14 Ad Hoc Producer Reassignment Committee**

The Governing Committee will hear the report of the Ad Hoc Producer Reassignment Committee meeting of August 20, 2025.

The Records of the Ad Hoc Producer Reassignment Committee meeting of August 20, 2025, are attached (Docket #GC25.14, Exhibit #1).

The Records of the Ad Hoc Producer Reassignment Committee meeting of August 20, 2025, have been distributed and are on file.

**GC
25.15 Budget Committee**

The Governing Committee will hear the report of the Budget Committee meeting of August 25, 2025.

The Records of the Budget Committee meeting of August 25, 2025, are attached (Docket #GC25.15, Exhibit #1).

The Records of the Budget Committee meeting of August 25, 2025, have been distributed and are on file.

Other Business

To transact any other business that may properly come before this Committee.

Executive Session

The Governing Committee may convene in Executive Session in accordance with the provisions of G.L. c. 30A, § 21.

NATALIE HUBLEY
President

Attachments

Boston, Massachusetts
September 12, 2025



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110

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RECORDS OF MEETING

COMPLIANCE AND OPERATIONS COMMITTEE – SEPTEMBER 3, 2025

Members Present

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

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

Substituted for:
N/A

Not in Attendance:
N/A

25.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Compliance and Operations Committee meeting of June 4, 2025. The Records have been distributed and are on file.

25.04 Informational Items

Ms. Wendy Browne informed the Committee that the changes to the Private Passenger Hybrid Audit Plan allowing CAR staff to make expedited recommendations to the Compliance and Operations Committee earlier in the audit process for companies with multiple recurring issues or high error rates were approved by CAR's Governing Committee at its June 17, 2025 meeting.

Ms. Browne notified the Committee that the proposed updates to the Assigned Risk Company (ARC) Procedures Manual regarding changes to MAIP Placement Record reporting procedures to include a new value in the Rating Company Number field were approved by CAR's Governing Committee. A bulletin was distributed to the industry outlining the changes set to take effect on January 1, 2026.

25.05 Compliance Audit Program

Mr. Matthew Hirsh presented focus audit results for Permanent General. He noted that Permanent General has a third-party vendor agreement with Embark General to underwrite, service, and statistically report private passenger automobile insurance in Massachusetts on behalf of Permanent General. Mr. Hirsh reminded the Committee that, upon Permanent General's entry into the market in January 2020, CAR conducted a focus audit to evaluate Embark General's correction of statistical reporting issues identified when they were engaged with a former ARC. He noted that the focus audit found that while some statistical reporting issues had been corrected, a total of six issues either remained or were newly identified.

CAR staff then conducted a full Hybrid Audit of Permanent General in 2022. During that audit, several new statistical reporting issues were identified, leaving a total of 16 issues that were determined as requiring mandatory corrections. The Compliance and Operations Committee then directed CAR staff to conduct a focus audit in 2025 to evaluate the corrections efforts of all 16 issues, and to begin the process to assess penalties if efforts to make corrections had not been made.

Mr. Hirsh explained that to complete this focus audit, CAR staff used targeted samples for each of the 16 issues identified. He noted that of the 16 issues audited, 11 were completely corrected, three saw significant improvement, and two remained uncorrected. Mr. Hirsh explained that due to Embark General's significant progress in correcting the statistical reporting issues, and its indication that the remaining issues have already been corrected or are on track to being corrected, staff recommended that Permanent General be assessed a green light value in accordance with the traffic light assessment rating system outlined in the ARC Procedures Manual, and that Permanent General be returned to the five-year audit schedule without penalty.

The Committee voted unanimously to accept the report and staff's recommended assessment to return Permanent General to the five-year audit schedule.

Mr. Mark Alves then presented focus audit results for AIG, which considered the ARC's compliance with the statutory requirement applicable to the Special Investigative Unit (SIU). Mr. Alves explained that AIG had undergone a Hybrid Audit in 2023 and was found non-compliant with the SIU review, having failed to meet the minimum requirement of 25 referrals to the SIU for inclusion in the audit sample, as outlined in the Performance Standards. At the November 1, 2023 meeting, the Committee accepted the Hybrid Audit results and directed CAR staff to conduct a focus audit to retest the effectiveness of AIG's SIU program.

Mr. Alves noted that an alternate methodology, developed from prior Committee direction to help ARCs achieve compliance with the SIU requirement, was provided to AIG in advance of the focus audit. AIG indicated its intent to use the methodology.

CAR staff audited the documentation pertaining to fraud screening on the sampled loss payments and met with the company to review findings in detail, agreeing with 88% of the sampled paid losses. AIG has also enhanced its SIU program since the prior Hybrid Audit, including hiring a Massachusetts-based investigator.

Mr. Alves stated that while improved activity and results were clearly noted, AIG should continue to expand its SIU program to allow for future testing in accordance with Appendix J of the Performance Standards. The Committee voted, with one recusal, to accept the audit report without further consideration.

Mr. Alves then provided an update on the Towing & Labor focus audits of Hanover and USAA. He noted that both companies have been forthcoming and transparent, but neither have been able to provide CAR with the documentation necessary to validate the reported loss amounts.

Hanover counsel indicated to CAR staff that its towing vendor will not share with Hanover the actual cost of the tow, nor will it provide the documentation for CAR's auditing purposes. Hanover is continuing discussions with its vendor to secure the required documentation.

USAA has provided CAR staff with a pricing document and a roadside assistance contract between its vendor and USAA. However, neither document allows for validation of the loss amount at the level required by the Private Passenger Statistical Plan, the ARC Procedures Manual, or the Performance Standards. USAA has recently indicated to CAR staff that they are working with the vendor to identify other information they may be able to provide to help support their reporting of allocated loss adjustment expenses pertaining to Towing & Labor losses. Accordingly, in both cases, staff indicated that it was not recommending penalties at this time but would rather allow additional time for the companies to continue working with their respective vendors.

Ms. Browne then provided an update pertaining to Berkley's merit rating reporting. After several reviews, Berkley's merit rating data has not improved, and Berkley was instructed to correct its merit rating data by the July 2025 shipment due in September. Berkley indicated to CAR staff that changes pertaining to their merit rating reporting were made beginning with June 2025 data. CAR has reviewed this data and is encouraged by the results but will confirm the final status of Berkley's merit rating reporting with the July 2025 data.

Additionally, previously Berkley was not reporting incident data to the Merit Rating Board. Berkley indicated to CAR staff that they have begun testing an update to report incident data. CAR will await an official update that Berkley has met compliance and has started submitting production data related to incidents.

25.09 Proposal for Changes to the Hybrid Audit Program

Mr. Alves presented proposed changes to the ARC Procedures Manual for the Committee's review. The updated language reflects modified private passenger auditing procedures approved by the Governing Committee that allow CAR to make recommendations to the COPC earlier in the audit process for those companies with high error rates. Additionally, the Average Error Rate used to benchmark audit results will now include only companies that have been assessed a green light value to ensure the Average Error Rate includes only companies reporting in accordance with the Statistical Plan.

The Committee voted unanimously to recommend to the Governing Committee approval of the proposed amendments to Chapter XI - Compliance Audit of the Assigned Risk Procedures Manual.

25.10 Claims Subcommittee

Mr. Peter Bertoni provided an overview of the July 22, 2025 meeting. He stated that the Subcommittee met to complete the biennial review of the Private Passenger and Commercial Claims Performance Standards (the Standards) as required by G.L.c.175, §113H. Mr. Bertoni summarized each of the three proposed amendments and explained the intent of the recommended changes. He noted that two modifications were consistent and applicable to both Private Passenger and Commercial Performance Standards, while the third applied only to the Private Passenger Standards.

The first suggested change was recommended by CAR staff to enhance existing language that indicates that access to source documentation is required at a level that allows for the validation of each loss amount and expense payment to specifically differentiate between Allocated and Unallocated Loss

Adjustment Expenses. The second suggested change includes two additional questions applicable to both standards proposed for inclusion to Appendix K – Compliance Audit Claim Questionnaire regarding the Special Investigative Unit. The final proposed change adjusts the frequency of private passenger SIU audits from triennially to once every five years.

The Committee voted unanimously to recommend Governing Committee approval of the amendments to the Private Passenger and Commercial Performance Standards as presented and to direct that they be forwarded to the Commissioner of Insurance for consideration.

25.11 Proposed Updates to the Commercial Statistical Plan – Garage Classification Codes

Ms. Browne reviewed proposed changes to the Commercial Automobile Statistical Plan for policies effective January 1, 2027 to include the removal of obsolete garage classification codes in conjunction with the adoption of the Auto Dealers Coverage form. Ms. Browne explained liability and physical damage coverage for risks written on a limited customer coverage basis is valid for voluntary business only and class codes with this coverage were removed from the auto dealers page and added to the special types page. Ms. Browne stated an industry survey found class code 075000 no longer relevant due to all member companies writing these risks on a business auto policy. Accordingly, garage classification code 075000 – repair shops, storage garages, service stations and public parking places has been removed from the garages not subject to the Massachusetts Compulsory Law page as well as the notes with obsolete language. In addition, Ms. Browne noted language from the Commercial Rating Manual was added to the description of class code 707000 – all other risks not subject to Massachusetts compulsory law due to the industry survey which found multiple member companies improperly reporting this code. Ms. Browne stated if the proposed changes are approved, an accounting and statistical notice will be issued with reporting instructions.

The Committee voted unanimously to recommend to the Governing Committee that the proposed updates to the Commercial Statistical Plan be approved, effective January 1, 2027, and submitted to the Division of Insurance for consideration.

25.12 Amendments to Rules 14 and 31 – ERP and ARP Requirements – Service Fees

Ms. Browne presented proposed amendments to Rule 14 and Rule 31 of the CAR Rules of Operation for the committee's review. Ms. Browne notified the committee of changes made by the Massachusetts Attorney General's Office to regulation 940 CMR 38.00 effective September 2, 2025. She explained that language has been added to both Rule 14 and Rule 31 stating that the disclosure of any fee is to be compliant with all state laws and regulations. Additionally, Ms. Browne noted CAR Bulletin 1197 and an AIB bulletin have been issued regarding this regulation change. Ms. Browne stated CAR will also review the Manual of Administrative Procedures, Assigned Risk Company Manual, and CAR Rules of Operation to determine if additional updates are necessary to address company requirements.

The Committee voted unanimously to recommend Governing Committee approval of the proposed changes to Rules 14 and 31 of the CAR Rules of Operation.

MATTHEW HIRSH
Compliance Audit Supervisor

Boston, Massachusetts
September 10, 2025

**Assigned Risk Company Procedures Manual Updates
Chapter XI – Compliance Audit**

Memorandum of Changes – September 3, 2025

Modifications

The following modifications to the Assigned Risk Company Procedures Manual are proposed to codify changes to the Private Passenger Hybrid Audit Plan approved in concept at the Committee's June 4, 2025 meeting.

Chapter XI – Compliance Audit

Sections C.6 Hybrid Audit Plan Report and C.8. Traffic Light Assessment Rating System have been updated to incorporate updated procedures for companies with high error rates identified early in the audit process.

- CAR staff may provide recommendations to the Compliance and Operations Committee sooner in the audit process for companies with high error rates.
- The Average Error Rate used to benchmark audit results will now include only companies that have been assessed a green-light value to ensure the Average Error Rate includes only companies reporting in accordance with the Statistical Plan.

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ARC's are also required to maintain SIU Quarterly Activity Logs of claims and underwriting cases referred to the ARC's SIU department for investigation. The ARC shall upload all the referral activity into CAR's SIU System on a quarterly basis.

For additional information, refer to Appendix A – SIU Standards and Appendix J – CAR SIU File Review Process – MAIP Policies of the Private Passenger Performance Standards which are available on CAR's website under the Manuals tab.

5. Audit Conclusion Procedures

At various intervals during the Hybrid Audit Plan process, CAR provides the Member or ARC with a Status Report that details the audit exceptions identified. Once the audit is complete, the audited company and CAR will review the issues identified and when possible, reach agreement on the results. The Status Report is modified as needed, based upon additional source documentation provided and communication between the company and CAR. All unresolved issues will be clearly identified. Every error identified will be included in the company's final Status Report.

6. Hybrid Audit Plan Report

A report detailing Hybrid Audit Plan findings will be provided to the audited Member or ARC. Note that an abbreviated report will be issued when staff has determined that an expedited red-light assessment is appropriate as outlined in section 8 – Traffic Light Assessment Rating System. Remedial action required will be identified. CAR will provide the audited company with a period of time to review the report and to provide a response letter. In order to improve future reporting or claim handling practices, the response letter must outline the company's prospective plan of action to correct any identified irregularities. In addition, the response letter should address recurring errors resulting from a corporate decision not in agreement with the Massachusetts Private Passenger Automobile Statistical Plan, or the company filed voluntary rates, rules, and discounts.

The Compliance and Operations Committee will review and consider the results of the Hybrid Audit Plan report including any applicable remedial action required by CAR and the response provided by the audited company. The Committee will determine

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whether to accept the audit findings, direct CAR to develop a Corrective Action Plan for the audited company (refer to Section C. 7. of this Chapter), or recommend potential punitive considerations to the Governing Committee.

The Hybrid Audit Plan report, including the company response letter, will be provided to the Division of Insurance

7. Corrective Action Plan

If recommended by the Compliance and Operations Committee, CAR will develop and conduct further focus audits of a company specific to the areas of concern identified in the Hybrid Audit Plan report. Results of the focus audits will be provided to the Compliance and Operations Committee.

8. Traffic Light Assessment Rating System

Audit results will be considered using a tiered approach:

A green-light evaluation is assigned if no significant quota share or ratemaking data issues are identified, and the ARC is compliant with all measured statutory requirements and CAR Rules. No further auditing is required, and the ARC remains in the five-year Hybrid Audit schedule.

A yellow-light evaluation may be assigned if quota share and/or ratemaking results are 2% greater than the current industry average error rate, and/or any statutory requirement or CAR Rule measured during the audit is determined as noncompliant. Further focus auditing within 12 to 18 months of the Hybrid Audit completion may be recommended to the Compliance and Operations Committee. Potential future penalties would also be included in the recommendation.

A red-light evaluation is assigned if continued noncompliance with the Statistical Plan and/or statutory requirements exists after the follow-up focus audit. The ARC is then subject to future monthly accounting statistical data penalties in accordance with the Private Passenger Statistical Plan (VII: 7) until a monthly submission with accurate data is reported. Also, the ARC is moved to three-year Hybrid Audit schedule.

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An expedited red-light evaluation may be recommended to the Compliance and Operations Committee for ARCs with high error rates after 100 policies with claims have been fully audited and quality assurance tested. In these instances, auditing will cease and an abbreviated report will be issued for the committee's consideration. All other audits continue to 100% completion.

To ensure the average error rate used for comparison purposes is based on audit results of companies that report in accordance with the Statistical Plan, only the results of ARCs assessed a green-light value since 2021 are included in the average error rate calculation.

9. Interim Summary Audits

Newly Writing Companies reporting interim summary data pursuant to Rule 29 of CAR's Rules of Operation to determine Quota Share will be audited upon receipt of sufficient exposures for sampling.

10. Focus Audits and Data Quality Reviews

Operational or statistical focus audits data quality reviews specifically target Member or ARC data quality issues that have an impact on rate making or Quota Share. The audits and reviews may apply to both voluntary and MAIP business and focus on identified areas of concern which have a bearing on credits, penalties, determination of Quota Share or any other issue relating to such business.

CAR may design and implement focus audits or data quality reviews in accordance with a Division of Insurance or CAR Committee directive, or as determined necessary by CAR.

The same documentation and system access requirements as described in Section C.2. of this Chapter apply.

D. Audits of Assigned Risk Producers

To ensure the integrity of the residual market mechanism and reported statistical data, additional audits or data quality summary reviews of ARPs will be conducted as determined necessary by CAR or as directed by the Division of Insurance or CAR committee.

Private Passenger and Commercial Claim Performance Standards – September 3, 2025
Memorandum of Changes

General Modifications

The Performance Standards for The Handling and Payment of Claims (the Standards), including its appendices, are reviewed every two years in accordance with Massachusetts G.L. c. 175 §113H. The ‘redlined’ formatting is used to identify only proposed modifications to the Standards.

Modifications to the Private Passenger Standards:

Standard V: Expenses

- Staff is proposing adding a reference to the Assigned Risk Company Procedures Manual – Chapter XI - Compliance Audit into Standard V: Expenses. The manual was recently updated to strengthen the language pertaining to the required access of source documentation for validation of each loss amount and expense payment transaction.
 - The language referencing validation of paid losses and expenses would be consistent with the Assigned Risk Company Procedures Manual, the Statistical Plan, and the Claims Performance Standards.

Appendix A: CAR Special Investigative Unit Standards

- Staff proposes updating the reference to the private passenger audit frequency in Appendix A of the Performance Standards from once every three years to once every five years.
 - This change previously occurred to address the increase in the number of companies writing private passenger business since the onset of competitive rates and the MAIP, and the increased need to conduct focus audits of companies with statistical reporting issues and quota share audits of new entrants as required in the ARC Procedures Manual.

Appendix K: Compliance Audit Claim Questionnaire:

- Staff suggests including additional SIU-related questions to the Compliance Audit Questionnaire that allows for further information that enhances the description of the SIU included in all audited reports. Appendix K is distributed with the audit notice prior to the to the Hybrid Audit scheduled start date.
 - Staff proposes additional questions to Appendix K pertaining to current SIU requirements for CAR Rule 32.C.2.

CAR | **Private Passenger Claims Performance Standards**
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- A. ARCs must establish a program with guidelines to control claim adjustment expenses.
- B. ARCs must establish guidelines to control legal defense costs:
 - 1. Evaluation, case strategy, and legal action plan shall be documented.
 - 2. Legal bills shall be reviewed for accuracy and reasonableness.
 - 3. ARCs shall have an Alternative Dispute Resolution Program.
- C. ARCs must establish a program to review vendor bills for accuracy, and deduct for unauthorized services.
- D. ARCs must report allocated expenses properly as defined in the Statistical Plan and Assigned Risk Company ~~Manual of Administrative~~ Procedures Manual Chapter XI, Compliance Audit. Extra contractual expenses and unallocated expenses shall not be reported as allocated expenses. Supporting documentation must be submitted that allows for the validation of each reported paid loss and expense amount transaction.

CAR | **Private Passenger Claims Performance Standards**
Appendix A | **CAR Special Investigative Unit Standards**
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The reduction of insurance fraud, by monitoring and coordinating the investigation of suspicious claims, is an important goal of CAR. It seeks the achievement of three beneficial results:

- Successful resistance to the payment of fraudulent claims
- The establishment of a deterrent to fraud
- The reduction of losses, with the consequent improvement in insurance rates

In order to achieve these results, ARCs must pursue the investigation of fraud by establishing a commitment to support and encourage the activities of its SIU.

A. CAR SIU

The CAR SIU, as part of the Compliance Audit Department exists under the authority of Article III of the Plan of Operation. It is charged with monitoring the efforts of Servicing Carriers to control fraud. In addition, it will assist Members and ARCs on request. CAR will perform an ~~triennial~~ audit of the SIU of each ARC once every five years as part of the HAP audit to evaluate its effectiveness.

Assistance of the CAR SIU is intended to provide expert investigation beyond the capabilities of the average ARC's investigator. The basic investigation of a suspicious claim is the responsibility of the ARC. CAR SIU will also assist with the coordination of an investigation involving several ARCs.

B. CAR Standards for ARC SIU

CAR evaluations of an ARC's SIU will be based on its performance in accordance with the following guidelines:

1. Each Servicing Carrier is required by Article IV of the Plan of Operation to maintain a SIU to investigate suspicious claims for the purpose of eliminating fraud. A SIU shall be staffed by experienced salaried employees who are adequately trained in the recognition and investigation of insurance fraud. A SIU must have at least one full time employee whose responsibility is principally directed towards the recognition and investigation of fraud. The work of a SIU may be supplemented by closely supervised independent adjusters or investigators.
2. Each ARC shall ensure that all motor vehicle insurance claims, where there is a suspicion of fraud, are referred promptly to its SIU.

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3. Each ARC SIU shall maintain SIU Quarterly Activity Logs of claims and underwriting referrals.

The logs shall be uploaded by each ARC to a secure SIU application located on CAR's website in the format prescribed by CAR. The claim and underwriting SIU Quarterly Activity Log templates are available on CAR's website. The log files shall be transmitted at the end of each quarter and no later than the 15th of the following month.

4. Regulation 211 CMR 75.00 establishes the NICB as the central organization engaged in motor vehicle loss prevention as required by G.L.c.175, §113O. It also requires certain actions by insurers with respect to theft claims. An insurer must, among other things:

- Report all thefts to NICB
- Obtain NICB's acknowledgement before paying claims
- Report disposition of salvage
- Investigate and report evidence of fraud
- Defer payment in certain circumstances

5. The NICB has been established as the central organization to whom insurance companies report cases of bodily injury fraud for possible further action with law enforcement agencies and criminal prosecuting authorities.

In all cases where careful further investigation has established the strong possibility of bodily injury fraud, the ARC should forward a complete photocopy of the claim file to NICB for further consideration and action.

If an ARC is not a member of NICB, the ARC may refer such case directly to the appropriate local law enforcement agency for consideration of criminal prosecution.

6. The Motor Vehicle Fraud Profile described in Section D. identifies circumstances in which a motor vehicle theft or fire claim should be considered suspicious. Such claims warrant careful investigation into the possibility of fraud.
7. Both law and equity dictate that a prompt and thorough investigation precede any decision with respect to payment or denial of a claim. The provisions of G.L. c.93A and c.176D must be borne in mind at all times. Penalties incurred by members for violations of these laws are subject to reimbursement by CAR and may not be reported as loss or allocated expense.

CAR | **Private Passenger Claims Performance Standards**
Appendix A | **CAR Special Investigative Unit Standards**
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8. The quality of investigation performed by a SIU is an important criterion of its effectiveness. It will be given careful consideration by CAR during an audit. It is not possible to outline every avenue of the investigation of a suspicious claim; it is limited only by the experience and imagination of the investigator. There are, however, certain elements which are common to the investigation of suspicious fire or theft claims that should be covered in every such case referred to a SIU, or the file should reflect the reasons why it was not. Refer to Sections C. and D. for these guidelines.

C. CAR Standards for Investigation of Collision and Comprehensive Losses

1. Interviews of Owner, Custodian, Companions, Witnesses, etc.

A recorded statement should be obtained from the owner of the motor vehicle, exploring in depth and in detail the areas described below. Statements of others with knowledge of some or all of the circumstances are also important.

- The individual interviewed
- Name, address, date of birth, occupation, employer
- The motor vehicle

Year, make, model, VIN; when purchased, from whom, amount paid, motor vehicle traded in, amount allowed; if used, condition, odometer reading, improvements by insured; amount borrowed, from whom, term of loan; where kept when not in use, who uses the motor vehicle, purpose; service, inspection, repair; problems.

2. Insurance

How long insured by this company; if short time, former carrier; any other insurance; recent changes of coverage; history of claims.

3. The Loss

Date, time, and place; description of event; when and how the motor vehicle got to that location; purpose of its presence there; identity of witnesses; was car locked; who had keys; activities between leaving motor vehicle and discovery of loss; time, place, and method of report to police; identity of those responsible.

CAR | **Private Passenger Claims Performance Standards**
Appendix A | **CAR Special Investigative Unit Standards**
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4. Police

The owner or custodian of a motor vehicle which is stolen or substantially damaged must report in writing to the police. An insurer may not pay a theft claim until it has confirmed the existence of such a report. Its file should contain a copy of the report or an explanation of its absence. Police reports of the recovery of a motor vehicle and any investigation should be obtained. Interviews of police officers are useful in selected cases. The possibility of investigation by other governmental agencies should be considered if the claim appears to be part of an organized pattern of activity.

5. Claim History

A record of the policyholder's prior losses should be obtained. The record is not necessarily evidence of impropriety. However, an extensive record warrants a study of the claim files to identify patterns of activity or other information of interest. This is a fruitful source of leads.

6. Insurance File

A study of the underwriting file should be undertaken. A recent application and/or changes of motor vehicle or coverage may suggest premeditation.

7. Mortgagee

Inquire via telephone about the timeliness of installment payments and the amount of the loan outstanding. A history of late payments and/or a delinquency of several months suggest financial difficulty which might motivate one to destroy his/her motor vehicle.

8. Ownership and Value

Copies of the Bill of Sale, the Application for Title and/or Registration, and the Title should be obtained. These establish ownership, identify the prior owner, and establish the value at the time of purchase. Inconsistencies of purchase price suggest dishonesty. Seek verification by the seller of the price and condition at the time of sale. Be alert to prior use as a public or private livery motor vehicle.

CAR | **Private Passenger Claims Performance Standards**
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9. Betterment

It is often claimed that the value of a motor vehicle has been enhanced by the addition of special equipment or by cosmetic improvements. Receipts for such things should be requested, and if received, verified.

10. Service and Repair

The interview with the policyholder and the examination of the motor vehicle should cover the service and repair history of the motor vehicle. The inspection sticker and stickers recording oil changes and lubrication will provide leads, as may the contents of the glove compartment. Investigate recent service and repair activity to identify problems which might provide a motive for destroying the motor vehicle.

11. The Motor Vehicle Examination

A careful, thorough, and early examination of the motor vehicle when it is available is important.

- a. Start with the plate bearing the VIN. Look for evidence of tampering, either of the plate itself or of the rivets that hold it in place. Record the complete number by placing a paper over it and rubbing it with a pencil. Report whether the number is consistent with the type and model of the motor vehicle and consistent with the policy.
- b. Obtain abundant clear photographs of the engine, passenger, and trunk compartments and all areas of the exterior, including wheels and tires. The engine, the ignition lock, and the registration plate particularly are important. Don't mark the face of a photograph; it may destroy its value as evidence.
- c. Determine the odometer reading. Report whether it is consistent with the age and condition of the motor vehicle and with the mileage reported by the owner.
- d. Examine the ignition lock. Report whether there is evidence of damage and whether it contained a key.
- e. Report whether the glove or trunk compartments contain the usual articles. Take possession of bills related to service, repair, or improvements. A thief has no interest in the usual contents; their absence may suggest removal by the owner in anticipation of a loss.

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- f. Examine the inspection sticker. Report when and where it was inspected, whether it is current, or whether there is a rejection sticker.
- g. Examine the registration plate. Report the date of expiration.
- h. Record date on service or oil change stickers.
- i. Try to distinguish old damage from new. The presence or absence of dirt and/or rust should be considered. Report evidence of recent changes of wheels or tires.
- j. Consider or give consideration to wear and tear, mechanical and electrical failures, and missing parts and equipment.
- k. Determine the level and condition of crankcase and transmission oil, brake fluid, and radiator coolant.
- l. In selected cases, a professional analysis of the ignition, the engine, or the transmission may be warranted.

D. Motor Vehicle Fraud Profile

The following items should serve as indicators in determining whether an investigation, beyond normal claim handling, is justified in the processing of all motor vehicle claims. None of these indicators is necessarily incriminating. Perfectly appropriate claims can often bear these characteristics. These items are present only to provoke further thought on the part of the adjusters when one or more of the indicia are present. A common sense approach to potential fraud investigation is recommended; therefore, any factor that suggests that a fraudulent claim is being made is worth discussing with SIU.

CAR | **Private Passenger Claims Performance Standards**
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Collision & Comprehensive Fraud Indicators

Motor Vehicle

- Late model motor vehicle with unusually high mileage
- Completely burned
- High value extras on inexpensive motor vehicle
- Allegedly numerous repairs prior to theft
- Extensive collision damage, especially if no collision coverage
- Inspection sticker expired, altered, or otherwise defective
- Ignition or steering lock intact
- Excessive mileage on leased motor vehicles
- Previous total loss
- Missing parts surgically removed
- Registered other than in the state of residence
- Grey market foreign car or American diesel
- NICB difficulty in matching the VIN to the motor vehicle
- Purchase price exceptionally low

Loss

- Loss near inception of policy
- Fire late at night in remote area
- Loss prior to titling and registration
- Loss reported unusually late
- Loss near date of cancellation

Insured

- Occupation does not justify expensive motor vehicle
- Insured avoids use of mail
- Loan payments late
- Insured is suspiciously knowledgeable of insurance terminology and the claim process
- Insured exceptionally anxious to settle
- Insured uses a PO Box, hotel, or motel as his/her address
- Insured in obvious financial difficulty
- Insured is unemployed and without visible means of support
- Insured or friend locates the stolen motor vehicle
- No report to police
- Bad loss record
- Insured is evasive as to identity of prior owner of motor vehicle
- Insured wants to retain total loss
- Insured recently purchased stated value policy
- Insured has no phone and cannot be contacted at work

Coverage

- Coverage increased just prior to loss

Purchase

- Title is a duplicate or none available

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- No lienholder on new model, or lienholder is an individual rather than lending institution
- Previous owner cannot be located

Bodily Injury, Including No-Fault

The Accident

- No witness
- Police report fails to verify accident, or presence of claimants fails to verify any injury on the part of any claimant
- Other motor vehicle in accident denies involvement
- Too many claimants for described accident
- Any allegation of intentional involvement
- Description of accident does not support injuries claimed
- Claimant or insured is difficult to find; claims to be self-employed or employed by another family member
- Injuries appear to be excessive in light of details of the accident or appear unrelated to the accident

Injuries and Damages

- Treatment appears excessive for the type of injury, indicative of build-up to exceed tort threshold
- Injuries are limited to soft tissue, and recovery appears to be unusually prolonged
- Index history shows a history of claims
- The attorney and physician involved have appeared on a number of questionable cases
- Medical bills received are reproductions of originals or bear evidence of alterations
- Wage loss not verified or wage verification form not signed, bears questionable signature or is suspicious

The Motor Vehicle

- No verification that described motor vehicle involved
- Damage seems too minor for injuries alleged
- Extent and location of damage do not match allegations

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Pursuant to G.L. c.175, §113H, CAR is required to establish Performance Standards designed to contain costs, ensure prompt customer service and the payment of legitimate claims, and resist inflated, fraudulent, and unwarranted claims. These Performance Standards require that all ARCs establish plans and programs to meet these objectives. Often this only requires that the ARC formalize or enhance its current practices and procedures. In other instances, ARCs may need to develop new practices and procedures to become compliant with these Performance Standards.

This Compliance Audit Claim Questionnaire included below is distributed to every ARC prior to the Hybrid Audit scheduled start date. The purpose of the questionnaire is to gather information from the ARC relative to plans and programs it maintains. The ARC is required to provide detailed responses to the questions included in the questionnaire, and return by the date established by CAR staff. The Claim Questionnaire shall be signed by an ARC staff member with appropriate authority to provide this information to CAR on behalf of the ARC.

CAR | **Private Passenger Claims Performance Standards**
Appendix K | **Compliance Audit Claim Questionnaire**
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**Commonwealth Automobile Reinsurers
Compliance Audit Claim Questionnaire
Claims Performance Standards**

Certification of Authority

Printed Name:	
Title:	
Company Name:	
Signature:	

1. Does the company offer a Direct Payment Plan for physical damage and property damage losses as referenced in Performance Standard I. A. 2. a.?

[Click here to enter text.](#)

2. How does the company determine actual cash value for total loss payments? Is there an evaluation process in place to determine that the actual cash value is comparable to other vehicles?

[Click here to enter text.](#)

3. What procedures are used during the initial screening of a loss to identify warning signs requiring special investigation? What specific information is sought during the screening process? Do these procedures and the information sought vary depending on the type and level of coverage? Are these procedures and resulting information considered in the assignment of the claim to staff with sufficient experience and training?

[Click here to enter text.](#)

4. What method is used to ensure that the losses processed and paid are consistent with the associated policy, including listed operators, coverage, and garaging information provided? What procedures are used to resolve coverage issues? What triggers notification to underwriting? For commercial losses, how is the Principal Place of Business verified?

[Click here to enter text.](#)

CAR | **Private Passenger Claims Performance Standards**
Appendix K | **Compliance Audit Claim Questionnaire**
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5. What methods are used to establish initial reserves and what procedure is used to update reserves throughout the duration of the claim? Are different methods used for losses involving injuries?

[Click here to enter text.](#)

6. What components comprise the SIU, including staffing? How many and what types of cases are handled? Describe the SIU screening and referral procedures. What type of fraud awareness training is provided to the claim staff and SIU on a yearly basis?

[Click here to enter text.](#)

7. What is the percentage of glass claims repaired to total paid glass claims as referenced in Performance Standard I. D. 1.?

[Click here to enter text.](#)

8. What diary systems are used for bodily injury claims as referenced in Performance Standard II A. 5. d.?

[Click here to enter text.](#)

9. How are payment authority levels established for the handling of bodily injury claims? Does this process change when policy limits will be exhausted?

[Click here to enter text.](#)

10. What procedure does the company use to evaluate BI and UM claims? Is a third party evaluation tool used in this process?

[Click here to enter text.](#)

11. Describe the company's litigation management program used to bring cases to conclusion during a reasonable time frame and at a reasonable cost on all types of losses?

[Click here to enter text.](#)

12. What process is used to refer suspicious BI claims for SIU? Does this process occur at the screening process or initial investigation level?

[Click here to enter text.](#)

13. How are SIU claims resolved and settled? What is the screening and referral process for losses that require special investigation?

Click here to enter text.

14. What methods are used to determine whether medical treatment and expenses are reasonable, necessary and related to the automobile accident? Does the company maintain staff with medical training as consultants to assist or contribute to claim handling, evaluation of reasonable and necessary treatment, causality, etc? If yes, describe this process.

Click here to enter text.

15. What role does an Independent Medical Examination, Medical Audit or Medical Bill Reviews have in the medical management process? After any of these are concluded, what process is in place to determine if payments should then be issued?

Click here to enter text.

16. What controls ensure that residual market claims are processed with the same degree of diligence as voluntary claims?

Click here to enter text.

17. How are legal defense costs including legal bills controlled? What type of Alternative Dispute Resolution program is in place?

Click here to enter text.

18. How does the company ensure that allocated expenses are properly reported and unallocated expenses are not reported as defined in the Statistical Plan?

Click here to enter text.

19. CAR Rule 32.C.2 requires that the SIU conduct audits of garaging and policy facts and provide examples of completed audit reports to CAR. Please provide a description of how this requirement is fulfilled annually by the SIU including the involvement of the Underwriting Department.

20. Is the SIU currently or previously involved in any special coordinated projects? Examples include agency audits, clinic inspections, hit while parked programs, etc. If so, these could be referenced in the overall description of the SIU that is detailed in each audit report.

Commercial Claim Performance Standards – September 3, 2025
Memorandum of Changes

Modifications to the Commercial Standards:

Standard V: Expenses

- Staff is proposing adding a reference to the Manual of Administrative Procedures – Chapter IX - Compliance Audit into Standard V: Expenses. The manual was recently updated to strengthen the language pertaining to the required access of source documentation for validation of each loss amount and expense payment transaction.
 - The language referencing validation of paid losses and expenses would be consistent with the Manual of Administrative Procedures, the Statistical Plan, and the Claims Performance Standards.

Appendix K: Compliance Audit Claim Questionnaire:

- Staff suggests including additional SIU-related questions to the Compliance Audit Questionnaire that allows for further information that enhances the description of the SIU included in all audited reports. Appendix K is distributed with the audit notice prior to the to the Hybrid Audit scheduled start date.
 - Staff proposes additional questions to Appendix K pertaining to current SIU requirements for CAR Rule 10.C.2.

CAR | **Commercial Claims Performance Standards**
Standard V | **Expenses**
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- A. SCs must establish a program with guidelines to control claim adjustment expenses.
- B. SCs must establish guidelines to control legal defense costs:
 - 1. Evaluation, case strategy, and legal action plan shall be documented.
 - 2. Legal bills shall be reviewed for accuracy and reasonableness.
 - 3. SCs shall have an Alternative Dispute Resolution Program.
- C. SCs must establish a program to review vendor bills for accuracy, and deduct for unauthorized services.
- D. SCs must report allocated expenses properly as defined in the Statistical Plan and the Manual of Administrative Procedures, Chapter IX, Compliance Audit. Extra contractual expenses and unallocated expenses shall not be reported as allocated expenses. Supporting documentation must be submitted that allows for the validation of each reported paid loss and expense amount transaction.

CAR | **Commercial Claims Performance Standards**
Appendix K | **Compliance Audit Claim Questionnaire**
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Pursuant to G.L. c.175, §113H, CAR is required to establish Performance Standards designed to contain costs, ensure prompt customer service and the payment of legitimate claims, and resist inflated, fraudulent, and unwarranted claims. These Performance Standards require that all SCs establish plans and programs to meet these objectives. Often this only requires that the SC formalize or enhance its current practices and procedures. In other instances, SCs may need to develop new practices and procedures to become compliant with these Performance Standards.

This Compliance Audit Claim Questionnaire included below is distributed to every SC prior to the Commercial Audit scheduled start date. The purpose of the questionnaire is to gather information from the SC relative to plans and programs it maintains. The SC is required to provide detailed responses to the questions included in the questionnaire, and return by the date established by CAR staff. The Claim Questionnaire shall be signed by a SC staff member with appropriate authority to provide this information to CAR on behalf of the SC.

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Appendix K | **Compliance Audit Claim Questionnaire**
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**Commonwealth Automobile Reinsurers
Compliance Audit Claim Questionnaire
Claims Performance Standards**

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Title:	
Company Name:	
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[Click here to enter text.](#)

4. What method is used to ensure that the losses processed and paid are consistent with the associated policy, including listed operators, coverage, and garaging information provided? What procedures are used to resolve coverage issues? What triggers notification to underwriting? For Commercial losses, how is the Principal Place of Business verified?

[Click here to enter text.](#)

CAR | **Commercial Claims Performance Standards**
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[Click here to enter text.](#)

6. What components comprise the SIU, including staffing? How many and what types of cases are handled? Describe the SIU screening and referral procedures. What type of fraud awareness training is provided to the claim staff and SIU on a yearly basis?

[Click here to enter text.](#)

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[Click here to enter text.](#)

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[Click here to enter text.](#)

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[Click here to enter text.](#)

CAR | **Commercial Claims Performance Standards**
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13. How are SIU claims resolved and settled? What is the screening and referral process for losses that require special investigation?

[Click here to enter text.](#)

14. What methods are used to determine whether medical treatment and expenses are reasonable, necessary and related to the automobile accident? Does the company maintain staff with medical training as consultants to assist or contribute to claim handling, evaluation of reasonable and necessary treatment, causality, etc? If yes, describe this process.

[Click here to enter text.](#)

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[Click here to enter text.](#)

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[Click here to enter text.](#)

19. CAR Rule 10.C.2. requires that the SIU conduct audits of garaging and policy facts and provide examples of completed audit reports to CAR. Please provide a description of how this requirement is fulfilled annually by the SIU including the involvement of the Underwriting Department.

20. Is the SIU currently or previously involved in any special coordinated projects? Examples include agency audits, clinic inspections, hit while parked programs, etc.

CAR | **Commercial Claims Performance Standards**
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If so, these could be referenced in the overall description of the SIU that is detailed in each audit report.

Proposed Modifications to the Commercial Statistical Plan

Proposed Effective Date	Description	Pages Impacted	Records Impacted
January 1, 2027	With the implementation of the Auto Dealers Coverage form in the residual market as of January 1, 2027, the need for the Massachusetts Garage Insurance Policy form becomes obsolete as voluntary carriers also use Auto Dealers Coverage form. Accordingly, multiple references to the Garage Policy form have been eliminated, one older classification code has been eliminated, and classification codes for Limited Customer Coverage for Repair Shops, Service Stations, and Storage Garages/Public Parking Spaces have been added to the Special Types section with a note that they apply to voluntary policies only. Lastly, wording has been updated for consistency.	VI:19, 21, 22	All Premium and Loss Records

**Massachusetts Commercial Automobile
 Statistical Plan
 Part VI - Coding Section**

CLASSIFICATION CODE

★ **SPECIAL TYPES (Continued)**

- ~~As of January 1, 2004, changes in the Garage Policy resulted in the Garage Policy Forms being available for Dealer Operations only. Since a company may elect not to adopt the modified Garage Policy, Repair Shops, Service Stations and Storage Garages and Public Parking Places classification codes are now listed in both the Garage and Special Types Classification Code tables, with the same classification codes. Note that if a company has elected not to adopt the modified Garage Policy, the Repair Shops, Service Stations and Storage Garages and Public Parking Places will continue to be written on a Garage Policy. If the modifications have been adopted, these classes should be classified as Special Types and written on the Business Auto Coverage Form.~~
- ~~Those companies that have elected to adopt the revised Garage Policy writing program may report their statistical data using the revised reporting requirements on an optional basis for policies effective January 1, 2004 – June 30, 2004 and on a mandatory basis for policies effective July 1, 2004 and subsequent.~~
- Limited Customer Coverage codes are valid for voluntary policies only.

Description	Liability and Physical Damage		
	Limited Customer Coverage	Unlimited Customer Coverage	Liability Exposure Basis
Repair Shops – Risks primarily engaged in the repair of automobiles, including body, fender, radiator, ignition service and paint shops	<u>780800</u>	780900	plate
Service Stations – Risks primarily engaged in the servicing of automobiles (including car washes) and the sale and installation of automobile accessories excluding major engine or body repair work	<u>781000</u>	781100	plate
Storage Garages and Public Parking Places – Risks primarily engaged in the storing or parking of automobiles	<u>781200</u>	781300	Plate

Massachusetts Commercial Automobile Statistical Plan Part VI - Coding Section

CLASSIFICATION CODE

GARAGES ~~AUTO DEALERS~~

RISKS SUBJECT TO THE MASSACHUSETTS COMPULSORY LAW

- ★ ~~• Garages, Garage Dealers, Service Stations, Repair Shops and Parking Facilities~~
- ★ ~~• As of January 1, 2004, changes in the Garage Policy resulted in the Garage Policy Forms being available for Dealer Operations only. Since a company may elect not to adopt the modified Garage Policy, Repair Shops, Service Stations and Storage Garages and Public Parking Places classification codes are now listed in both the Garage and Special Types Classification Code tables, with the same classification codes. Note that if a company has elected not to adopt the modified Garage Policy, the Repair Shops, Service Stations and Storage Garages and Public Parking Places will continue to be written on a Garage Policy. If the modifications have been adopted, these classes should be classified as Special Types and written on the Business Auto Coverage Form.~~
- ★ ~~• Those companies that have elected to adopt the revised Garage Policy writing program may report their statistical data using the revised reporting requirements on an optional basis for policies effective January 1, 2004 — June 30, 2004 and on a mandatory basis for policies effective July 1, 2004 and subsequent.~~
- ★ ~~• Note that CAR has adopted the revised Garage Policy as of July 1, 2004. Therefore, as of this date, the Repair Shops, Service Stations and Storage Garages and Public Parking Places classifications listed on a Limited Customer Coverage Basis (780800, 781000 and 781200) will no longer be available for ceded policies.~~

Description	Liability and Physical Damage		
	Limited Customer Coverage	Unlimited Customer Coverage	Liability Exposure Basis
Franchised Private Passenger Automobile Dealer (with or without any other type of franchise)	730100	730200	plate
Franchised Truck or Truck-Tractor Dealer (with or without any other type of franchise except private passenger automobile franchise)	731100	731200	plate
Franchised Motorcycle Dealer including all two-wheeled cycle vehicles (no private passenger or truck franchise)	732100	732200	plate
Franchised Recreational Vehicle Dealer (no private passenger, snowmobile or residence types mobile home)	733100	733200	plate
Franchised Residence Type Mobile Home Trailer Dealer	782000	782100	plate
Franchised Commercial Trailer Dealer	783000	783100	plate
Other Franchised Self-Propelled Land Motor Vehicle Dealer (including motor homes and campers)	734100	734200	plate
Non-Franchised Dealer (any of the risks described above that are not franchised dealers)	735100	735200	plate
Equipment and Implement Dealer (no other franchise)	736100	736200	plate
Repair Shops — Risks primarily engaged in the repair of automobiles, including body, fender, radiator, ignition service and paint shops	780800	780900	plate
Service Stations — Risks primarily engaged in the servicing of automobiles (including car washes) and the sale and installation of automobile accessories excluding major engine or body repair work	781000	781100	plate
Storage Garages and Public Parking Places — Risks primarily engaged in the storing or parking of automobiles	781200	781300	plate
Trailer Plate – Garages (Liability only)	070800	070900	plate
Premises Coverage – Clerical (Liability only)	070400	070400	payroll
Premises Coverage – All Other (Liability Only)	070500	070500	payroll
Other Than Covered Auto (Liability Only) Applicable to those Policies Written on the Simplified Garage Policy	070500	070500	payroll

Massachusetts Commercial Automobile Statistical Plan Part VI - Coding Section

CLASSIFICATION CODE

GARAGES

RISKS NOT SUBJECT TO THE MASSACHUSETTS COMPULSORY LAW

- ~~• Garages, Garage Dealers, Service Stations, Repair Shops and Parking Facilities~~
- ★ ~~• The following classifications are only applicable if a company has not adopted the revised Garage Policy writing program which became available January 1, 2004 and subsequent. Under this program, Repair Shops, Service Stations, Storage Garages and Public Parking Places do not qualify for the Garage Policy Form and the classification codes listed below are no longer classified as Garage classifications.~~
- ★ ~~• Note that CAR has adopted the revised Garage Policy as of July 1, 2004. Therefore, as of this date, the classifications listed below will no longer be available for ceded policies.~~

Description	Code	
	Liability	Physical Damage
Repair Shops, Storage Garages, Service Stations and Public Parking Places	075000	075000
All Other Risks Not Subject to the Massachusetts Compulsory Law <ul style="list-style-type: none"> • As written in accordance with the garage section of the Massachusetts Commercial Automobile Insurance Manual • All automobiles registered in Massachusetts are subject to the Compulsory Automobile Insurance Law except those owned by: <ol style="list-style-type: none"> <u>1. the Federal Government or the Commonwealth of Massachusetts or any political subdivision thereof (state, city or town);</u> <u>2. a person, firm or corporation for the operation of which security is required to be furnished the Department of Public Utilities (DPU);</u> <ol style="list-style-type: none"> <u>a. automobiles owned, leased or rented by a public utility.</u> <u>b. buses, excluding school buses under exclusive contract to a city or town.</u> <u>3. a street railway company under public control.</u> 	707000	707000

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Rule 14 | **Exclusive Representative Producer Requirements**
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Months after Appointment	Minimum Volume Requirement (Total Written Premium)
12	\$10,000
24	\$20,000
36	\$30,000
Subsequent Evaluations	\$30,000

An ERP's book of business will be evaluated on an annual basis by the Servicing Carrier with a copy of the evaluation provided to the ERP and to CAR within 15 days of the evaluation date.

The effective date of termination shall be one year after the evaluation date on which the ERP failed to develop or maintain the applicable minimum book of business. If, during that year, the ERP obtains and maintains the applicable minimum book of business, the termination process shall be suspended but the ERP shall continue to be subject to annual evaluations.

2. An ERP terminated under the provisions of Section C. shall be ineligible for appointment to a Servicing Carrier for a period of two years commencing on the effective date of the termination.

The term ERP, for purposes of this paragraph, includes any licensed producer and any other newly emerging producer with whom or which the terminated ERP has a direct or indirect material and continuing proprietary or management interest.

D. Service Fees

1. G.L. c. 175, §182, in part, prohibits producers and others in connection with the placing or negotiation of insurance policies or the continuance or renewal thereof from selling or offering to sell anything of value whatsoever not specified in the policy of insurance. See also G.L. c. 176D, §3(8). The following acts and practices are prohibited:
 - a. Charging a fee in addition to the premium for certifying a registration on behalf of a Servicing Carrier;
 - b. Charging a fee in addition to the premium for acting as a producer and placing the applicant's Motor Vehicle Insurance business with a Servicing Carrier;

CAR | **Rules of Operation**
Rule 14 | **Exclusive Representative Producer Requirements**
Revision Date | **2019.03.29 Draft 2025.09.03**
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- c. Charging a fee in addition to the premium for providing assistance to the insured in the completion of forms which are completed in order for the insured to procure or to continue Motor Vehicle Insurance; and
 - d. Charging a fee in addition to the premium for the sale of a service contract which provides for service or advice relating to the issuance, continuance, or renewal of an insured's Motor Vehicle Insurance policy.
 2. Nothing set forth in the provisions of Section D.1. is intended to prohibit producers from charging courier fees and other non-insurance related fees if the following requirements are met;
 - a. The producer provides to the applicant a complete description of the non-insurance related services for which the fee, in addition to the premium rate, is being charged;
 - b. The producer advises the applicant that there is no obligation to purchase the non-insurance related service and that the insured may obtain Motor Vehicle Insurance through the producer, notwithstanding the insured's decision not to purchase the non-insurance related services;
 - c. The applicant, after having been apprised of the information set forth in Sections D.2.a. and D.2.b., agrees to pay the fee; ~~and~~
 - d. The fee for the services provided is reasonable, ~~and~~;
 - e. The disclosure of any fee is compliant with all state laws and regulations, including 940 CMR 38.00.
 3. The producer may enter into a contract with the applicant pursuant to which the producer provides non-insurance related services to the applicant if the producer complies with all of the requirements of Sections D.1. and D.2. In the event the producer and applicant execute such a service contract, the producer shall give the applicant an executed copy of the contract and shall retain an executed copy in his file which shall be made available to the Servicing Carrier, Division of Insurance and CAR upon request.

CAR | **Rules of Operation**
Rule 31 | **Assigned Risk Producer Requirements**
Revision Date | **2019.07.23Draft 2025.09.03**
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to an accident to any glass, repair or rental facility, or to any legal or medical provider.

18. ARPs shall provide referral information to consumers consistent with company practices under regulations relating to motor vehicle repairs.
19. The ARP must return uncontested unearned commission within 45 calendar days from the date the producer receives notice from the insurer that such commission is due.

C. Service Fees

1. G.L. c. 175, § 182, in part, prohibits producers and others in connection with the placing or negotiation of insurance policies or the continuance or renewal thereof from selling or offering to sell anything of value whatsoever not specified in the policy of insurance. See also G.L. c. 176D, § 3(8). The following acts and practices are prohibited:
 - a. Charging a fee in addition to the premium for certifying a registration on behalf of an ARC;
 - b. Charging a fee in addition to the premium for acting as a producer and placing the applicant's Motor Vehicle Insurance business with an ARC;
 - c. Charging a fee in addition to the premium for providing assistance to the insured in the completion of forms which are required to procure or to continue Motor Vehicle Insurance; and
 - d. Charging a fee in addition to the premium for the sale of a service contract which provides for service or advice relating to the issuance, continuance, or renewal of an insured's Motor Vehicle Insurance policy.
2. Nothing set forth in the provisions of Section C.1. is intended to prohibit producers from charging courier fees and other non-insurance related fees if the following requirements are met:
 - a. The producer provides to the applicant a complete description of the non-insurance related services for which the fee, in addition to the premium rate, is being charged;
 - b. The producer advises the applicant that there is no obligation to

CAR | **Rules of Operation**
Rule 31 | **Assigned Risk Producer Requirements**
Revision Date | **2019.07.23 Draft 2025.09.03**
Page | **7 of 8**

purchase the non-insurance related service and that the insured may obtain Motor Vehicle Insurance through the producer, notwithstanding the insured's decision not to purchase the non-insurance related services;

c. The applicant, after having been apprised of the information in Sections C.2.a. and C.2.b., agrees to pay the fee; ~~and~~

d. The fee for the services provided is reasonable, and -

e. The disclosure of any fee is compliant with all state laws and regulations, including 940 CMR 38.00.

3. The producer may enter into a contract with the applicant, pursuant to which the producer provides non-insurance related services to the applicant if the producer complies with all of the requirements identified in C.1. and C.2. In the event the producer and applicant execute such a service contract, the producer shall give to the applicant an executed copy of the contract and shall retain an executed copy in the producer's file that shall be made available to the ARC, Division of Insurance and the MAIP upon request.

D. Certification Ineligibility

1. Grounds for revoking the certification of an ARP shall be pursuant to Rules 30 and 31. Any licensed property or casualty producer who, within the preceding 24-month period, has had an ARP certification revoked with the said revocation not having been reversed by the Governing Committee, the Division of Insurance, or court of competent jurisdiction, shall be ineligible to place business through the MAIP.

2. For purposes of this Section, the term Assigned Risk Producer includes any licensed producer with whom the ARP whose certification has been revoked has a direct or indirect material and continuing proprietary or management interest.

An ARP whose certification is revoked in conjunction with these Rules must return all MAIP forms, manuals and certification stamp(s) as well as any materials supplied by an ARC at such time as the revocation becomes effective. The ARP may appeal the revocation in accordance with the procedures pursuant to Rule 40.

3. If an Exclusive Representative Producer's (ERP's) appointment has been terminated by a Servicing Carrier for violations of any



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110

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RECORDS OF MEETING

FINANCIAL AUDIT COMMITTEE – SEPTEMBER 9, 2025

Members Present

Mr. Thomas LaFrancois – Chair	Arbella Insurance Group
Mr. Matthew Anglim	Plymouth Rock Assurance Corporation
Ms. Pamela Bodenstab-Krynicky	P. L. Krynicky Insurance Agency
Mr. Christopher Burke	Safety Insurance Company
Mr. Sean Moone	Norfolk & Dedham Group
Mr. Henry Risman	Risman Insurance Agency

Substituted for:
N/A

Not in Attendance:
Mr. Brian Breedan, MAPFRE U.S.A. Corporation

25.01 Records of Previous Meeting

The Committee voted unanimously to approve the Records of the Financial Audit Committee meeting of March 11, 2025. The Records have been distributed and are on file.

25.05 Annual Audit of CAR for Fiscal Year Ending September 30, 2025

The meeting began with the introduction of the new partner Enis Bezhani of AAFCPA. Mr. Bezhani presented his recommendation regarding the engagement parameters for the 2025 review and provided a basic timeline for the planning, execution, and completion of the engagement. He then discussed the Agreed Upon Procedures (AUP) plan. He also reiterated that the 2025 procedures would continue to focus primarily on transactions relevant to CAR's administrative expenses. Lastly, Mr. Bezhani confirmed the 2025 audit fee of \$93,500 as agreed upon at a prior meeting.

After discussion, the Committee members voted unanimously to recommend that the Governing Committee approve the engagement parameters as presented by AAFCPA for the review of CAR's fiscal year 2025 financial statements, including the AUP as presented, recognizing that the procedures are sufficient for their intended purpose, and that access to the AUP report would be

limited to CAR, its committees and subcommittees, its Member Companies, and the Division of Insurance. The Committee also recommended that the President be directed to execute the engagement letters on behalf of CAR.

WENDY BROWNE
Vice President of Business Operations

Boston, Massachusetts
September 11, 2025



NATALIE A. HUBLEY
PRESIDENT

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SUMMARY OF MEETING

LOSS RESERVING COMMITTEE – SEPTEMBER 3, 2025

Members Present

Ms. Melissa Vaughn – Chair
Ms. Satomi Miyanaga
Mr. Jacob Sechler
Mr. Gavin Traverso

Safety Insurance Company
Liberty Mutual Insurance Companies
The Hanover Insurance Company
MAPFRE U.S.A. Corporation

Not in Attendance:

Mr. Martin Murphy, Plymouth Rock Assurance Corporation

25.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Loss Reserving Committee meeting of June 4, 2025. The Records have been distributed and are on file.

25.04 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 review of losses in excess of the policy limit included two BI claims with losses over the reported limit that were considered by the Committee and incorporated into the final accident year selections.

Next, the Committee was informed that eleven bodily injury claims and two property damage liability claims were referred this quarter to CAR's Compliance Audit Department for additional information and verification of the reported statistics. These claims were either newly reported, experienced large upward or downward reserve changes, or were paid in excess of the prior quarter reserve. The claims 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 2016-2025 as of June, 2025. During the current quarter, six new large losses were added to the report, all reported with a \$1.0 million combined single limit (CSL). Ten claims previously included in the report dropped off after going under the \$1.0 million threshold.

To date, there are a total of 141 large claims over \$1.0 million reported during the latest ten policy years, with \$232.9 million in total reported incurred losses. This is an increase of approximately \$4.3 million, attributed primarily to the six new large losses that added an additional \$3.5 million as compared to their prior quarter loss totals. The corresponding large loss reports are attached as pages 6-11.

Summary of Large Losses GT \$1.0M as of June, 2025 (\$ in millions)

	<u>Claims >\$1.0M</u>	<u>Current Incurred Losses</u>	<u>Current Reserves</u>	<u>Prior Incurred Losses</u>	<u>Change in Loss</u>
New Claims	6	\$6.4	\$5.4	\$2.9	\$3.5
Total Claims	141	\$232.9	\$64.9	\$228.7	\$4.3

The Committee was also informed that, during the current quarter, twelve new claims were reported using the Large Loss Notification Form. This report is attached as pages 12-13. Three of the twelve claims are reported with a \$5.0 million CSL and have estimated losses below \$1.0 million. The remaining 9 claims carry a CSL of \$1.0 million or lower. Two claims were updated during the current quarter and have reported losses similar to their original estimated losses.

25.06 Policy Year Deficit and Loss Ratio Report

The latest three years of deficit projections as of June, 2025 were reviewed and finalized as follows:

The Committee estimated a policy year 2022 deficit of \$17.4 million with an ultimate loss ratio of 85.7%, resulting in a \$3.2 million improvement from the prior quarter's projected deficit of \$20.6 million.

The Committee estimated a policy year 2023 deficit of \$3.1 million with an ultimate loss ratio of 77.6%. The estimate results in a \$1.7 improvement from the prior quarter's projected deficit of \$4.8 million.

The Committee estimated a policy year 2024 deficit of \$11.8 million with an ultimate loss ratio of 80.7%. The estimate results in a \$1.9 million improvement from the prior quarter's projected deficit of \$13.8 million.

Also of note, the policy year 2020 estimated surplus of \$34.3 million resulted in a \$1.6 million improvement from the prior quarter.

Deficit improvements in policy year's 2019-2024 are due primarily to favorable development. Additionally, the IBNR distribution to policy year has been tempered over time toward the indication by using a conservative reserving approach, in part because large losses were contributing to variable results from quarter to quarter. In recent quarters, the Committee has moved more towards these indicated policy year loss ratios, resulting in the overall improvement.

Ultimate loss ratio and deficit projections for all policy years are attached as pages 14-17.

The following summary displays the policy year results:

Policy Year Results
Total Commercial Ceded

<u>PY</u>	<u>Earned Premium (000)</u>	<u>Loss & 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>	
2016	169,141	162,936	2,423	2	165,361	35
2017	182,590	140,495	1,969	-59	142,405	11
2018	195,958	177,802	3,819	-462	181,159	32
2019	190,284	123,228	6,108	-1,005	128,331	23
2020	172,642	90,416	12,433	-1,668	101,181	72
2021	183,369	100,408	17,315	-459	117,264	201
2022	186,346	109,825	45,422	4,409	159,656	506
2023	208,218	87,505	59,526	14,531	161,562	1,179
2024	213,891	59,090	69,059	44,404	172,553	2,879
2025@6m	34,350	4,414	5,089	17,580	27,083	547
Total	1,736,789	1,056,119	223,163	77,273	1,356,555	5,485

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>
2016	165,361	169,141	97.8%	165,321	169,141	97.7%	40	0.1%
2017	142,405	182,590	78.0%	142,268	182,590	77.9%	137	0.1%
2018	181,159	195,958	92.4%	181,771	195,958	92.8%	-612	-0.4%
2019	128,331	190,284	67.4%	128,767	190,284	67.7%	-436	-0.3%
2020	101,181	172,642	58.6%	102,759	172,642	59.5%	-1,578	-0.9%
2021	117,264	183,369	63.9%	117,381	183,368	64.0%	-117	-0.1%
2022	159,656	186,346	85.7%	162,811	186,346	87.4%	-3,155	-1.7%
2023	161,562	208,218	77.6%	163,170	208,242	78.4%	-1,608	-0.8%
2024	172,553	213,891	80.7%	143,303	175,828	81.5%	29,250	-0.8%
2025@6m	27,083	34,350	78.8%	7,164	9,287	77.1%	19,919	1.7%

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

Accident Year Results
Total Commercial Ceded

<u>CAL/AY</u>	<u>Loss & Allocated Loss Adjustment Expense (000)</u>					<u>Number of Open Claims</u>
	<u>Earned Premium(000)</u>	<u>Paid</u>	<u>Case Outstanding</u>	<u>IBNR</u>	<u>Held Ultimate</u>	
2016	160,225	155,811	44	2	155,857	3
2017	175,270	152,259	3,010	-59	155,210	35
2018	189,481	164,811	3,664	-462	168,013	23
2019	198,126	158,434	4,991	-786	162,639	28
2020	176,009	90,944	7,330	-923	97,351	37
2021	181,581	91,791	12,090	-807	103,074	96
2022	184,392	116,252	38,963	-239	154,976	376
2023	196,157	92,874	48,877	9,799	151,550	720
2024	226,796	82,350	76,632	23,213	182,195	2,014
2025@6m	125,209	23,310	27,565	47,535	98,410	2,153
Total	1,813,246	1,128,836	223,166	77,273	1,429,275	5,485

Accident Year Change in Ultimate Loss

<u>CAL/AY</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>
2016	155,857	160,225	97.3%	155,853	160,225	97.3%	4	0.0%
2017	155,210	175,270	88.6%	155,084	175,270	88.5%	126	0.1%
2018	168,013	189,481	88.7%	167,706	189,480	88.5%	307	0.2%
2019	162,639	198,126	82.1%	163,523	198,126	82.5%	-884	-0.4%
2020	97,351	176,009	55.3%	98,097	176,009	55.7%	-746	-0.4%
2021	103,074	181,581	56.8%	104,095	181,581	57.3%	-1,021	-0.5%
2022	154,976	184,392	84.0%	156,115	184,393	84.7%	-1,139	-0.7%
2023	151,550	196,157	77.3%	152,844	196,165	77.9%	-1,294	-0.6%
2024	182,195	226,796	80.3%	186,145	226,908	82.0%	-3,950	-1.7%
2025@6m	98,410	125,209	78.6%	47,980	61,987	77.4%	50,430	1.2%

TIMOTHY GALLIGAN
Director of Actuarial & Statistical Services

Boston, Massachusetts
September 10, 2025

Loss Reserving Committee Executive Summary – Attachments

<u>Report Name</u>	<u>Page(s)</u>
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Large Loss Notification Form Summary	12-13
Ultimate Loss Ratio and Deficit Projections at March, 2025	14-17

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

Data Reported Through June, 2025

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	24	1.0 M	CSL	2024	3	TTT	25,628	1,013,000	22,177	1,060,805	1,013,000	1,049,746	11,059	8,000	Out Of State	2Q 2024	2Q 2024	
2	24	1.0 M	CSL	2024	3	TTT	1,051,259	0	8,830	1,060,089	995,800	1,102,944	-42,855	0	Out Of State	3Q 2024	3Q 2024	
3	24	1.0 M	CSL	2024	3	TTT	152,964	980,000	49,000	1,181,964	980,000	1,181,964	0	0	MA	4Q 2024	3Q 2024	
4	24	1.0 M	CSL	2024	7	Public Transportation Buses	46,783	959,000	47,950	1,053,733	959,000	1,053,733	0	2,625	MA	4Q 2024	3Q 2024	
5	24	1.0 M	CSL	2024	2	TTT	62,247	979,127	48,998	1,090,372	754,200	833,284	257,088	0	MA	2Q 2025	4Q 2024	
6	24	1.0 M	CSL	2024	5	TTT	33,722	971,276	30,106	1,035,104	142,783	176,811	858,293	0	MA	2Q 2025	4Q 2024	
7	24	1.0 M	CSL	2024	1	TTT	0	1,000,000	75,307	1,075,307	1,000,000	1,075,307	0	37	Out Of State	3Q 2024	2Q 2024	
8	24	1.0 M	CSL	2024	3	TTT	0	1,013,200	52,049	1,065,249	1,013,200	1,065,249	0	13,575	Out Of State	4Q 2024	2Q 2024	
9	24	1.0 M	CSL	2024	2	Zone Rated TTT	0	1,008,800	70,250	1,079,050	1,008,800	1,079,050	0	9,050	Out Of State	1Q 2025	3Q 2024	
10	24	1.0 M	CSL	2024	3	Zone Rated TTT	0	1,017,600	50,801	1,068,401	1,017,600	1,068,401	0	18,100	Out Of State	4Q 2024	4Q 2024	
11	24	1.0 M	CSL	2025	3	TTT	19,385	1,000,000	30,200	1,049,585	0	0	1,049,585	0	MA	2Q 2025	2Q 2025	
12	24	5.0 M	CSL	2024	5	Zone Rated Bus	7,500	1,142,900	118,830	1,269,230	1,142,900	1,269,229	1	18,100	Out Of State	1Q 2025	2Q 2024	
13	24	5.0 M	CSL	2024	38	Zone Rated Bus	720,541	5,194,232	80,101	5,994,874	5,555,269	5,851,345	143,529	918,763	Out Of State	1Q 2025	4Q 2024	
14	24	5.0 M	CSL	2024	2	Zone Rated Bus	12,366	1,009,250	80,007	1,101,623	1,009,250	1,101,623	0	0	Out Of State	1Q 2025	3Q 2024	
15	24	1.0 M	CSL	2024	5	TTT	0	1,000,000	50,439	1,050,439	1,000,000	1,050,440	-1	0	MA	3Q 2024	3Q 2024	
16	24	1.0 M	CSL	2024	1	Zone Rated TTT	0	1,125,000	51,776	1,176,776	155,450	156,250	1,020,526	125,375	Out Of State	2Q 2025	1Q 2025	
							2,132,395	19,413,385	866,821	22,412,601	17,747,252	19,115,376	3,297,225	1,113,625				
1	23	1.0 M	CSL	2023	1	Non-Owned / Special Rating	0	1,000,000	6,883	1,006,883	1,000,000	1,004,522	2,361	0	MA	1Q 2024	3Q 2023	
2	23	OTHE R	BI	2024	1	Non-Owned / Special Rating	1,000,000	0	4	1,000,004	1,000,000	1,005,004	-5,000	0	MA	3Q 2024	3Q 2024	
3	23	1.0 M	CSL	2023	9	Zone Rated TTT	111,666	1,000,000	70,345	1,182,011	1,000,000	1,170,637	11,374	0	Out Of State	2Q 2023	2Q 2023	
4	23	1.5 M	CSL	2024	9	Zone Rated Bus	133,138	801,650	40,232	975,020	852,200	1,022,698	-47,678	20,340	MA	1Q 2025	1Q 2024	
5	23	5.0 M	CSL	2023	1	TTT	2,291,183	2,708,819	148,870	5,148,872	2,735,384	5,150,003	-1,131	0	MA	2Q 2024	2Q 2024	
6	23	1.0 M	CSL	2024	1	TTT	8,000	1,000,000	51,060	1,059,060	1,000,000	1,058,204	856	8,213	MA	1Q 2025	2Q 2024	
7	23	1.0 M	CSL	2023	1	TTT	1,000,000	0	14,563	1,014,563	2,200	1,017,468	-2,905	0	MA	3Q 2024	3Q 2023	
8	23	OTHE R	BI	2023	2	Commercial Bus	16,150	1,033,850	35,527	1,085,527	1,033,850	1,085,527	0	50,499	Out Of State	1Q 2025	4Q 2023	
9	23	1.0 M	CSL	2024	1	Special Types / Motorcycle	0	1,000,000	30,000	1,030,000	1,000,000	1,030,000	0	0	MA	1Q 2025	3Q 2024	
10	23	1.0 M	CSL	2023	4	TTT	530,453	578,941	200,006	1,309,400	578,941	1,309,400	0	0	MA	2Q 2023	1Q 2023	
11	23	1.0 M	CSL	2023	4	Zone Rated TTT	200,411	974,318	157,558	1,332,287	974,318	1,256,584	75,703	142,000	Out Of State	1Q 2024	3Q 2023	
12	23	1.0 M	CSL	2024	2	Zone Rated TTT	0	1,091,000	90,373	1,181,373	1,100,000	1,190,373	-9,000	100,375	Out Of State	3Q 2024	2Q 2024	
13	23	1.0 M	CSL	2024	5	TTT	0	1,000,000	115,715	1,115,715	990,000	1,055,999	59,716	0	Out Of State	2Q 2024	1Q 2024	
14	23	1.0 M	CSL	2023	3	Zone Rated TTT	17,574	1,045,851	87,327	1,150,752	1,045,851	1,150,752	0	56,950	Out Of State	2Q 2024	4Q 2023	
15	23	5.0 M	CSL	2023	1	Commercial Bus	15,082	1,500,000	61,559	1,576,641	1,000,000	1,076,641	500,000	0	Out Of State	3Q 2024	3Q 2023	
16	23	1.0 M	CSL	2024	2	Car Service	783,000	5,300	24	788,324	1,000,000	1,018,024	-229,700	8,000	MA	4Q 2024	1Q 2024	
17	23	1.0 M	CSL	2024	2	Zone Rated TTT	176,835	825,000	85,193	1,087,028	1,000,000	1,037,027	50,001	0	Out Of State	4Q 2024	2Q 2024	
18	23	1.0 M	CSL	2024	8	PPT - NF	122,536	926,095	101,291	1,149,922	926,095	1,105,217	44,705	30,625	MA	1Q 2025	1Q 2024	
							6,406,028	16,490,824	1,296,530	24,193,382	18,238,839	23,744,080	449,302	417,002				

Commonwealth Automobile Reinsurers
 Large Loss Detail By Policy Year (Large Losses \$1.0 Million and Greater)
 Data Reported Through June, 2025

Row	Eff Yr	Liab Lim	Lim Id	Accdt Year	Clim	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	22	1.0 M	CSL	2023	1	Garage	1,000,000	0	57,389	1,057,389	1,000,000	1,060,201	-2,812	0	MA	2Q 2024	1Q 2023
2	22	1.0 M	CSL	2022	3	Zone Rated TTT	920,000	0	63,302	983,302	1,000,000	1,057,480	-74,178	0	Out Of State	1Q 2025	3Q 2022
3	22	1.0 M	CSL	2022	1	Special Types / Motorcycle	0	1,000,000	90,470	1,090,470	1,000,000	1,085,504	4,966	1,260	MA	3Q 2024	4Q 2022
4	22	5.0 M	CSL	2022	37	Commercial Bus	5,264,962	5	515,606	5,780,573	1,195	5,931,584	-151,011	123,889	MA	4Q 2022	4Q 2022
5	22	1.0 M	CSL	2023	5	Zone Rated TTT	1,050,297	0	5,485	1,055,782	929,200	1,029,806	25,976	0	MA	3Q 2024	2Q 2023
6	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
7	22	1.0 M	CSL	2023	4	TTT	1,161,883	0	32,740	1,194,623	0	1,194,623	0	6,768	Out Of State	1Q 2023	1Q 2023
8	22	1.0 M	CSL	2023	1	TTT	1,002,000	0	3	1,002,003	0	1,002,003	0	2,003	MA	2Q 2024	2Q 2024
9	22	1.0 M	CSL	2022	1	Garage	1,000,000	0	54,930	1,054,930	0	1,054,930	0	0	MA	1Q 2023	2Q 2022
10	22	1.0 M	CSL	2022	3	Garage	229,757	1,000,000	116,869	1,346,626	1,000,000	1,346,626	0	0	MA	4Q 2022	4Q 2022
11	22	1.0 M	CSL	2022	5	Special Types / Motorcycle	1,020,699	0	45,472	1,066,171	981,887	1,064,009	2,162	0	MA	1Q 2025	2Q 2022
12	22	1.5 M	CSL	2022	2	Commercial Bus	984,270	0	109,215	1,093,485	17,481	1,109,205	-15,720	35,446	Out Of State	4Q 2022	4Q 2022
13	22	5.0 M	CSL	2022	6	Commercial Bus	2,521,827	2,676,800	231,343	5,429,970	5,000,355	5,385,894	44,076	201,773	Out Of State	1Q 2023	3Q 2022
14	22	5.0 M	CSL	2022	12	Zone Rated Bus	54,294	2,925,000	153,904	3,133,198	2,925,000	3,244,710	-111,512	55,122	Out Of State	1Q 2024	4Q 2022
15	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
16	22	1.0 M	CSL	2022	5	Zone Rated TTT	640,199	0	142,360	782,559	934,801	1,224,909	-442,350	0	Out Of State	4Q 2024	2Q 2022
17	22	1.0 M	CSL	2023	4	Zone Rated TTT	0	1,150,000	127,113	1,277,113	1,150,000	1,277,114	-1	150,375	Out Of State	4Q 2023	2Q 2023
18	22	1.0 M	CSL	2023	2	TTT	409,167	0	45,827	454,994	640,833	1,115,153	-660,159	0	Out Of State	2Q 2024	2Q 2023
19	22	1.0 M	CSL	2022	3	Zone Rated TTT	12,942	0	27,215	40,157	987,058	1,050,001	-1,009,844	0	Out Of State	2Q 2023	3Q 2022
20	22	1.0 M	CSL	2022	1	Zone Rated TTT	4,141	1,010,840	47,434	1,062,415	1,010,840	1,105,134	-42,719	15,106	Out Of State	2Q 2023	3Q 2022
21	22	1.0 M	CSL	2022	4	Zone Rated TTT	1,153,619	0	31,710	1,185,329	0	1,185,329	0	149,800	Out Of State	3Q 2023	4Q 2022
22	22	1.0 M	CSL	2023	4	Zone Rated TTT	125,745	1,000,001	70,039	1,195,785	1,000,001	1,195,785	0	106,415	Out Of State	3Q 2023	1Q 2023
23	22	5.0 M	CSL	2023	26	Zone Rated Bus	3,411,623	1,939,618	494,705	5,845,946	1,988,674	5,831,380	14,566	231,352	Out Of State	3Q 2023	3Q 2023
24	22	1.0 M	CSL	2022	8	TTT	111,373	1,000,000	35,006	1,146,379	1,000,000	1,146,378	1	0	Out Of State	4Q 2022	4Q 2022
							22,322,193	15,452,264	2,605,824	40,380,281	24,317,325	42,798,840	-2,418,559	1,087,496			
1	21	1.0 M	CSL	2021	1	Special Types / Motorcycle	1,000,000	0	73,083	1,073,083	0	1,073,083	0	0	MA	1Q 2024	1Q 2022
2	21	1.0 M	CSL	2022	4	TTT	45,838	1,000,000	80,179	1,126,017	1,000,000	1,101,937	24,080	0	MA	1Q 2023	3Q 2022
3	21	1.0 M	CSL	2022	5	Non-Owned / Special Rating	111,140	948,000	62,588	1,121,728	948,000	1,113,489	8,239	0	Out Of State	2Q 2022	2Q 2022
4	21	1.0 M	CSL	2021	8	TTT	1,134,914	0	52,506	1,187,420	450,000	1,157,437	29,983	0	MA	1Q 2022	4Q 2021
5	21	5.0 M	CSL	2022	4	TTT	2,152,390	104,200	66,783	2,323,373	108,400	2,324,794	-1,421	0	MA	1Q 2022	1Q 2022
6	21	1.0 M	CSL	2022	12	Zone Rated TTT	424,683	537,787	44,503	1,006,973	850,787	915,892	91,081	0	Out Of State	2Q 2025	1Q 2022
7	21	1.0 M	CSL	2022	5	Zone Rated TTT	181,777	778,800	85,056	1,045,633	553,800	820,632	225,001	0	Out Of State	2Q 2025	3Q 2022
8	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
9	21	5.0 M	CSL	2022	17	Commercial Bus	1,902,788	1,039,873	115,167	3,057,828	1,111,075	3,076,829	-19,001	253,724	Out Of State	4Q 2022	2Q 2022
10	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
11	21	1.0 M	CSL	2021	5	TTT	434,745	350,000	73,265	858,010	1,000,000	1,285,186	-427,176	0	MA	4Q 2023	4Q 2021
							13,319,159	4,758,660	742,982	18,820,801	6,022,062	18,890,015	-69,214	261,724			

Commonwealth Automobile Reinsurers
 Large Loss Detail By Policy Year (Large Losses \$1.0 Million and Greater)
 Data Reported Through June, 2025

Row	Eff Yr	Liab Lim	Lim Id	Accdt Year	Clim	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	1,056,107	0	57,730	1,113,837	0	1,113,837	0	0	MA	2Q 2021	1Q 2021
3	20	1.0 M	CSL	2021	1	PPT - NF	0	1,000,000	71,596	1,071,596	1,000,000	1,070,609	987	0	Out Of State	2Q 2021	1Q 2021
4	20	1.0 M	CSL	2021	3	Zone Rated TTT	26,254	977,947	72,989	1,077,190	977,947	1,071,998	5,192	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	66,810	1,119,792	1,000,000	1,117,735	2,057	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	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
9	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
10	20	5.0 M	CSL	2021	1	Commercial Bus	3,008,000	0	89,438	3,097,438	3,000,000	3,097,438	0	8,023	MA	4Q 2021	4Q 2021
11	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
12	20	1.0 M	CSL	2021	3	Zone Rated TTT	643,475	0	72,413	715,888	356,525	1,105,126	-389,238	0	Out Of State	1Q 2024	2Q 2021
13	20	1.0 M	CSL	2020	3	Zone Rated TTT	1,020,372	0	106,042	1,126,414	0	1,126,414	0	0	Out Of State	3Q 2020	2Q 2020
							11,921,725	2,977,947	618,143	15,517,815	6,334,472	15,898,817	-381,002	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	1.0 M	CSL	2019	1	TTT	0	1,000,000	76,104	1,076,104	1,000,000	1,073,621	2,483	0	MA	2Q 2024	4Q 2019
6	19	5.0 M	CSL	2020	11	TTT	1,803,577	232,279	40,460	2,076,316	256,184	2,077,511	-1,195	0	MA	2Q 2020	2Q 2020
7	19	1.0 M	CSL	2019	3	TTT	32,130	975,870	86,005	1,094,005	975,870	1,091,522	2,483	8,000	MA	4Q 2021	2Q 2019
8	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	#Error	3Q 2021	2Q 2020
9	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
10	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
11	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
12	19	1.0 M	CSL	2020	2	TTT	0	1,000,000	125,040	1,125,040	1,003,750	1,128,895	-3,855	20	MA	4Q 2020	3Q 2020
13	19	1.0 M	CSL	2020	7	TTT	1,063,469	0	34,120	1,097,589	0	1,097,589	0	0	Out Of State	3Q 2022	1Q 2020
14	19	5.0 M	CSL	2019	7	Zone Rated Bus	1,689,274	0	96,527	1,785,801	0	1,785,801	0	65,595	Out Of State	1Q 2020	4Q 2019
15	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
16	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
17	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
18	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
19	19	5.0 M	CSL	2019	13	Zone Rated Bus	2,352,518	0	61,779	2,414,297	0	2,414,297	0	43,307	Out Of State	4Q 2019	3Q 2019
20	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
							22,069,903	3,208,149	942,411	26,220,463	3,235,804	26,220,547	-84	326,765			

Commonwealth Automobile Reinsurers
 Large Loss Detail By Policy Year (Large Losses \$1.0 Million and Greater)
 Data Reported Through June, 2025

Row	Eff Yr	Liab Lim	Lim Id	Accdt Year	Clim	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	5.0 M	CSL	2019	1	Non-Owned / Special Rating	997,450	0	11,243	1,008,693	0	1,008,693	0	0	MA	2Q 2024	3Q 2023
2	18	1.5 M	CSL	2019	2	Commercial Bus	1,508,000	0	121,272	1,629,272	8,000	1,649,044	-19,772	8,009	MA	4Q 2019	3Q 2019
3	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
4	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
5	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
6	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
7	18	1.0 M	CSL	2019	2	Commercial Bus	833,005	0	49,354	882,359	993,940	1,098,513	-216,154	0	MA	3Q 2021	3Q 2019
8	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	#Error	2Q 2020	2Q 2018
9	18	1.0 M	CSL	2018	5	TTT	1,018,277	0	49,319	1,067,596	0	1,067,596	0	0	Out Of State	4Q 2023	4Q 2018
10	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
11	18	1.0 M	CSL	2018	4	TTT	1,095,599	0	39,901	1,135,500	0	1,135,500	0	0	Out Of State	3Q 2020	4Q 2018
12	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
13	18	1.0 M	CSL	2018	2	TTT	34,184	1,000,000	20,186	1,054,370	1,000,000	1,053,810	560	0	MA	4Q 2018	4Q 2018
14	18	1.0 M	CSL	2019	3	TTT	936,720	0	79,463	1,016,183	0	1,016,183	0	0	Out Of State	4Q 2023	3Q 2019
15	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
16	18	5.0 M	CSL	2018	9	Zone Rated Bus	1,656,326	0	63,916	1,720,242	0	1,704,994	15,248	48,205	Out Of State	3Q 2020	4Q 2018
17	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
18	18	1.0 M	CSL	2019	2	Zone Rated TTT	818,466	0	58,049	876,515	208,440	1,102,050	-225,535	26,906	Out Of State	2Q 2022	2Q 2019
19	18	5.0 M	CSL	2019	59	Zone Rated Bus	5,026,965	726,643	405,310	6,158,918	726,643	6,160,269	-1,351	375,309	Out Of State	1Q 2019	1Q 2019
20	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
21	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
22	18	5.0 M	CSL	2018	34	Zone Rated Bus	5,877,250	0	76,294	5,953,544	0	5,879,145	74,399	0	Out Of State	3Q 2024	3Q 2024
23	18	5.0 M	CSL	2018	72	Zone Rated Bus	2,820,552	0	967,717	3,788,269	0	3,785,918	2,351	3,537,914	Out Of State	2Q 2018	2Q 2018
							42,229,635	1,726,643	2,597,369	46,553,647	2,937,023	46,923,901	-370,254	4,056,645			
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	54,552	2,566,012	0	2,566,012	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	59,374	1,146,874	0	1,146,874	0	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
							10,768,244	0	354,180	11,122,424	0	11,122,424	0	6,883			

Commonwealth Automobile Reinsurers

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

Data Reported Through June, 2025

Row	Eff Yr	Liab Lim	Lim Id	Accdt Year	Clim	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	4,204,107	1,906,309	609,737	6,720,153	3,203,240	6,720,153	0	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	#Error	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	#Error	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	750,000	150,000	180,095	1,080,095	900,000	1,050,095	30,000	0	Out Of State	1Q 2024	2Q 2017
16	16	1.0 M	CSL	2017	18	Garage	1,000,000	0	255,133	1,255,133	0	1,255,133	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	0	0	1,000,000	0	1,000,000	0	0	MA	2Q 2017	2Q 2017
							30,754,853	2,056,309	2,268,960	35,080,122	4,103,240	35,050,122	30,000	269,770			

Large Loss by Policy Year

Change by Quarter

Data Reported through June, 2025

Summary of Losses Over 1.0 Million

Policy Year	# Policies	Current Reserves	Current Incurred Loss	Prior Incurred Loss	Change in Loss
2024	16	19,413,385	22,412,601	19,115,376	3,297,225
2023	16	15,683,874	22,430,038	21,703,358	726,680
2022	20	15,452,264	38,119,269	38,351,297	(232,028)
2021	10	4,408,660	17,962,791	17,604,829	357,962
2020	12	2,977,947	14,801,927	14,793,691	8,236
2019	20	3,208,149	26,220,463	26,220,547	(84)
2018	20	1,726,643	44,794,773	44,723,338	71,435
2017	9	0	11,122,424	11,122,424	0
2016	18	2,056,309	35,080,122	35,050,122	30,000
Subtotal	141	64,927,231	232,944,408	228,684,982	4,259,426

Losses that went under 1.0 Million (Remain on Report)

Policy Year	# Policies	Current Reserves	Current Incurred Loss	Prior Incurred Loss	Change in Loss
2023	2	806,950	1,763,344	2,040,722	(277,378)
2022	4	0	2,261,012	4,447,543	(2,186,531)
2021	1	350,000	858,010	1,285,186	(427,176)
2020	1	0	715,888	1,105,126	(389,238)
2018	2	0	1,758,874	2,200,563	(441,689)
Subtotal	10	1,156,950	7,357,128	11,079,140	(3,722,012)
Total All	151	66,084,181	240,301,536	239,764,122	537,414

New to Report: Incurred Losses Over 1.0 Million

Policy Year	# Policies	Current Reserves	Current Incurred Loss	Prior Incurred Loss	Change in Loss
2024	4	4,075,403	4,351,837	1,166,345	3,185,492
2021	2	1,316,587	2,052,606	1,736,524	316,082
Subtotal	6	5,391,990	6,404,443	2,902,869	3,501,574

Large Loss Notification Summary
June, 2025 Loss Reserving Committee Meeting

Large Loss Notifications By Policy Year

#	* Date	Policy Year	Accident Year/Qtr	Liab Limit	Class Description	BI	Estimated \$				State	Current Qtr	Difference of	Difference of Prior
							PDL	PIP	Total	Stat Reported		Estimate to	to Current Qtr	
Prior Quarter Loss Notifications														
1	5/29/2025	2025	20252	\$5,000,000	TTT	0	250,000	0	250,000	MA	254,156	(4,156)	254,156	
2	5/1/2025	2024	20251	\$500,000	PPT Buses	500,000	0	2,500	502,500	MA	527,625	(25,125)	527,625	
3	3/28/2025	2024	20244	\$1,000,000	TTT	400,000	0	0	400,000	MA	795,012	(395,012)	394,900	
4	4/24/2025	2024	20243	\$500,000	Commercial Bus	400,000	0	8,000	408,000	MA	408,013	(13)	150,000	
5	4/3/2025	2024	20243	\$1,000,000	PPT Buses	600,000	0	8,000	608,000	MA	608,003	(3)	585,000	
6	3/28/2025	2024	20243	\$1,000,000	ZR TTT	990,000	10,000	9,052	1,009,052	Out Of State	1,079,050	(69,998)	0	
7	3/28/2025	2024	20241	\$5,000,000	Commercial Bus	350,000	0	0	350,000	Out Of State	375,235	(25,235)	24,885	
8	4/28/2025	2023	20241	\$1,000,000	Special Types / Motorcycle	350,000	0	0	350,000	MA	375,000	(25,000)	370,475	
9	4/12/2025	2023	20241	\$1,000,000	Garage	600,000	40,624	0	640,624	MA	760,474	(119,850)	74,298	
10	4/12/2025	2023	20241	\$1,500,000	ZR Bus	653,400	76,449	20,193	750,042	MA	975,020	(224,978)	(47,678)	
11	3/28/2025	2023	20231	\$1,000,000	ZR TTT	300,000	0	0	300,000	Out Of State	365,243	(65,243)	0	
12	4/12/2025	2022	20232	\$1,000,000	ZR Bus	550,000	6,151	0	556,151	MA	590,706	(34,555)	4,114	
13	4/12/2025	2022	20232	\$1,500,000	ZR Bus	750,000	0	0	750,000	Out Of State	806,729	(56,729)	4,500	
14	4/28/2025	2022	20231	\$1,000,000	PPT - NF	775,000	8,000	0	783,000	MA	842,308	(59,308)	8,465	
15	4/28/2025	2022	20222	\$1,000,000	TTT	1,000,000	0	0	1,000,000	Out Of State	985,712	14,288	(74,178)	
16	4/12/2025	2021	20223	\$1,000,000	PPT Fleet	700,000	11,567	0	711,567	MA	0	711,567	0	
17	4/28/2025	2021	20222	\$1,000,000	PPT - NF	500,000	0	8,000	508,000	MA	571,974	(63,974)	7,453	
Current Quarter Loss Notifications														
1	8/5/2025	2025	20253	\$500,000	TTT	500,000	0	0	500,000	MA	0	500,000	0	
2	7/9/2025	2024	20252	\$1,000,000	TTT	500,000	0	8,000	508,000	MA	543,125	(35,125)	543,125	
3	7/22/2025	2024	20251	\$1,000,000	TTT	700,000	24,400	0	724,400	Out Of State	803,563	(79,163)	710,078	
4	7/9/2025	2024	20251	\$1,000,000	TTT	800,000	11,600	0	811,600	Out Of State	878,355	(66,755)	678,410	
5	7/9/2025	2024	20251	\$5,000,000	Commercial Bus	750,000	5,800	0	755,800	Out Of State	801,630	(45,830)	695,730	
6	7/8/2025	2024	20243	\$1,000,000	ZR TTT	994,500	25,000	125,000	1,144,500	Out Of State	1,192,834	(48,334)	1,020,526	
7	7/22/2025	2024	20242	\$5,000,000	ZR Bus	300,000	3,756	50,000	353,756	Out Of State	383,881	(30,125)	270,875	
8	7/15/2025	2023	20242	\$500,000	PPT Buses	500,000	0	0	500,000	MA	235,816	264,184	189,775	

**Commonwealth Automobile Reinsurers
Large Loss Notification Summary
June, 2025 Loss Reserving Committee Meeting
Large Loss Notifications By Policy Year**

#	* Date	Policy Year	Accident Year/Qtr	Liab Limit	Class Description	BI	PDL	PIP	Total	State	Current Qtr	Difference of	Difference of Prior
											Stat Reported	Estimate to	to Current Qtr
											Total	Current Qtr	Reported Losses
9	7/15/2025	2023	20242	\$1,000,000	TTT	0	704,000	0	704,000	Out Of State	937,852	(233,852)	739,200
10	7/9/2025	2023	20241	\$5,000,000	ZR Bus	250,000	952	13,398	264,350	Out Of State	264,601	(251)	201,551
11	8/6/2025	2023	20233	\$1,000,000	ZR TTT	300,000	8,000	0	308,000	Out Of State	36,594	271,406	0
12	7/15/2025	2021	20214	\$1,000,000	TTT	500,000	0	38,519	538,519	Out Of State	570,647	(32,128)	216,274
Current Quarter Updates													
1	12/9/2024	2024	20244	\$1,000,000	TTT	979,128	20,872	0	1,000,000	MA	1,090,372	(90,372)	257,088
2	9/29/2022	2021	20222	\$1,000,000	TTT	550,000	7,500	0	557,500	Out Of State	466,814	90,686	812

* Updated records that had been previously reported in the prior quarter

COMMERCIAL ULTIMATE POLICY YEAR DEFICIT PROJECTIONS
 BASED ON DATA REPORTED THROUGH QUARTER ENDING JUNE 2025
 (000's OMITTED)

DOCKET #: LR 25.07
 EXHIBIT #: 9
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 EXHIBIT #3
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SUMMARY EXHIBIT

	Policy Year 2022		Policy Year 2023		Policy Year 2024	
	Dollars	% Prem	Dollars	% Prem	Dollars	% Prem
Premium	186,300	100.0%	208,200	100.0%	242,700	100.0%
Losses Incurred and ALAE	159,659	85.7%	161,563	77.6%	195,859	80.7%
Underwriting Expenses	44,031	23.63%	49,770	23.90%	58,661	24.17%
Underwriting Result	(17,390)	-9.3%	(3,133)	-1.5%	(11,820)	-4.9%

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

DOCKET #: LR 25.07
EXHIBIT #: 9
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Policy Year 2024

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	242,600	100.0%	242,700	100.0%	100	0.0%
Losses Incurred and ALAE	197,719	81.5%	195,859	80.7%	(1,860)	-0.9%
Underwriting Expenses	58,636	24.17%	58,661	24.2%	25	0.0%
Underwriting Result	(13,755)	-5.7%	(11,820)	-4.9%	1,935	-14.1%

Policy Year 2023

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	208,200	100.0%	208,200	100.0%	0	0.0%
Losses Incurred and ALAE	163,229	78.4%	161,563	77.6%	(1,666)	-1.0%
Underwriting Expenses	49,770	23.9%	49,770	23.9%	0	0.0%
Underwriting Result	(4,799)	-2.3%	(3,133)	-1.5%	1,666	-34.7%

Policy Year 2022

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	186,300	100.0%	186,300	100.0%	0	0.0%
Losses Incurred and ALAE	162,826	87.4%	159,659	85.7%	(3,167)	-1.9%
Underwriting Expenses	44,031	23.6%	44,031	23.6%	0	0.0%
Underwriting Result	(20,557)	-11.0%	(17,390)	-9.3%	3,167	-15.4%

Policy Year 2021

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	183,370	100.0%	183,368	100.0%	(2)	0.0%
Losses Incurred and ALAE	117,381	64.0%	117,264	64.0%	(117)	-0.1%
Underwriting Expenses	36,437	19.9%	36,437	19.9%	0	0.0%
Underwriting Result	29,552	16.1%	29,667	16.2%	115	0.4%

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

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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%	172,642	100.0%	(2)	0.0%
Losses Incurred and ALAE	102,759	59.5%	101,181	58.6%	(1,578)	-1.5%
Underwriting Expenses	37,120	21.5%	37,120	21.5%	0	0.0%
Underwriting Result	32,765	19.0%	34,341	19.9%	1,576	4.8%

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	128,767	67.7%	128,331	67.4%	(436)	-0.3%
Underwriting Expenses	41,379	21.7%	41,379	21.7%	0	0.0%
Underwriting Result	20,138	10.6%	20,574	10.8%	436	2.2%

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	181,771	92.8%	181,159	92.4%	(612)	-0.3%
Underwriting Expenses	45,927	23.4%	45,927	23.4%	0	0.0%
Underwriting Result	(31,740)	-16.2%	(31,128)	-15.9%	612	-1.9%

Policy Year 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	142,268	77.9%	142,405	78.0%	137	0.1%
Underwriting Expenses	45,686	25.0%	45,686	25.0%	0	0.0%
Underwriting Result	(5,363)	-2.9%	(5,500)	-3.0%	(137)	2.6%

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

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Policy Year 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	165,321	97.7%	165,361	97.8%	40	0.0%
Underwriting Expenses	43,287	25.6%	43,287	25.6%	0	0.0%
Underwriting Result	(39,467)	-23.3%	(39,507)	-23.4%	(40)	0.1%



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

COMMERCIAL PROGRAM OVERSIGHT COMMITTEE – JULY 16, 2025

Members Present

Mr. John Olivieri, Jr. – Chair
Ms. Jean Houghton
Ms. Nicole Martorana
Ms. Sharon Murphy
Mr. Henry Risman

J.K. Olivieri Insurance Agency, Inc.
Norfolk and Dedham Group
FBInsure
Acadia Insurance Company
Risman Insurance Agency, Inc.

Substituted for:
N/A

Not in Attendance:
Ms. Meredith Woodcock, Liberty Mutual Insurance Companies

25.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Commercial Program Oversight Committee meeting of March 12, 2025. The Records have been distributed and are on file.

25.04 2024 Servicing Carrier Annual Report Review

Mr. Richard Dalton noted that the 2024 Servicing Carrier Annual Reports, and a summary of the Servicing Carrier's responses, were distributed to the Committee with the Notice of Meeting. He explained that the Servicing Carrier Annual Reports are a means for Servicing Carriers to report to CAR their efforts in managing the commercial residual market and to provide comments and recommendations regarding trends and patterns within that market. To assist the Committee in its review and discussion of the Annual Reports, the Servicing Carriers' responses and recommendations were reviewed by CAR staff and summarized.

Ms. Natalie Hubley noted that because the Servicing Carriers identified several new topics and provided a number of suggestions for improvements in their Annual Reports, it was CAR's suggestion that staff review the list of recommendations to determine which committee would be best suited to address each topic as well which items might require additional research by staff. Ms. Wendy Browne agreed and affirmed that this year's reports provided valuable and informative content, and staff appreciated the time and effort that the Servicing Carriers put forth in responding. Mr. John Olivieri expressed that the summary prepared by CAR staff was helpful for the Committee's review and noted that the information provided by the Servicing Carriers plays a key role in operating the Commercial Servicing Carrier program. The Committee agreed with staff's recommended approach.

25.06 Distribution of Ceded Books of Business

Mr. Tim Galligan reviewed exhibits identifying the distribution of the commercial ceded books of business among the four Servicing Carriers. He noted that staff reviews this distribution on a quarterly basis and shares the exhibits with the Committee annually for informational purposes. Mr. John Olivieri reiterated the exhibits' importance in assisting CAR and the Committee in their understanding of the distribution of the business to ensure the balance remains within acceptable tolerance levels.

RICHARD DALTON
Residual Market Liaison

Boston, Massachusetts
July 29, 2025



NATALIE A. HUBLEY
PRESIDENT

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RECORDS OF MEETING

MAIP STEERING COMMITTEE – JULY 30, 2025

Members Present

Mr. Barry Tagen – Chair	Pilgrim Insurance Company
Mr. Matthew Cote	Arbella Insurance Company
Ms. Sheila Doherty	Doherty Insurance Agency, Inc.
Mr. Cory Hanson	The Hanover Insurance Company
Mr. David Hassey	Mill City Insurance, Inc.
Ms. Jean Houghton	Norfolk & Dedham Group
Mr. Robert Jackson	GEICO
Mr. Ryan John ⁽¹⁾	Vermont Mutual Insurance Group
Mr. Andrew Lajzer	Safety Insurance Company
Mr. Henry Risman	Risman Insurance Agency, Inc.
Mr. Mark Winiker	A-Affordable Insurance
Ms. Qianyi Zhao	MAPFRE U.S.A. Corporation

Substituted for:

⁽¹⁾ Mr. Shaun Farley

Not in Attendance:

N/A

25.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the MAIP Steering Committee meeting of March 18, 2025. The Records have been distributed and are on file.

22.08 MAIP Physical Damage Maximum Loss Payable

(Mr. Henry Risman joined the meeting at 10:08 a.m.)

Ms. Wendy Browne reviewed proposed amendments to the Assigned Risk Producer Procedures Manual - Chapter II - General Responsibilities, Chapter III - Eligibility Requirements, and Chapter IV - Application and Policy Assignment Process. These amendments address the implementation of the \$175,000 maximum physical damage limit of loss effective January 1, 2026. She noted that Chapter II was updated to indicate that the producer is responsible for informing the risk of the maximum limit of loss and that a sample insurance binder was added as a new exhibit. References to the maximum limit of loss were also added to Chapters III and IV.

The Committee unanimously voted to recommend to the Governing Committee approval of the proposed amendments to the Assigned Risk Producer Procedures Manual.

25.05 Limited Assignment Distribution Agreement Procedures

Ms. Browne reviewed proposed amendments to the Assigned Risk Company Procedures Manual – Chapter IV - Limited Assignment Distribution Agreement Procedures to describe annual monitoring procedures, better outline the market share waiver request process, clarify terminology, and eliminate unnecessary language.

In response to a question, Ms. Browne indicated that the proposed amendments document existing procedures as well as provide more thorough information for companies requesting a waiver. In addition, staff acknowledged that not all LADA contracts will have renewed by the January 1 review timeframe as the effective dates of the contracts occur throughout the calendar year.

The Committee unanimously voted to recommend to the Governing Committee approval of the proposed amendments to the Assigned Risk Company Procedures Manual.

ADRIANNE DONOVAN
Residual Market Services Liaison

Boston, Massachusetts
August 4, 2025

MAIP Steering Committee – July 30, 2025
Assigned Risk Producer Procedures Manual
Memorandum of Changes

The following amendments are proposed to Chapters II, III, and IV to address the implementation of a maximum physical damage loss of limit, effective January 1, 2026

Chapter II – General Responsibilities

A reference has been added to the list of ongoing ARP requirements to indicate that the producer is responsible for informing the risk, if applicable, of the maximum physical damage limit of loss and the lien holder of the maximum physical damage limit of loss. A sample insurance binder has been added as a new exhibit. Subsequent exhibit numbers have been updated as well as minor changes to improve the readability of the language.

Chapter III – Eligibility Requirements

A reference to the maximum physical damage limit of loss has been added to the Motor Vehicles Eligibility section.

Chapter IV – Application and Policy Assignment Process

A reference to the maximum physical damage limit of loss has been added to the Submission of Policy Information section.

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a 30% down payment based upon the lesser of the assigned ARC's voluntary rate or the MAIP rate must be collected. Inform the risk that upon receipt of the new business application and any supplemental information necessary to calculate the voluntary premium for comparison to the MAIP premium, the final premium will be determined and billed by the ARC.

If the voluntary rate quote option is not selected, a 25% down payment based upon the MAIP rate must be collected. The ARP must inform the risk that the final premium billed by the ARC may be less than the MAIP premium quoted, but it will not be more.

- (5) Confirm each Massachusetts licensed operator's driving record with the RMV's current merit rating information. If the operator holds an out-of-state or foreign driver's license, the operator may obtain an official driving record or a record from a previous insurer and submit it to the ARC. If the driving record is not in English, a translation certified as true and correct by a translator must be obtained by the operator and attached to the driving record submitted to the ARC.
- (6) Verify that the risk has not been and is not now in default in the payment of any motor vehicle insurance premiums in the past 24 months, including verification via the RMV's Uninsured Motorists System (UMS).

c. When applicable, inform the risk of the \$175,000 maximum physical damage limit of loss. For vehicles that are financed, the ACORD Insurance Binder must reflect that the limit of coverage shall not exceed \$175,000. Refer to Exhibit II-A-6.

d. Submit electronic applications for private passenger motor vehicle insurance coverage via the online MAIP Policy Application to obtain MAIP coverage. Verify that rating and licensing information provided by the applicant is accurate.

~~d.~~e. Submit the original application, signed by the applicant and the ARP, the required deposit premium, photocopy of out-of-state or foreign driver's license, if applicable, a copy of the voluntary premium quote or voluntary premium quote identification number as provided by the ARC, if applicable, and any other required additional or supplemental information, forms or certificates to the

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assigned ARC within two business days of an application being assigned a certification number. Additionally, report to the ARC all coverages bound, including modifications in coverage or additional coverage and all registrations and/or titles certified within two business days.

However, if after assignment to an ARC, the applicant fails to sign the application and remit the required deposit premium, refer to Chapter IV, Section B. of this Manual for procedures relative to voiding an assigned application.

e.f. Notify CAR and the ARC of suspected fraud in the application for insurance or in the underwriting or rating process or in the payment of premium obligations or surrounding a loss.

f.g. Cooperate with the ARC and CAR personnel during all audits and investigations of MAIP assigned business.

8. Service Fee Requirements

a. Prohibition from Accepting a Fee

An ARP and the ARP's employees are prohibited from accepting a fee or any other monetary or tangible property in connection with any of the following:

- (1) placing or negotiating insurance policies,
- (2) continuing or renewing insurance policies,
- (3) selling or offering to sell anything of value not specified in the policy of insurance, and/or
- (4) referring the insured or parties to an accident to any glass, repair or rental facility, or to any legal or medical provider.

b. Prohibition from Charging an Additional Fee

Charging an additional fee for any of the following services is prohibited:

- (1) certifying a registration on behalf of an ARC,

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- (2) placing the applicant's motor vehicle insurance business with an ARC,
- (3) providing assistance to the insured in the completion of the forms required to procure or to continue motor vehicle insurance, and/or
- (4) selling of a "service contract" which provides for service or advice relating to the issuance, continuance or renewal or an insured's motor vehicle insurance policy.

c. Allowable Fees

Producers may charge the applicant courier fees and other non-insurance related fees in any of the following situations:

- (1) the applicant is provided with a complete description of the non-insurance related services for which the fee is being charged,
- (2) the applicant is advised that there is no obligation to purchase the non-insurance related service,
- (3) the applicant agrees to pay the fee, and/or
- (4) the fee for the services provided is reasonable.

If the ARP enters into a contract to provide non-insurance related services to an applicant, in compliance with the above noted requirements, the ARP shall give an executed copy of the contract to the applicant and must retain an executed copy of the contract in the producer's file that must be made available to the ARC, Division of Insurance and CAR upon request.

9. Requirements Upon an Assigned Risk Company's Notification of Expiration of Policy Assignment

An ARC is required to provide an ARP with the list of policies that it elects to non-renew at the end of the three-year assignment period, at least 120 days in advance of the policy expiration date. The ARC will provide this notification on or about the first business day of each month.

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The ARP should attempt to obtain replacement coverage for the risk in the voluntary market, but if unable to do so, the ARP may resubmit the risk for placement through the MAIP. As long as the ARP submits the risk at least 60 days prior to the policy's expiration date and the new application 1) accurately identifies the policy effective date of the expiring policy as the new policy's policy effective date and 2) identifies that the driver's license number of the named insured is the same as that on the prior MAIP policy, the MAIP Policy Application will be able to verify that the insured has been assigned for three consecutive years to the same ARC. Special processing and assignment considerations will apply as follows:

- a. Upon assignment of the policy, a message in the Remarks section of the application will identify that the applicant is an expiring three-year former MAIP assignment.
- b. The application will be assigned to a different ARC than to which it was originally assigned. Upon policy assignment, the ARP must submit a Notice of Transfer of Insurer to the former ARC identifying the newly designated ARC.
- c. The MAIP Policy Application will calculate a MAIP premium amount, but the required down payment will be reflected as zero dollars. Under these circumstances, the ARP will not be required to collect a down payment from the risk at the time of the assignment.

However, if the ARP submits the risk for placement through the MAIP less than 60 days prior to the policy's expiration date, the MAIP Policy Application will calculate a new business down payment amount of 25% and the ARP must collect this amount from the risk and forward it to the newly assigned company along with the application and any required supplemental or additional information.

- d. The pre-inspection requirement will be waived provided that the vehicle(s) to be insured is the same as the vehicle(s) insured under the previous policy.

10. Requirements Relative to the Reporting of Assigned Risk Company Complaints

- a. ARC Violation Reporting

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Use the Non-Compliance link located on the MAIP Producer page of CAR's website to submit ARC violations of the established ARC Performance Standards. Refer to Exhibit II-A-~~6-7~~ for a description of the ARC Performance Standards.

Create a complaint report online using the ARC Complaints link. Refer to Exhibits II-A-~~7-8~~ and II-A-~~89~~. The report will be forwarded to both the ARC and to CAR. The ARC will be provided ~~with-5~~ business days to respond to CAR regarding the complaint. The ARC's response will also be forwarded to the ARP.

Once the ARC's response is received, CAR will review the complaint and any supporting documentation to determine the validity of the reported violation and the course of remedial action that may be necessary.

If CAR determines the complaint ~~to be~~ valid, or such complaint remains outstanding, CAR shall notify the ARC of the failure to comply with the approved performance standard(s) and request that the ARC institute corrective measures. The ARC will be required to notify CAR of corrective action in writing within 5 business days and may be required to address remedial action in a meeting with CAR and/or a committee of CAR.

b. Penalty Provisions

CAR will perform an analysis of each ARC's compliance with both Category I and Category II Performance Standards on a monthly basis. Exhibit II-A-~~6-7~~ provides a description of the Category I and Category II Performance Standards.

1. Category I

A flat penalty of \$10,000 will be assessed for any validated infraction, or combined infractions.

2. Category II

If the number of validated infractions exceeds 2% of the ARC's in-force MAIP assigned policies based on the current twelve-month rolling total of assignments, and there exists a minimum of 10 validated infractions, a \$5,000 penalty will be assessed.

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Penalties will continue to accrue for validated infractions of both Category I and Category II Performance Standards newly identified in each month subsequent to the initial assessment, except that the validated infractions relating to the Commissions performance standard will be assessed a Category I penalty for infractions occurring during the 12-month period subsequent to the initial assessment.

c. Non-Compliance

Subsequent and repeated non-compliance with the performance standards by an ARC will result in notification of such non-compliance to the Commissioner of Insurance.

A licensed producer aggrieved by any unfair, unreasonable, or improper practice of CAR or another Member with respect to the operation of the MAIP, may request a formal hearing and ruling by the Governing Committee on the alleged practice pursuant to Rule 40 – Hearings, Review of CAR’s Rules of Operation. A Request for Review/Relief Form is located on the MAIP Producer page of CAR’s website (refer to Exhibit II-A-[910](#)), under Forms.

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B. Producer Violation Reporting, Review, Certification Suspension or Decertification

CAR will assess each ARP's performance on a regular basis based upon validated producer violations reported to CAR by an ARC.

1. ARP Violation Reporting

ARCs report producer performance violations online to CAR using the Non-Compliance link located on the MAIP Company page of CAR's website. The violation report will be forwarded to both the ARP and to CAR. The ARP has 20 calendar days to respond to CAR regarding the validity of the alleged violation.

ARP responses to a reported performance violation should be provided using the Non-Compliance link located on the MAIP Producer page of CAR's website. To respond to or view a violation submitted by an ARC, click on the ARP Violations link. The response is completed online and a copy of the response is forwarded to the ARC (refer to Exhibits II-B-1 and II-B-2). CAR will validate the ARP's response and determine if further action is required.

Violations include failure to comply with the producer requirements specified in Rule 31 – Assigned Risk Producer Requirements of CAR's Rules of Operation as well as those requirements set forth in this Manual and include, but are not limited to, the following:

- a. the original application, additional or supplemental information and/or required down payment submitted to the ARC more than two business days from the date of assignment,
- b. insufficient down payment submitted (in accordance with Rule 28 – Application Process of CAR's Rules of Operation) including the failure to collect 80% of the calculated MAIP premium or 100% of the assigned ARC's voluntary premium, if known, if the insured's policy ~~had been~~was cancelled for non-payment within the preceding 24 months,
- c. application not eligible for MAIP coverage,
- d. information on the application for insurance coverage is misrepresented,

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Exhibit II-A-6

		INSURANCE BINDER		DATE (MM/DD/YYYY)
THIS BINDER IS A TEMPORARY INSURANCE CONTRACT, SUBJECT TO THE CONDITIONS SHOWN ON PAGE 2 OF THIS FORM.				
AGENCY		COMPANY		BINDER #
PHONE (A/C, No, Ext):		FAX (A/C, No):		
CODE:		SUB CODE:		
AGENCY CUSTOMER ID:		INSURED AND MAILING ADDRESS		
		DESCRIPTION OF OPERATIONS / VEHICLES / PROPERTY (including Location)		
		THIS BINDER IS ISSUED TO EXTEND COVERAGE IN THE ABOVE NAMED COMPANY PER EXPIRING POLICY #:		
		DATE EFFECTIVE TIME		DATE EXPIRATION TIME
		AM PM		12:01 AM NOON

COVERAGES	COVERAGE / FORMS	DEDUCTIBLE	COINS %	AMOUNT
PROPERTY CAUSES OF LOSS <input type="checkbox"/> BASIC <input type="checkbox"/> BROAD <input type="checkbox"/> SPEC				
GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR RETRO DATE FOR CLAIMS MADE:				EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COM/POP AGG \$
VEHICLE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY				COMBINED SINGLE LIMIT \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$ MEDICAL PAYMENTS \$ PERSONAL INJURY PROT \$ UNINSURED MOTORIST \$
VEHICLE PHYSICAL DAMAGE DED <input type="checkbox"/> ALL VEHICLES <input checked="" type="checkbox"/> SCHEDULED VEHICLES <input checked="" type="checkbox"/> COLLISION: _____ <input checked="" type="checkbox"/> OTHER THAN COLL: _____				ACTUAL CASH VALUE Not to exceed STATED AMOUNT \$ \$175,000 <input checked="" type="checkbox"/> OTHER
GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EACH ACCIDENT \$ AGGREGATE \$
EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM RETRO DATE FOR CLAIMS MADE:				EACH OCCURRENCE \$ AGGREGATE \$ SELF-INSURED RETENTION \$ PER STATUTE
WORKER'S COMPENSATION AND EMPLOYER'S LIABILITY				E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
SPECIAL CONDITIONS / OTHER COVERAGES				FEES \$ TAXES \$ ESTIMATED TOTAL PREMIUM \$

NAME & ADDRESS		ADDITIONAL INSURED	LOSS PAYEE	<input type="checkbox"/> MORTGAGEE
		LENDER'S LOSS PAYABLE		
		LOAN #:		
		AUTHORIZED REPRESENTATIVE		

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Exhibit II-A-~~67~~
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ASSIGNED RISK COMPANY PERFORMANCE STANDARDS

Category I

A. Claims Performance

Claim adjustment practices and procedures shall be in accordance with the established Performance Standards and shall correspond with those followed for voluntarily written business.

B. Certificates of Insurance

The Assigned Risk Company (ARC) shall, at the request of the named insured or producer of record, issue certificates of insurance, which shall include SR-22 filings. Such certificates or filings must be provided within four business days after receipt of a request for same.

C. Cancellation – Insufficient Down Payment

The ARC may not cancel a policy for non-payment of premium if such premium deficiency is the result of an insufficient down payment. The ARC shall bill the policyholder for the amount of the deficiency, or otherwise incorporate the amount in future premium installments. If the policyholder fails to pay the minimum amount due, then the ARC may issue a statutory notice of cancellation for non-payment of premium.

D. Cancellation - Misrepresentation

To prevent wrongful cancellation, if during the underwriting process an ARC discovers third-party information that appears inconsistent with the information provided on the application for insurance, the ARC shall 1) initiate an inquiry either directly with the insured or through the producer of record to resolve any factual errors; and 2) obtain the insured's consent before issuing a notice of adjustment to the down payment and/or total premium. If the inquiry is made directly to the applicant the producer of record shall be furnished a copy.

If the resolution of an apparent inconsistency results in a change to information used to calculate premium, the ARC shall charge an appropriate premium based upon the additional or corrected information, and adjust the applicant's next bill accordingly. If however, the applicant is unwilling to consent to the modification, and the ARC has independent evidence that the applicant had the actual intent to deceive or the material misrepresentation increases the ARC's risk of loss, the ARC may cancel the policy as provided by Massachusetts law.

E. Reinstatement

If the reason for a cancellation or non-renewal has been remedied prior to the effective date, then the ARC shall reinstate the policy or issue the renewal.

F. Disputed Premium Recalculation

The ARC shall issue an endorsement recalculating premium within 15 days from the receipt of a determination validating an incorrect premium charge identified as a result of a complaint filed in accordance with ARC Performance Standard K – Premium Disputes.

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Category II

G. Policy Issuance

The ARC must issue a policy within 15 calendar days of the receipt of a completed application and any supplemental information needed to verify and appropriately calculate the premium for the coverages requested.

H. Endorsements

Any endorsement to an assigned policy, which includes all information necessary for processing, shall be issued within 15 calendar days of receipt.

I. Return Premiums

Return premium checks must be mailed within 30 calendar days of the effective date of the cancellation or endorsement generating the return.

J. Policy Changes

If policy changes are mailed directly to the insured, copies must be furnished to the Assigned Risk Producer.

K. Premium Disputes

The ARC shall reply within 15 calendar days to letters disputing the premium charged.

L. Commissions

Commission shall be paid no less frequently than monthly and shall be paid within 15 calendar days after the close of the month in which the commission was credited to the producer's account. Each payment will include a commission statement that contains the policy number, named insured, and amount of premium on which the commission has been calculated.

M. Cancellation Notices

A copy of each cancellation notice issued by an ARC shall be furnished to the producer of record.

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2	Details of Aggrievement(s):	Provide specific detail for each reason for the requested review cited above, including references to violations of CAR or MAIP Rules, the agency contract, or established practices of CAR, MAIP or one of its Members. Include historical reference, where appropriate. Attach supporting documentation.
3	Actions(s) Taken to Date to Resolve the Matter:	State when you first became aware of each item/issue being contested and the steps taken to mitigate or resolve the matter prior to this request for a formal review. Attach supporting documentation.

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Scheduling of Review

Upon receipt of a completed Request for Review/Relief Form, a hearing date will be established within 15 business days. After a date has been confirmed, CAR will issue a written Notice of Meeting to all affected parties and in compliance with the Open Meeting Law.

Request for Continuance

A request for a continuance of a review of the matter by CAR will be granted upon the agreement of all parties. Absent the agreement of all parties, a request for a continuance must be presented to the assigned Committee for approval.

Submission of Written Information

Any parties wishing to present written materials to be considered by the designated Committee must submit them to CAR's Docket Clerk no later than 12:00 p.m., 5 business days prior to the scheduled meeting date. Timely submitted materials will be docketed by CAR and distributed to the Committee as soon as practicable. Written materials submitted to CAR after 12:00 p.m. on the 5th business day prior to the scheduled meeting date will not be entered on the docket, but the submitting party may petition the Committee directly for consideration of such materials. The Committee has the discretion to determine whether such materials will be considered in its deliberations. In addition, parties who petition the Committee for the submission of materials are expected to be prepared to provide a minimum of 25 copies at the meeting. Parties should provide copies of ALL written materials that they wish considered in the matter to the opposing party in concert with their submission(s) to CAR and/or the Committee.

*All written materials submitted must be in compliance with 201 CMR 17.00: Standards for the Protection of Personal Information of Residents of the Commonwealth, which implements the provisions of M.G.L. c. 93H. That is, any personal information that includes a Massachusetts resident's first and last name or first initial in combination with one or more of the following data elements that relate to such resident; a) Social Security number, b) driver's license or state-issued identification card number or c) financial account number (including an insurance policy number), or credit or debit card number, **must be redacted**. Any document submission determined to not be in compliance with the standards will result in the materials being returned to the sender for correction and may impact its distribution to the reviewing Committee.*

15 Day Waiver: Initial below if waiving the need for review within 15 business days:

I waive the 15 business day review while retaining rights to a review: (Initial): _____

**PLEASE NOTE: THIS FORM MUST BE COMPLETED AND RETURNED TO CAR
PRIOR TO THE INITIATION OF A FORMAL REVIEW PURSUANT TO
CAR RULE 20/MAIP RULE 40**

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Exhibit II-B-1

CAR
M A I P

COMMONWEALTH AUTOMOBILE REINSURERS

999 - ANY INSURANCE AGENCY

Respond/View Violations

View or respond to violations submitted by an Assigned Risk Company by selecting the violations from the list below. Violations requiring a response have the Certification Number highlighted below. If you fail to respond to the alleged violations within 20 days of the violation receipt, the violation will be deemed valid. The range of violations can be filtered by changing the Start and End dates under Selection Criteria.

Selection Criteria

Violation Date

Start: Jan 16 2019 End: Jul 16 2019 Valid: All Response: All

Retrieve Data

Violations

The list below shows violations during the date range specified above. The certification number is the combination of company number, agency number, and MAIP ID. Results are limited to 1000 records. View a violation by double-clicking a row or by selecting a row and then clicking the button below the list.

2 Records

Cert. No	Company Name	Applicant	Viol. Date	Policy ID	Response	Valid
999-99999-0001	Any Insurance Company	Applicant 1	4/30/2019		5/6/2019	
999-99999-0002	Any Insurance Company	Applicant 2	3/11/2019		3/13/2019	

View Records

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Exhibit II-B-2

 COMMONWEALTH AUTOMOBILE REINSURERS

999 - ANY INSURANCE AGENCY

Multi-Step Response

This violation of CAR Rule 31 in the Rules of Operation has been reported to CAR. Your response to the alleged violation is required. Validated violations of the Rule may result in the suspension or termination of the agency certification as an Assigned Risk Producer. Suspension and termination details may be found in the MAIP section of CAR's website.

Response has been submitted

Status	Submit Date
	4/30/2019

Assignment

Assigned Risk Producer
Any Insurance Agency

Named Insured (MAIP Policy)
Applicant 1

MAIP Application Certification No.
999-99999-0001

Assigned Risk Company Policy No.

Violations

- Other (note below)

Violation Details

Company Action

Company Attachments

Company Representative submitting violation

Company
999 - Any Insurance Company

Name

Email for all responses regarding this form
company@company.com

Response

Response Date
5/6/2019

The ARP should complete the response in the space provided below and attach any supporting documentation using the attachment function. Acknowledged violations should include action taken by the agency to resolve such issues from occurring in the future. If the ARP fails to respond to the alleged violation(s) within 20 days of the violation receipt, the violation(s) will be deemed valid. The producer may include any documentation to support any refutation of the allegations.

Assigned Risk Producer Response

Producer Attachments

File: No file chosen

Producer/Agent making response

Name
Representative's Name

Assigned Risk Producer Email
producer@producer.com

CAR Review

Review Date
5/14/2019

CAR Action

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B. Applicants Not Eligible for MAIP Coverage

1. An Assigned Risk Company (ARC) is required to offer or continue to offer motor vehicle insurance to an applicant or insured except under the following circumstances:
 - a. if any person who usually drives the motor vehicle does not hold, is not eligible to obtain or fails to obtain a driver's license as required by law,
 - b. if the applicant or any person who usually drives the motor vehicle has failed to pay a company any premium due during the preceding 12 months, and/or
 - c. if the applicant has failed to make the motor vehicle(s) available for inspection pursuant to 211 CMR 94. In this circumstance, the applicant will not be entitled to physical damage insurance in accordance with Rule 27 – Coverages of CAR's Rules of Operation and no ARC will be required to offer or continue to offer physical damage coverage to the applicant.
2. An applicant that is otherwise eligible for insurance coverage is not eligible for placement through the MAIP if the applicant is one of two or more entities, in each of which the same person or group of persons or corporations owns a majority interest. None of such entities will be eligible for insurance through the MAIP if any of the entities have failed to meet its premium obligations as noted in Section B.1.b.

C. Motor Vehicles Eligible for MAIP Assignment

Any motor vehicle that may be insured under the standard Massachusetts Private Passenger Automobile Insurance Policy and that meets the private passenger definition in the Massachusetts Private Passenger Residual Market Automobile Insurance Manual is eligible for MAIP assignment.

For policies effective January 1, 2026 and later, Physical Damage coverage is subject to a maximum limit of loss of \$175,000 per vehicle.

D. Re-Eligibility Criteria

An applicant that is denied or is not eligible for insurance coverage through the MAIP or that has had insurance cancelled in accordance

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insurance related fraud or motor vehicle theft during the most recent five-year period or on a vehicle customarily driven or owned by applicants convicted within the most recent three-year period of any category of driving while under the influence of alcohol or drugs. Refer to Rule 27 – Coverages of CAR’s Rules of Operation for a full description of the applicable circumstances under which an ARC may deny physical damage insurance.

Producers must inform an applicant that meets the physical damage insurance coverage criteria specified in Rule 27 that although the applicant’s policy may initially be rated with physical damage coverage via the MAIP Policy Application, the assigned company will ultimately determine whether to issue the policy with physical damage insurance coverage.

d. Maximum Physical Damage Insurance Coverage

For policies effective January 1, 2026 and later, Physical Damage Coverage is subject to a maximum limit of loss of \$175,000 per vehicle.

e. Calculation of MAIP Policy Premium and Down Payment Amount

According to the limits and coverages selected, the MAIP Policy Application system will determine policy premium based upon the approved MAIP rates. Based upon the quoted MAIP premium amount, a 25% new business deposit premium will also be determined and displayed on the Coverage page.

In the situation where the applicant had previously been cancelled for non-payment of premium, refer to Rule 28.C. – Application Process of CAR’s Rules of Operation or to Section B.7.b. of this Chapter for information regarding additional premium collection requirements.

B. Assignment of an Application to an ARC

Once the application information is complete, the ARP must indicate whether the insured’s submitted down payment should be calculated based upon 25% of the quoted MAIP premium or 30% of the lower of either the assigned ARC’s voluntary premium or the MAIP premium. The MAIP Policy Application will then allow the ARP to submit the application for assignment and the policy will be assigned to the ARC

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Exhibit IV-B-1

Massachusetts Automobile Insurance Plan

Request for Reassignment of Assigned Risk Company

I, _____, the undersigned, hereby request that my personal automobile insurance policy which is currently being written by _____ as an Assigned Risk Company (ARC) for the Massachusetts Automobile Insurance Plan be reassigned to another ARC. I request that reassignment be made for the following reason(s):

(Please select at least one of the following and attach supporting documentation for each selection made)

- 1) The applicant or policyholder has previously been involved as a plaintiff in litigation with the ARC;
- 2) The applicant or policyholder is currently involved as a plaintiff in litigation with the ARC;
- 3) The applicant or policyholder filed a Consumer Complaint with the Division of Insurance against the ARC prior to the MAIP assignment;
- 4) The applicant or policyholder filed a Consumer Complaint with the Attorney General against the ARC prior to the MAIP assignment;
- 5) The applicant or policyholder has invoked his/her rights under a consumer protection statute regarding his/her relationship with the ARC (i.e. insured has previously issued a 93A Demand Letter) prior to the MAIP assignment.

Important. Please Note: The insured bears the burden of producing adequate documentation sufficient to support a change of ARC within 30 days of the assignment. Failure to comply with this requirement will result in a denial of the insured's request for reassignment. Adequate documentation shall include at a minimum, though is not limited to, production of one the following: for 1) through 4), a copy of the complaint filed, including the certificate of service, if any, or for 5) a copy of the demand letter and any offer of settlement or other reply from the ARC responsive to the insured's demand made pursuant to a consumer protection statute. Pursuant to Rule 26.B.3., of CAR's Rules of Operation, reassignment will be made on a random basis. The insured does not have the right to request a particular ARC; an applicant has the right merely to ask for another assignment by the MAIP pursuant to its standard procedures. Note also that the applicant cannot seek reassignment if an outstanding premium balance is due.

Signature of Insured - Do Not Print

Street Address

Apt. Number

City, State and Zip

Assignment Certification Number Received from MAIP

Date

Return completed form and documentation to:

Commonwealth Automobile Reinsurers
101 Arch Street, Suite 400
Boston, MA 02110
Attention: Lynne Rosenburg
Director – Operations and Residual Market Services

MAIP Steering Committee – July 30, 2025
Assigned Risk Company Procedures Manual
Memorandum of Changes

The following amendments are proposed to Chapter IV – Limited Assignment Distribution Agreement Procedures to include monitoring procedures, better clarify terminology and eliminate unnecessary language.

A. Limited Assignment Distribution Agreement

To ensure clarity of terms, language has been added to define a LADA Provider.

B. Eligibility Requirements for ARCs Receiving Assignments through LADAs and On-going Requirements

This section has been renamed and updated to better define the application process and requirements to become a LADA Provider, as well as the procedures that will occur if a LADA Provider fails to meet the eligibility requirements.

C. Approval of Limited Assignment Distribution Agreements

This section has been rewritten to describe CAR's review of LADA contracts. Language duplicating that included in the Rules of Operation has been deleted.

D. Calculation of Assignment Volume Limitation

References to ARC have been changed to LADA Provider to ensure consistency and clarity of terms.

E. Eligibility Requirements for a Member to be Excused from its Servicing Carrier Obligation

Additional information has been included to better describe the requirements of the market share waiver request letter. Monitoring procedures have been moved from this section to a later section reflecting monitoring procedures for all aspects of the LADA participants.

F. (old) Review of MAIP Quota Share Premium Volume

This section has been deleted as it duplicates language in the Rules of Operation and describes LADA eligibility impacts when the MAIP quota share premium is less than \$5 million.

F. (new) Monitoring an ARC's Assignment Volume Limitation

References to ARC are changed to LADA Provider to ensure clarity of terms.

G. Annual LADA Review Procedures

A new section has been added to describe the review procedures and associated time frames that CAR Staff will perform annually to ensure the continued eligibility of LADA Providers and Members, with and without market share waivers.

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Procedures

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A. Limited Assignment Distribution Agreement

A Member may enter into a Limited Assignment Distribution Agreement (LADA) with an Assigned Risk Company (ARC), under which the Member transfers to the ARC, its obligation to provide private passenger motor vehicle insurance policies to risks assigned through the MAIP. To ensure clarity of terms, an ARC approved to assume such obligations is referred to as a LADA Provider in this Chapter.

A LADA must provide that ~~an ARC~~the LADA Provider will assume liability for and directly service all of a Member's MAIP assignments and will receive additional MAIP assignments on behalf of the Member in exchange for a negotiated fee. The ~~ARC~~LADA Provider must offer the same premiums and provide the same level of service to the Member's MAIP assignments as it does to its own MAIP assignments. ~~The Member must assure that the ARC with which it has contracted complies with all MAIP Rules, state laws and regulations.~~

For additional information relative to Limited Assignment Distribution Agreements, refer to Rule 36 – Limited Assignment Distribution Agreements of CAR's Rules of Operation.

B. Eligibility Requirements Application Process for Approval of an ARCs to Enter into Receiving Assignments through LADAs and On-going Requirements

~~In order to~~To be eligible to enter into a LADA with ~~provide assigned risk services to~~ another Member, an ARC must initially submit ~~an request application~~ letter to CAR with a copy to the Commissioner of Insurance. The application letter must demonstrate that the ARC meets the eligibility requirements set forth in CAR Rule of Operation 36.B., Eligibility Requirements for ARCs Entering into LADAs. CAR will verify that the company writes at least 1% of the Massachusetts voluntary private passenger property damage liability direct written exposures, as defined in Rule 29.A., ~~and also meets the eligibility and other market share operating requirements contained in Rule 36.B. – Limited Assignment Distribution Agreements of CAR's Rules of Operation~~ and that the ARC satisfies the responsibilities and requirements contained in Rule 30 – Assigned Risk Company Requirements ~~of CAR's Rules of Operation~~. CAR will report its findings make its recommendation to CAR's the Governing Committee, and upon Governing Committee approval, CAR will submit the ARC's

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~~application request~~ to the Commissioner of Insurance for ~~approval~~ consideration.

Note that the Commissioner may also consider a LADA application from a company that does not meet the established market share and premium to surplus ratio requirements specified in Rule 36.

If, at any time, an ARC fails to meet one or more of the eligibility requirements, the ARC must immediately notify CAR. If it is verified that an ARC no longer meets one or more of the eligibility requirements, CAR will provide written notification to the ARC and the Commissioner of Insurance. CAR's Governing Committee may take action as it deems necessary, such as providing the ARC with a period of time to remedy the cause of ineligibility or recommending termination of the ARC's ability to serve as a LADA Provider.

C. Approval of Limited Assignment Distribution Agreements

~~CAR will review all LADA contracts and will assure that the LADA contains a provision that the Member's in force MAIP policies at the time of the execution of the LADA will continue to be serviced by the Member until expiration. The LADA must also state that at least 45 days prior to policy expiration date, the Member will issue a non-renewal notice and the ARC will provide the policyholder and the producer of record with a renewal offer. The ARC will be obligated to renew the policy for the remainder of the original three year assignment period.~~

CAR will review all LADA contracts to ensure:

1. that the provisions of the LADA are consistent with all CAR Rules of Operation including but not limited to Rule 36.A, I and J.
2. that approval of the LADA is not anticipated to result in the ARC exceeding the Assignment Volume Limitation as defined in Rule 36.C.

~~Upon approval of the LADA by the Governing Committee, Once the LADA has been approved, all assignments with effective dates specified in the LADA for the all Members subject to the LADA will be made to the LADA Provider~~ ARC.

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D. Calculation of Assignment Volume Limitation

When the MAIP quota share premium is greater than \$5 million, each ~~ARC-LADA Provider with a LADA~~ will be subject to a limitation on the additional MAIP assigned exposures it may write on behalf of other Members. The limitation represents the maximum percentage of the total MAIP assignments that an ~~an ARC-LADA Provider~~ may service through LADAs. This limitation is ~~calculated established~~ monthly ~~and monitored~~ as follows:

1. For each Member, determine voluntary market share, as specified in Chapter X.A.1. – Quota Share and Credit Programs of this Manual for the most recently available 12 policy effective months. Refer to Exhibit IV-D-1, Columns (A) and (B).
2. Identify the voluntary market share of those Members eligible to enter into LADAs, i.e. those with less than or equal to 5% voluntary market share and those granted a waiver of the market share criteria by the Commissioner of Insurance. Refer to Exhibit IV-D-1, Column (C), and Row (1).
3. Identify the number of ARCs actively receiving assignments through LADAs, including only those ARCs having a market share of at least 10% of all MAIP assignments made under LADAs. Refer to Exhibit IV-D-1, Columns (E), (F) and (G) and Row (2).
4. Calculate the assignment volume limitation percentage by dividing the market share of Members eligible to enter into LADAs as calculated in Section D.2. by the number of active ~~ARCs-LADA Providers~~ receiving assignments through LADAs as identified in Section D.3. and then add 10%. Refer to Exhibit IV-D-1, Row (3).
5. Calculate the maximum assignment volume of quota share premium that can be written by an ~~an ARC-LADA Provider~~ through LADAs as the assignment limitation percentage as determined in Section D.4. times the total MAIP quota share premium from the current Quota Share Report and described in Chapter X.A.2. of this Manual. Refer to Exhibit IV-D-1, Rows (3), (4) and (5).
6. For each ~~active-ARCLADA Provider~~ receiving assignments through LADAs, identify the volume of assignments received through LADAs. Refer to Exhibit IV-D-1, Column (D) and Row (6).

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E. Eligibility Requirements for a Member to be Excused from its Servicing Carrier Obligations

A Member may be excused from its Servicing Carrier obligations and be eligible to enter into a LADA with an ARC if the Member has a MAIP Quota Share and writes five percent or less of the Massachusetts voluntary private passenger direct property damage liability written car years of exposure as defined in Rule 29.A.1. – Assignment Process of CAR’s Rules of Operation and in Section A.1. of Chapter X – Quota Share and Credit Programs of this Manual.

~~Those~~ Members with a market share of five percent or greater may apply to the Commissioner of Insurance to waive the market share requirement. Members requesting the market share waiver must submit a request letter to the Commissioner of Insurance with copy to CAR. The letter should describe how approval of the waiver will serve in the best interest of the residual market.

~~CAR will monitor the continued eligibility of those Members that have previously entered into a LADA with an ARC. If a Member is no longer eligible, the Member and the Governing Committee will be notified and the Member will be required to seek a waiver from the Commissioner of Insurance. If a waiver is not granted or revoked, CAR will notify the Member and LADA provider by June 30 that the LADA will terminate/expire on the contract expiration date or as of December 31 of that calendar year, at the end of 90 days, whichever is later.~~

F. Review of MAIP Quota Share Premium Volume

~~CAR will monitor the MAIP quota share premium volume as follows and will report its findings to the Governing Committee.~~

- ~~1. In accordance with Rule 36.G. Limited Assignment Distribution Agreements of CAR’s Rules of Operation, if the MAIP quota share premium is \$10 million or less, the eligibility requirements for Members to be excused from their Servicing Carrier obligations are waived. In this case, any Member with a MAIP Quota Share may enter into a LADA.~~
- ~~2. If the MAIP quota share premium exceeds \$10 million, the Governing Committee, as it deems appropriate, may reinstate the~~

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~~five percent market share eligibility requirement, solicit for additional ARCs to service MAIP business under LADAs, continue to offer all Members with a MAIP Quota Share the option to enter into a LADA, or take any other appropriate action.~~

F. Monitoring an ARC's LADA Provider's Assignment Volume Limitation

~~The Limited Assignment Distribution Agreement (LADA) Volume Limitation report is posted to the MAIP website monthly.~~

CAR will review the volume of MAIP assignments written by ARCs LADA Providers under LADAs on a monthly basis in order to determine the ARC's LADA Provider's capacity to continue to accept MAIP assignments under LADAs.

~~If an assignment volume limitation exists under Rule 36.C. and as described in Section D. of this Chapter, CAR's review will include an estimate as to when an ARC might approach, meet, or exceed the limitation. CAR will provide the ARC and the Governing Committee with written notification on the status of the ARC's capacity to continue to accept MAIP assignments under LADAs.~~

If an ARC LADA Provider servicing MAIP assignments exceeds or is expected to exceed the established assignment volume limitation, CAR will notify the ARC LADA Provider and the Governing Committee ~~will be notified~~. The ARC LADA Provider will be provided with at least 20 days advance written notice of the Governing Committee meeting at which the matter will be discussed. The Governing Committee will consider remedies as described in Rule 36F. During the period between notification to the ARC LADA Provider and the date of the Governing Committee meeting, the ARC LADA Provider may continue to accept assignments under its LADAs. ~~The Governing Committee may prevent the ARC from entering into any new LADAs, solicit for additional ARCs to offer LADAs or take another appropriate action.~~

G. Annual LADA Review Procedures

CAR will annually monitor the continued eligibility of each ARC serving as a LADA Provider, the eligibility of each Member that has been excused from its Servicing Carrier obligations, and existing market share waivers that have been approved by the Commissioner of

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Insurance. The procedures described below will ensure that Members and LADA Providers are notified by June 30 that a LADA will terminate as of December 31 of that calendar year in the event a Member's market share waiver is revoked by the Commissioner of Insurance, or a Member is otherwise no longer eligible to be excused from its Servicing Carrier obligations, or the LADA Provider is no longer eligible to provide LADA services.

1. No later than January 1, CAR will confirm the eligibility of ARCs serving as LADA Providers pursuant to the eligibility requirements set forth in Rule 36.B and C. CAR will also solicit confirmation from the LADA Providers that all existing LADA contracts have been renewed for the upcoming year. Finally, CAR will confirm the quality of the LADA Providers' data reporting, policy processing, and claims handling pursuant to the ARC responsibilities outlined in Rule 30.

If it is verified that a LADA Provider no longer meets one or more of the eligibility requirements to provide LADA services, CAR will ~~provide~~ issue written notification to the LADA Provider and the Commissioner of Insurance. CAR's Governing Committee may take action as it deems necessary, such as providing the LADA Provider with a period of time to remedy the cause of ineligibility or recommending termination of the ARC's ability to serve as a LADA Provider.

2. No later than March 1, Members with market share waivers must notify the Commissioner whether they request a continued waiver or if they intend to assume direct responsibility for MAIP assignments. Members wishing to renew the waiver should describe why doing so would be in the best interest of the residual market and include any other supporting information it considers appropriate for consideration.

3. No later than April 1, CAR will forward to the Commissioner a March quota share report updated with January statistical data, reflecting the market shares of all Members, including those requesting continued market share waivers. CAR will also forward the most recent LADA Volume Limitation Report, demonstrating the capacity for MAIP business to be written by each LADA provider.

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4. Upon receipt of the Commissioner's decision, if the waiver(s) are continued, no further action is needed. If the waiver(s) are revoked, the Member must prepare to service MAIP assignments directly for policies effective the following January 1 and later, including satisfying all obligations described in Rule 30.



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

COMMERCIAL AUTOMOBILE COMMITTEE – JULY 18, 2025

Members Present

Mr. Thomas DePaulo – Chair	Cabot Risk Strategies, LLC
Mr. Michael Brady ⁽¹⁾	Pilgrim Insurance Company
Ms. Annmarie Castonguay	The Hanover Insurance Company
Mr. Andrew Lajzer	Safety Insurance Company
Ms. Sharon Murphy	Acadia Insurance Company
Mr. John Olivieri, Jr.	J.K. Olivieri Insurance Agency, Inc.
Mr. Tiago Prado	BRZ Insurance, LLC
Ms. Allison Ratliff	MAPFRE U.S.A. Corporation
Mr. Thomas Skelly, Jr.	Deland, Gibson Insurance Associates, Inc.
Mr. David Zawilinski	Arbella insurance Group

Substituted for:

⁽¹⁾Mr. Barry Tagen

Not in Attendance:

Ms. Sheila Doherty, Doherty Insurance Agency, Inc.

25.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Commercial Automobile Committee meeting of March 27, 2025. The Records have been distributed and are on file.

25.03 CAR Conflict of Interest Policy

The Chair read a statement relative to CAR's Conflict of Interest Policy.

24.07 Proposed Amendments to CAR Rules and Manuals for New Coverage Forms

Ms. Wendy Browne indicated that in anticipation of the CAR filing effective 1/1/2027 that includes the new coverage forms, additional endorsement updates will be provided for Committee discussion. Ms. Browne directed the committee's attention to seven endorsements that have been updated due to the changes to the compulsory limits. Ms. Browne then requested the Committee's direction regarding other coverage and endorsement forms recently placed on file by the AIB, including Pick Up and Delivery of Auto, Auto Hacking Expense Coverage, and Other Exclusionary endorsements.

Mr. David Zawilinski recommended adopting the exclusionary endorsements, noting that these are commonplace in the auto market. He also recommended that potential exposures including PFAS and Silica-dust related liability exposures be covered elsewhere than the auto coverage. Most committee members agreed that adoption of the exclusionary endorsements is appropriate for the residual market and that these non-auto exposures should be covered in other lines of business.

Mr. Mike Brady pointed out the low volume of ceded risks opting for False Pretense Coverage and Drive Away Collision Coverage and suggested that use of new endorsements would be similarly low, not justifying the implementation expense. Ms. Browne confirmed that in 2024 these two endorsements were each present on less than thirty ceded policies, with less than \$25,000 in associated premium. While several members agreed that the two non-exclusionary endorsements are not needed at this time, Ms. Allison Ratliff questioned whether the Auto Hacking endorsements should be adopted given technological advancements. However, Ms. Sharon Murphy pointed out that the endorsement provides expense coverage only rather than bodily injury. Ms. Browne responded that there is no critical need at this time and suggested that CAR include the Auto Hacking endorsement on the list of topics for future consideration. Staff may then provide committee members with a copy of the endorsement and other pertinent information for discussion at a future meeting. Mr. Zawilinski asked the committee to consider introducing the Punitive Damage exclusionary endorsement as well.

After discussion, the Committee voted unanimously to recommend adoption of the seven updated endorsements for the change to compulsory limits and the three exclusionary endorsements for policies effective 1/1/2027 and later.

Continuing, Ms. Browne informed the Committee that, in December, the Division of Insurance approved proposed amendments to Rule 6 – Coverages for updated references to the new policy and endorsement forms. In order to ensure consistency within CAR manuals, the Committee is now asked to consider recommended changes to Chapter V – Premium of the Manual of Administrative Procedures. She noted that the updates consisted of formatting changes to improve the readability, terminology updates and a reorganization of the coverages to maintain consistency with Rule 6. Also, the table of the policy forms and endorsements is eliminated as these forms are now included in the Commercial Automobile Insurance Manual.

The Committee unanimously voted to recommend Governing Committee approval of the proposed changes to Chapter V – Premium of the Manual of Administrative Procedures.

24.09 Assignment Procedures for Affiliated Producers

At the last meeting, the Committee requested that CAR staff inquire with the Servicing Carriers on operations of the agency networks, and the carriers' perspectives on the Committee's consideration of several options being discussed for potential changes to the redistribution process. These options include considering the network participants as independent agencies, assignment of the larger participating groups to multiple Servicing Carriers based upon geographic location or a similar criterion, and the assignment of residual market business on a rotational basis.

Ms. Lynne Rosenberg informed the Committee that Staff had discussions with the four Serving Carriers, as well as representatives from two networks. Ms. Rosenberg summarized the main takeaways of these conversations including:

- Some suggested that the agencies participating in network clusters typically work independently. Therefore, they saw no issue with the member agencies being assigned to multiple Servicing Carriers.
- None of the Servicing Carriers or the network representatives were concerned with brokering, and although they acknowledged that brokering could happen, it is unlikely.
- Others commented that one network is more involved with the day-to-day operations of its members' agencies and therefore should be assigned to a single Servicing Carrier.
- The networks have a strong vetting process for new agencies, and they only allow well established and successful agencies into the network.
- There was consensus among the Servicing Carriers on the importance of agencies staying with the assigned Serving Carrier based on relationships established and built over time. To preserve those relationships, they are not in favor of splitting the networks among Servicing Carriers.
- With regard to splitting up larger agencies based on some criteria, for example geographic location, two Servicing Carriers felt that it was too complicated and were not in favor.
- Three of the four Servicing Carriers opposed a procedure to assign new business on a rotational basis, citing loss of producer oversight, making it more difficult to identify fraudulent behavior.

Ms. Rosenberg noted that during the discussions, some possible recommendations were raised to be considered for future redistributions, including:

- The sharing of DEC pages and other documentation by the Servicing Carriers would facilitate the transitions.
- Enhancements to CAR's website to provide more information when a redistribution occurs, so that all parties involved understand the process, the relevant dates, and procedures that are necessary.

Ms. Rosenberg informed the Committee that because this is such an important and challenging issue, an Ad Hoc Committee has been established to discuss alternatives and potential solutions for future redistributions to ease the impact on producers and Servicing Carriers. Therefore, this agenda item is being transferred to the new Ad-Hoc Committee, set to meet in mid-August.

Mr. Prado asked if there could be consideration of a more dynamic criteria for ERP appointments in underserved regions. He also noted that some clusters and agencies come out of a redistribution at an advantage to other agencies and suggested this issue be considered. He also noted concern that guidelines including underwriting and document collection should be the same for all Servicing Carriers. It was noted that these issues will be among those for discussion by the Ad Hoc Committee.

Mr. Skelly noted his concern with the potential for brokering if networks are assigned to multiple Servicing Carriers in spite of others suggesting it is not likely. He commented that multiple assignments essentially enable the agencies to shop for a desired Servicing Carrier through brokering, while agencies not in a network do not have that option.

Mr. Olivieri advised that the Ad Hoc committee has been set up well in advance of the next RFP to address all assignment and redistribution issues in an effort to find solutions that work for all parties involved.

24.10 Pollution Coverage

Ms. Browne introduced the topic of Pollution Coverage with a brief review of the Committee's discussions over the past several meetings. At its last meeting, the Committee reached consensus that, if the MCS-90 is required on a policy, then the corresponding pollution coverage should be required. Ms. Browne then presented the Committee with amendments to Rule 46 – Pollution Liability of the Commercial

Auto Manual containing additional language to require pollution liability coverage if the MCS-90 Endorsement for Motor Carriers is required for vehicles subject to the higher limit by the Motor Carrier Act.

Ms. Browne noted that additional changes to the language and classes of pollutants to better follow the language used by the Federal Motor Carrier Services Administration (FMCSA) were included in Rule 46, but these updates do not change any requirements.

After a brief discussion, the Committee agreed to implement these changes upon approval by the Division of Insurance. **Accordingly, the Committee unanimously voted to recommend Governing Committee approval of the proposed amendments to Rule 46, to be effective upon approval of the Division of Insurance.**

Ms. Browne then presented the Committee with a change to the Manual of Administrative Procedures, specifically to Chapter III – Servicing Carrier Responsibilities, which would add a new item to the Servicing Carrier responsibilities. This item emphasizes that Servicing Carriers are required to maintain access with the FMCSA in order to ensure the required filings on behalf of their ceded risks.

Mr. Zawilinski concurred with this amendment, but he also noted that certain circumstances arise that disrupt this access and can be challenging to rectify. Mr. Lajzer voiced his agreement with Mr. Zawilinski's comment regarding the lack of control a Servicing Carrier may have in some circumstances.

Further discussion ensued regarding the wording of this requirement with several other Committee members suggesting alternate/additional language to account for circumstances out of the carrier's control. Many members affirmed support for the added emphasis to the manual, but concern persisted over how the wording of this amendment might imply when uncontrollable circumstances could leave Servicing Carriers at fault for failing to comply.

Ms. Browne noted the negative impacts to the risk when access to the FMCSA is lost and needed insurance certifications cannot be filed. Furthermore, Ms. Browne clarified that the intent of this amendment is not to address one-off situations where access is lost due to extenuating circumstances but rather to ensure consistent effort on the carriers' behalf in maintaining this connection.

After discussion, The Committee voted unanimously to recommend Governing Committee approval of the amendment to Chapter III – Servicing Carrier Responsibilities requiring Servicing Carriers to maintain their access to the FMCSA.

25.05 2025 Annual Evaluation of Market Need for ERP Appointments

Mr. Richard Dalton stated that in accordance with Rule 14 – Exclusive Representative Producer Requirements, an applicant for an ERP appointment to a Servicing Carrier must meet the conditions for addressing market need as determined by criteria established by CAR's Governing Committee. The approved criteria include a provision that an annual assessment be made to determine if a market need exists for appointments. Mr. Dalton noted that attached to the Notice of Meeting were data reports to assist the Committee in evaluating accessibility to the residual market throughout the Commonwealth utilizing producers experienced in servicing all classes of commercial automobile risks. He indicated that the Committee should focus on determining whether a market need exists for the appointment of an ERP without a voluntary commercial automobile contract to develop a recommendation for the annual determination of market need for the Governing Committee's consideration.

Mr. Dalton informed the Committee that during the past year, there have been 7 new ERP appointments made to producers with a voluntary contract in place, and 2 requests from producers without voluntary contracts that were not approved. There are currently 3 requests pending. The Committee observed that the current data reflects results similar to the prior year. The Committee concluded that there continues to exist ample access to the residual market through qualified producers throughout the Commonwealth with experience servicing complex commercial risks.

The Committee unanimously voted to recommend to the Governing Committee that a market need does not exist for the appointment of new non-voluntary contracted ERPs at this time.

TIMOTHY GALLIGAN
Actuarial and Statistical Services Director

Boston, Massachusetts
August 13, 2025

July 18, 2025

Manual of Administrative Procedures

Memorandum of Changes

The following amendments are proposed to Chapter V – Premium of the Manual of Administrative Procedures to finalize codification changes relating to the 2027 policy forms update project.

Section A – Rating a Ceded Policy

4. Required Limits and Coverages for Ceded Risks

Formatting changes have been made for improved readability.

5. Additional Limits and Coverages

This section has been re-organized for consistency with Rule 6 – Coverages. Terminology has been updated to be consistent with the Auto Dealers Coverage Form and formatting changes have been included for improved readability.

7. Massachusetts Commercial Automobile Policy Forms, Endorsements and Certifications

This section has been updated to eliminate the listings of policy forms and endorsements and to include a reference that these forms can be found in the Commercial Automobile Insurance Manual.

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4. Required Limits and Coverages for Ceded Risks

G.L. c. 175, § 113H requires that a Servicing Carrier must make at least the following coverages and limits of liability available to commercial risks ceded to CAR:

a. Liability Coverages

- (1) Bodily Injury – \$250,000/\$500,000
- (2) Medical Payments – \$5,000
- (3) Uninsured Motorist Coverage – \$250,000/\$500,000
- (4) Underinsured Motorist Coverage – \$250,000/\$500,000
- (5) Property Damage – \$50,000
- (6) Personal Injury Protection – \$8,000 per person, per accident

b. Physical Damage Coverages

- (1) Collision – \$500 Deductible
- (2) Limited Collision – \$500 Deductible
- (3) Comprehensive – \$500 Deductible
- (4) Fire and Theft – \$500 Deductible
- (5) Comprehensive or Fire and Theft – \$100 Glass Deductible

5. Additional Limits and Coverages

In addition to the cedeable coverages and limits required by G.L. c. 175, § 113H, Rule 6 – Coverages of CAR’s Rules of Operation also requires a Servicing Carrier, upon request of the insured, to write increased limits and provide miscellaneous coverages for policies of an Eligible Risk as defined in Rule 2 – Definitions of CAR’s Rules of Operation and issued for classifications as defined in the Commercial Automobile Insurance Manual as follows:

a. Commercial Motor VehiclesGarages
(Except as otherwise specified in Sections b, c, and d)

Liability Coverages

Coverage for policies written on the Business Auto Coverage Form is restricted to only those vehicles specifically described on the policy declarations.

- (1) Bodily Injury – \$1,000,000/\$1,000,000
- (2) Medical Payments –
 - a. \$ 5,000 – Buses, Limousines, and Car Service
 - b. \$10,000 – Trucks, Tractors, and Trailers, and Van Pools
 - c. \$25,000 – Private Passenger Types
- (3) Uninsured Motorist Coverage – \$500,000/\$500,000
- (4) Underinsured Motorist Coverage – \$500,000/\$500,000
- (5) Property Damage – \$500,000
- (6) Combined Single Limit – \$1,000,000

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Also available:

- (1) Drive Other Car coverage
- (2) Non-Ownership Liability and Hired Automobile liability coverages only, either as a separate policy or in conjunction with a statutory Massachusetts motor vehicle insurance policy.

Physical Damage Coverages

- (1) Collision – \$300 Deductible
- (2) Limited Collision
- (3) Comprehensive - \$300 Deductible
- (4) Fire, Theft and Combined Additional Coverage – \$300 Deductible

Also available:

- (1) Towing and Labor - \$100 per disablement (Private Passenger Types and Light Trucks only)
- (2) Rental Reimbursement
- (3) Stated Amount or Agreed Value coverages
- (4) Physical Damage coverage for damage to trailers under a trailer interchange contract but only when written in conjunction with motor vehicle liability coverage

~~Automobile Dealer's Physical Damage Supplement—
\$1,000,000 per named location
Garagekeepers' Legal Liability—\$1,000,000
Direct Primary Garagekeepers' Liability—\$1,000,000
Drive-Away Collision~~

b. Taxicabs

Liability Coverages

- (1) Bodily Injury – \$250,000/\$500,000
- (2) Medical Payments – \$5,000
- (3) Uninsured Motorist Coverage – \$250,000/\$500,000
- (4) Underinsured Motorist Coverage – \$250,000/\$500,000
- (5) Property Damage – \$50,000

Physical Damage Coverages

- (1) Collision – \$500 Deductible
- (2) Limited Collision
- (3) Comprehensive – \$500 Deductible
- (4) Fire and Theft – \$500 Deductible

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c. ~~Auto Dealers All Other Commercial Classes (Including Private Passenger Types)~~

Liability Coverages

~~Coverage for policies written on the Business Auto Coverage Form is restricted to only those vehicles specifically described on the policy declarations.~~

- ~~(1) Bodily Injury – \$1,000,000/\$1,000,000~~
- ~~(2) Medical Payments – \$5,000 (for Buses, Limousines, and Car Service), \$10,000 (for Trucks, Tractors and Trailers and Van Pools) and \$25,000 (for Private Passenger Types)~~
- ~~(3) Uninsured Motorist Coverage – \$1,000,000/\$1,000,000
500,000/\$500,000~~
- ~~(4) Underinsured Motorist Coverage – \$1,000,000/\$1,000,000
500,000/\$500,000~~
- ~~(5) Property Damage – \$500,000~~

~~(6) General Liability Coverage for Bodily Injury and Property Damage Liability is available when written in conjunction with Liability Limits for Covered Autos.~~

~~Combined Single Limit – \$1,000,000~~

~~Drive Other Car~~

~~Non-Ownership Liability and Hired Automobiles, liability coverages only, either as a separate policy or in conjunction with a Massachusetts motor vehicle insurance policy.~~

Physical Damage Coverages

- ~~(1) Physical Damage Coverage - \$1,000,000 per location~~
- ~~(2) Garagekeepers coverage is included in Auto Dealers Physical Damage coverage, but may be provided to certain risks written on a Business Auto Coverage form through endorsement.~~

Also available:

- ~~(1) Dealers Collision Coverage~~
- ~~(2) Dealers Drive-Away Collision Coverage~~

~~Collision – \$300 Deductible~~

~~Limited Collision~~

~~Comprehensive – \$300 Deductible~~

~~Fire, Theft and Combined Additional Coverage – \$300 Deductible~~

~~Towing and Labor – \$100 per Disablement (Private Passenger Types Only)~~

~~Rental Reimbursement~~

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d. ~~Other Miscellaneous Coverages and~~ Limits

~~Physical Damage coverage for damage to trailers under a trailer interchange contract but only when written in conjunction with motor vehicle liability coverage~~

~~Stated Amount or Agreed Value Physical Damage coverages~~

All coverages and limits required by any financial responsibility law or State or Federal regulation as specified in the definition of Eligible Risk which is contained in Rule 2 – Definitions of CAR's Rules of Operation.

6. Non-Cedeable Limits and Coverages

For policies written with limits or coverages which exceed the cedeable limits or coverages specified in Rule 6 – Coverages of CAR's Rules of Operation or Sections A.4. and A.5. of this Chapter, refer to the reporting instructions specified in Section B.2. of this Chapter.

Non-cedeable coverages may also include but are not limited to the following:

Physical Damage only policies

Physical Damage on Repossessed Automobiles

Physical Damage on Non-Ownership or Hired Automobiles policy

7. Massachusetts Commercial Automobile Policy Forms, Endorsements and Certifications

In addition to the cedeable coverage and limits outlined in Sections A.4., A.5., and A.6. of this Chapter, ~~the following the current~~ policy forms ~~and~~ endorsements ~~adopted for use with and certifications are also cedeable for~~ a commercial policy ~~can be found in Appendix I of the Commercial Automobile Insurance Manual (available on CAR's website).~~ ~~The following certifications should be attached to a ceded policy when applicable:~~

a. ~~Massachusetts Garage Insurance Policy~~

~~(1) Policy Forms~~

Form Title	Form Number
Garage Declarations—Massachusetts	MM-00-94-10-06
Massachusetts Garage Insurance Policy	MM-00-95-10-11

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~~(2) Garage Endorsements~~

Endorsement Title	Endorsement Number
Additional Insured—Municipalities	MM 25-98-09-98
Automobile Dealers—"Drive-Away" Collision or Limited Collision	CA 25-02-12-93
False Pretense Coverage	CA 25-03-03-06
Franchise Products Endorsement	MM 25-97-09-98
Garage Coverage Form—Other Than Covered Autos Exposure—Total Pollution Exclusion With a Building Heating Equipment Exception and a Hostile Fire Exception	CA 25-36-03-06
Garage Locations and Operations Medical Payments Coverage	CA 25-05-03-06
Locations and Operations Not Covered	CA 25-07-12-93
Named Driver Collision Coverage	CA 25-11-12-93
Pollution Liability—Broadened Coverage For Covered Autos	MM 25-96-10-06

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b. Massachusetts Commercial Automobile Insurance Policy

(1) Policy Forms

Form Title	Form Number
Business Auto Coverage Form	CA 00-01-03-06
Business Auto Declarations	CA-DS-03-03-06
Common Policy Conditions	IL-00-17-11-98
Declarations—Massachusetts Business Auto Coverage Form	MM-00-97-10-06
Nuclear Energy Liability Exclusion Endorsement	IL-00-21-04-98
Truckers Coverage Form	CA-00-12-03-06
Truckers Declarations	CA-DS-14-03-06
Truckers Declarations—Massachusetts	MM-00-96-10-06

(2) Special Types Endorsements

Endorsement Title	Endorsement Number
Additional Insured—Lessor of Leased Equipment	CA 20-47-07-97
Additional Insured—Owner of Leased Vehicle	MM 20-25-09-98
Driving Schools	CA 20-06-12-93
Emergency Vehicles—Volunteer Firefighters and Workers Injuries Excluded	CA 20-30-12-93
Farm Tractors and Farm Tractors Equipment	CA 20-08-12-93
Guest Occupants Exclusion	MM 20-06-09-98
Leasing or Rental Concerns—Contingent Coverage	CA 20-09-07-97
Leasing or Rental Concerns—Conversion, Embezzlement, or Secretion Coverage	CA 20-10-12-93
Leasing or Rental Concerns—Exclusion of Certain Leased Autos	CA 20-11-03-06
Leasing or Rental Concerns—Rent it There/Leave it Here Autos	CA 20-12-10-01
Leasing or Rental Concerns—Schedule of Limits for Owned Autos	CA 20-13-10-01
Leasing or Rental Concerns—Second Level Coverage	CA 20-14-07-97
Lessor—Additional Insured and Loss Payee—Massachusetts	MM 20-26-10-06
Mobile Equipment	MM 20-11-10-06
Mobile Home Contents Not Covered	CA 20-17-12-93
Physical Damage Coverage—Autos Held for Sale by Non-Dealers	MM 20-27-10-06

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~~(2) Special Types Endorsements (continued)~~

Endorsement Title	Endorsement Number
Professional Services Not Covered	CA 20 18 12 93
Registration Plates Not Issued for a Specific Auto	MM 20 10 01 04
Sound Receiving Equipment Coverage— Fire, Police and Emergency Vehicles	CA 20 02 12 93

~~(3) Truck, Tractor, Trailer Endorsements~~

Endorsement Title	Endorsement Number
Commercial Automobiles Equipped with Amusement Devices	MM 23 03 09 98
Coverage for Injury to Leased Workers	CA 23 25 07 97
Explosives	MM 23 04 09 98
Multi Purpose Equipment	CA 23 03 12 93
Rolling Stores	CA 23 04 10 01
Trailer Interchange— Fire and Fire and Theft Coverage	CA 23 13 12 93
Truckers Endorsement	CA 23 20 03 06
Truckers— Excess Coverage for the Named Insured and Named Lessors for Leased Autos	CA 23 08 12 93
Truckers— Insurance for Non-Trucking Use	MM 23 07 09 98
Truckers— Uniform Intermodal Interchange Endorsement (Form UIHE 1)	CA 23 17 03 06
Truckers— Named Lessee as Insured	CA 23 12 12 93
Wrong Delivery of Liquid Products	CA 23 05 12 93

~~(4) Public Transportation Endorsements~~

Endorsement Title	Endorsement Number
Public Transportation Autos	CA 24 02 12 93
Public or Livery Passenger Conveyance and On-Demand Delivery Services Other Insurance Condition	CR 99 04 02 22

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~~(5) Common Coverages Endorsements~~

Endorsement Title	Endorsement Number
Additional Insured—Massachusetts	CR 99-02-07-20
Agreed Value Insurance	MM 99-66-09-98
Audio, Visual and Data Electronic Equipment Coverage	CA 99-60-03-06
Auto Medical Payments Coverage	MM 99-13-10-06
Covered Auto Designation Symbol	CA 99-54-07-97
Drive Other Car Coverage—Broadened Coverage for Named Individuals	MM 99-22-09-98
Employees as Insureds	CA 99-33-02-99
Employee as Lessor	CA 99-47-07-97
Fire, Fire and Theft, Fire, Theft and Windstorm and Limited Specified Causes of Loss Coverages	MM 99-47-09-98
Garagekeepers Coverage	CA 99-37-03-06
Garagekeepers Coverage—Customers' Sound Receiving Equipment	CA 99-59-03-06
Glass Breakage—\$100 Deductible	MM 99-51-09-98
Hired Autos Specified as Covered Autos You Own	CA 99-16-12-93
Individual Named Insured	CA 99-17-10-01
Liability Insurance—Deductible	MM 99-19-09-98
Limited Collision Coverage	MM 99-16-09-98
Loss of Use / Rental Reimbursement Coverage	MM 99-39-09-98
Loss Payable Clause—Audio, Visual and Data Electronic Equipment	CA 99-61-12-93
Massachusetts Changes	MM 99-67-09-98
Massachusetts Mandatory Endorsement	MM 99-11-10-11
Operator Exclusion	CR 99-01-08-18
Personal Injury Protection Coverage	MM 99-35-09-98
Pollution Liability—Broadened Coverage for Covered Autos	MM 99-55-10-06
Premium Adjustment and Coverage Endorsement—Massachusetts	MM 99-68-09-98
Public or Livery Passenger Conveyance and On-Demand Delivery Services Exclusion	CR 99-06-02-22
Rate Modification	MM 99-23-09-98
Restriction of PIP for Employers Subject to the Massachusetts Workers' Compensation Act	MM 99-20-09-98
Social Service Agencies—Volunteers as Insureds	CA 99-34-12-93

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~~(5) Common Coverages Endorsements (continued)~~

Endorsement Title	Endorsement Number
Specialty and Classic Auto—Massachusetts	CR 99-03-04-21
Split Liability Limits—Massachusetts	MM 99-18-09-98
Stated Amount Insurance—Massachusetts	MM 99-56-09-02
Underinsured Motorists Coverage—Massachusetts	MM 99-54-09-98
Uninsured Motorists Coverage—Massachusetts	MM 99-28-09-98
Vehicle Sharing Program Exclusion Endorsement	CR 99-05-02-22
Waiver of Deductible	MM 99-17-09-98

~~(6) Certifications~~

Form Title	Form Number
Non-Fleet Private Passenger Type	CR 00 02 01 21
Principal Place of Business	CR 00 01 08 18

B. Premium Reporting

1. General

Servicing Carriers shall statistically report premium on ceded policies in accordance with the reporting instructions contained in the Massachusetts Commercial Automobile Statistical Plan which is available on CAR’s website under the Manuals tab.

2. Reporting Policies with Non-Cedeable Limits or Coverages

For policies written with limits or coverages which exceed the cedeable limits or coverages identified in Section A. of this Chapter, a separate premium record must be reported to identify the portion of the premium applicable to the excess limits or coverage. This record must be reported with classification code 800000 (Non-Cedeable Limits) and a voluntary CAR Identification code. Refer to the Decision Table of the Massachusetts Commercial Automobile Statistical Plan for additional coding requirements for this classification code. The portion of the premium applicable to the cedeable limits or coverage must be reported on another record with a ceded CAR Identification Code in accordance with the statistical reporting requirements specified in the Massachusetts Commercial Automobile

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Statistical Plan. The Plan is available on CAR's website under the Manuals tab.

3. Monitoring the Reporting of Premium

Each policy with an active in-force cession is edited to ensure that positive policy premium has been reported. The Cession/No Premium Warning and Penalty screens on CAR's website under the Reports tab identify those policies for which either no premium exists or negative premium has been reported. The Cession/No Premium Penalty program and write-off procedure assure that premium for ceded policies is reported to CAR in a timely manner. For additional information, refer to Section C of this Chapter and CAR's Policy Edit Package which is available on CAR's website under the Manuals tab.

4. Mid-Term Cession of a Policy to CAR

A policy originally written as voluntary by a Servicing Carrier may be ceded to CAR subsequent to the policy effective date. The Servicing Carrier's responsibility for loss coverage will be relinquished as of the cession receipt date. However, the premium for the entire policy term is due CAR.

5. Mid-Term Removal of a Policy from CAR

After ceding a policy to CAR, a Servicing Carrier may decide to retain the policy as voluntary business. The policy may be removed from CAR mid-term by canceling the ceded policy via Transaction Code 13 (Cancellation of Policy Pro Rata or Short Rate) and re-writing a voluntary policy under a different policy number. For additional detail relative to the mid-term removal of a ceded policy, refer to Section C.3.b. of Chapter IV – Cession Rules and Procedures of this Manual.

C. Cession/No Premium and Net Negative Premium Error Screens and Penalty Procedures

To ensure that positive premium is reported for each policy that has an active in-force cession, CAR provides several online screens on its website. A policy that remains in an error status for a specified period of time will periodically be assessed a \$60 penalty and when premium reporting is closed out for a particular policy year, if the unreported premium condition still exists, the affected policy will be assessed a write-off penalty. A policy in error will initially be listed on the Cession/No Premium Warning screen and then, if uncorrected, will move to the Cession/No Premium Penalty screen. These screens and associated penalty and write-off procedures are described in further detail as follows:

July 18, 2025

Commercial Automobile Insurance Manual

Memorandum of Changes

The following amendments are proposed for Section II – Common Coverages and Rating Procedures to enhance consistency among Servicing Carrier procedures in the application of pollution liability coverage.

Section II – Common Coverages and Rating Procedures

Rule 46 – Pollution Liability

Language has been added to require pollution coverage when the MCS-90 endorsement is required.

Additional clarifications have been suggested to clarify FMCSA references.

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- B. Use the appropriate endorsement to remove without charge the exclusion relating to audio, visual and data electronic equipment when the policy insures:
1. police department automobiles,
 2. fire department automobiles,
 3. emergency automobiles owned by local, state, or federal governments or by volunteer fire departments, rescue squads or ambulance corps operations.
- C. In all other cases, coverage for loss of or damage to audio, visual and data electronic equipment is available if the equipment is permanently installed in the owned automobile.
- D. Refer to the Common Coverages rate pages in the Rate Section for premium development.

RULE 46. POLLUTION LIABILITY

- A. Coverage for bodily injury or property damage arising out of the discharge of pollutants that are being transported or towed by, loaded onto, or unloaded from or, with the exception of certain fuels, stored, disposed of, treated or processed in or upon a covered automobile is excluded under the Business Auto and Truckers Coverage Forms and the Massachusetts Garage Insurance Policy. Massachusetts Mandatory Endorsement MM 99 11 modifies this exclusion by applying the exclusion to damages payable for bodily injury or property damage that exceed limits of \$35,000 per person, \$80,000 per accident for Bodily Injury and \$5,000 for Property Damage.
- B. Pollution Liability – Broadened Coverage for Covered Automobiles

Business Auto and Truckers Coverage Forms and Massachusetts Garage Insurance Policies shall be endorsed at the option of the insured to delete that part of the pollution exclusion relating to the discharge of pollutants which are being transported or towed by, handled for movement into, onto, or from, the covered automobile, or otherwise in the course of transit by or on behalf of the insured. If the MCS-90 – Endorsement for Motor Carriers is required, then pollution liability coverage is required for those vehicles subject to the higher limits as required by the Motor Carrier Act.

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This extension of coverage does not apply to liability assumed under any contract or agreement. Attach endorsement MM 99 55 for Business Auto and Truckers Coverage Forms, and MM 25 96 for Massachusetts Garage Insurance Policies.

C. Classes of Pollutants

Pollutants that are contained in any property that is being transported or towed by, or handled for movement into, onto, or from, covered automobiles are classed as follows:

1. Property (Non-Hazardous)
2. Hazardous substances, hazardous materials and radioactive materials as defined in FMCSA Title 49 CFR Parts 171.8 and 173.403 and associated appendixes transported in cargo tanks, portable tanks, or hopper-type vehicles with capacities in excess of 3,500 water gallons; including:
 - a. ~~or in~~ bulk Class A or B explosives,
 - b. poison gas (Poison A),
 - c. liquefied compressed gas or compressed gas; or
 - d. highway route controlled radioactive/radionuclide materials as defined in 49 CFR 173.455.
3. Oil listed in FMCSA Title 49 Part CFR 172.101; and hazardous waste, hazardous materials and hazardous substances defined in FMCSA Title 49 Part CFR 171.8 and listed in Part 49 CFR 172.101, but not mentioned in Section C.2. or Section C.4. of this Rule.
4. Any quantity of Class A or B explosives; any quantity of poison gas (Poison A); or highway route controlled quantity radioactive/radionuclide materials as defined in FMCSA Title 49 Part CFR 173.403.

D. Premium Development

1. Business Auto or Truckers Coverage Forms

July 18, 2025

Manual of Administrative Procedures

Memorandum of Changes

The following amendment is proposed to Chapter III – Servicing Carrier Responsibilities

Chapter III – Servicing Carrier Responsibilities

An additional responsibility has been added to require access to the Federal Motor Carrier Safety Administration in order to file the appropriate forms of behalf of ceded risks.

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may potentially result in a large loss liability for the commercial residual market. These accidents include those with serious injuries (including, but not limited to, spinal injury, traumatic brain injury and amputation) and fatalities, and are not based upon a specific dollar amount threshold. Notification should be provided using the Large Loss Notification Form which is available on the Reports section of CAR's website, under the Servicing Carrier Profile link. A Help manual that provides detailed information relative to the Large Loss Notification Form and reporting application is also available. Only users associated with a commercial Servicing Carrier will be granted access to the Large Loss Notification Form and a valid user ID and password is required for access.

Additionally, to ensure that CAR's committees are advised of the circumstances surrounding large losses that may impact commercial deficit loss projections and that may potentially have an impact on a company's financial reporting requirements, several Large Loss Reports will be provided to CAR's Loss Reserving Committee on a quarterly basis. The reports provide historical large loss information by policy year for policies exceeding \$1 million in total losses including ALAE expenses. These reports will also be available to commercial companies on the Reports page of CAR's website, under the Deficit and Large Loss link. All users with a valid user ID and password are able to access the Large Loss Reports.

7. Claims Handling

The Commercial Claims Performance Standards provide the requirements for the handling and payment of claims by Servicing Carriers. During its investigation of a claim, the Servicing Carrier should record the use of the vehicle and driver of the vehicle at the time of the accident to validate the application of coverage and classification.

8. Federal Motor Carrier Safety Administration (FMCSA) Requirements

Servicing Carriers are required to maintain access with the FMCSA in order to file the appropriate insurance forms on behalf of their risks in a timely manner.

8.9. Additional Commercial Automobile Program and Performance Requirements

In addition to complying with the provisions of CAR's Rules of Operation, a Servicing Carrier is responsible for adhering to the following requirements:

- a. Administrative and Account Management Services



NATALIE A. HUBLEY
PRESIDENT

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RECORDS OF MEETING

AD HOC PRODUCER REASSIGNMENT COMMITTEE – AUGUST 20, 2025

Members Present

Mr. John Olivieri, Jr. – Chair	World Insurance Associates, LLC
Mr. Thomas DePaulo	Cabot Risk Strategies, LLC
Mr. William Hughes ⁽¹⁾	Arbella Insurance Group
Mr. Andrew Lajzer	Safety Insurance Company
Ms. Nicole Martorana	FBInsure
Ms. Sharon Murphy	Acadia Insurance Company
Ms. Allison Ratliff	MAPFRE U.S.A. Corporation
Mr. Barry Tagen	Pilgrim Insurance Company

Substituted for:

⁽¹⁾Mr. David Zawilinski

Not in Attendance:

N/A

25.04 Procedures to Mitigate Disruptive Impacts of ERP Reassignments

Mr. John Olivieri opened discussion noting that the formation of this Ad Hoc Committee is to proactively develop an alternative solution to how the redistribution process is managed in order to mitigate the disruptive impacts to ERPs. He noted that ongoing merger and acquisition activity makes it difficult to maintain a balance amount for each of the four Servicing Carriers. Committee members acknowledged that two potential options could alleviate the balancing challenge: an adjustment to the tolerance level or an alternative expense allowance allocation method. It was noted that the growing number of large agencies and aggregators can create an imbalance on an ongoing basis as well as with upcoming redistributions.

Committee members discussed the possibility of adjusting the tolerance for variance from 3% to 5% recognizing that it could decrease the frequency of redistributions but that it would have a significant impact on company revenue. Mr. Tagen indicated that all companies have fixed costs, so a higher tolerance level would be problematic in light of addressing those costs. The Committee discussed how the 3% threshold was developed originally and agreed that while it could mitigate the need for redistributions, the associated drawbacks might outweigh the benefits.

The Committee then contemplated whether an alternative expense allowance using a fixed percentage would be a solution as this would encourage Servicing Carriers to depopulate the residual market. Ms. Ratliff noted that depopulating the pool could be difficult depending on the carrier's book of

business by class type. She further explained that more expenses are tied to variable costs rather than fixed costs.

Mr. Barry Tagen proposed looking back at past discussion that modeled various iterations of a hybrid approach that combines a fixed allowance and percentage of premium allowance.

Ms. Natalie Hubley expanded on that suggestion and provided a description of previous analysis done on the hybrid model. She noted that the hybrid model would require the feedback of the Servicing Carriers quantifying their fixed costs associated with administering the program versus their variable costs. Ms. Sharon Murphy suggested that when looking at the prior models, it would be helpful to identify the impacts that would have resulted when prior imbalances triggered a redistribution. Ms. Nicole Martorana inquired whether review of methods used in other states to address merger and acquisition activity would be beneficial. Ms. Hubley noted that most states use an assigned risk model rather than an assigned agency system, but that staff would solicit information.

Accordingly, it was the consensus of the Committee to revisit the hybrid expense allowance concept by having staff develop data models and additional information on the application of the hybrid method. It was also suggested that CAR investigate the process that other states may employ. After reviewing that information, the Committee could then discuss potential changes to the redistribution process.

ADRIANNE DONOVAN
Residual Market Liaison

Boston, Massachusetts
September 11, 2025



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PRESIDENT

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RECORDS OF MEETING

BUDGET COMMITTEE – AUGUST 25, 2025

Members Present

Mr. John Olivieri, Jr. – Chair
Ms. Pamela Bodenstab-Krynicky
Ms. Sarah Clemens
Mr. Thomas DePaulo
Mr. William Hughes
Mr. Christopher Taylor
Ms. Meredith Woodcock

J.K. Olivieri Insurance Agency, Inc.
P L Krynicky Insurance Agency
MAPFRE U.S.A. Corporation
Cabot Risk Strategies, LLC
Arbella Insurance Group
The Hanover Insurance Company
Liberty Mutual Insurance Companies

Not in Attendance:
N/A

24.01 Records of Previous Meeting

The Committee voted unanimously to approve the Records of the Budget Committee meeting of September 5, 2024. The Records have been distributed and are on file.

25.04 Fiscal Year 2026 Budget and Business Plan

Ms. Natalie Hubley reviewed highlights of CAR's proposed fiscal year 2026 (FY26) business plan which describes the organization's operational objectives. She advised that the objectives are targeted toward enhancements in support of the private passenger residual market, continued momentum to improve commercial results, as well as the improved efficiency in the delivery of services to CAR's various business partners.

Mr. Steven Gautieri advised that CAR management is requesting a FY26 budget allocation of \$9,924,000, level-funding the approved FY25 allocation. He noted that staff expects to close FY25 \$66,800 under budget and that the proposal recommends the surplus be allocated to fund CAR pension expenses, consistent with the strategy adopted in 2013.

Mr. Gautieri presented a detailed review of the proposed FY26 budget, providing explanations and rationale of variances between FY25 and FY26. Staff advised the Committee that this budget supports management's gradual implementation of strategic succession planning objectives and long range IT plans.

After discussion, the Committee unanimously voted to recommend to the Governing Committee approval of the FY26 administrative expense budget and business plan as proposed.

KATY PROCTOR
Financial Services Specialist

Boston, Massachusetts
September 3, 2025