



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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TRANSCRIPT OF GOVERNING COMMITTEE MEETING

A meeting of the Governing Committee was held in the Training Room at 101 Arch Street, 2nd Floor Lobby, Boston, on

TUESDAY, APRIL 14, 2026, AT 10:30 A.M.

Committee Members present –

Mr. William Hughes – Chair
Arbella Insurance Group

Mr. Kyle Austin	Austin Insurance Agency
Ms. Pamela Bodenstab-Krynicky	P L Krynicky Insurance Agency
Mr. Kevin Costigan	GEICO
Mr. Thomas DePaulo	Cabot Risk Strategies, LLC
Ms. Jean Houghton	Norfolk and Dedham Group
Ms. Ida Denard Jones	Denard Insurance Agency, Inc.
Ms. Nicole Martorana	FBInsure, LLC
Ms. Mary McConnell	Safety Insurance Company
Mr. John Olivieri, Jr.	World Insurance Associates, LLC
Mr. Christopher Taylor	The Hanover Insurance Company
Ms. Meredith Woodcock	Liberty Mutual Insurance Companies

Substituted for:

N/A

Not in Attendance:

Ms. Sarah Clemens, MAPFRE U.S.A. Corporation

PROCEEDINGS

(Meeting began at 10:30 a.m.)

Mr. Hughes: Good morning, everybody. I'll call the meeting of April 14th of the Governing Committee. First, I want to welcome our newest member of the Governing Committee, Kyle Austin.

Mr. Austin: Thank you.

Mr. Hughes: Welcome.

Mr. Austin: Thank you.

26.01 Transcript of Previous Meeting

Mr. Hughes: Next on the agenda, we need a motion to approve the transcript of the meeting of February 10th.

Mr. DePaulo: So moved.

Mr. Hughes: Thank you. Can I get a second?

Ms. McConnell: Second.

Mr. Hughes: Thank you. Any questions or concerns about the transcript? All in favor?

All Committee Members: Aye.

Mr. Hughes: Any opposed? Hearing none, it passes.

26.04 President's Report

Mr. Hughes: I will turn it over to Natalie for the President's Report.

Ms. Hubley: Thank you. I just have a couple of items for you today. CAR's MAIP rate filing was placed on file on March 16th of this year with an effective date of July 1, 2026. This filing was made January 16th and was approved on March 16th, which is a very good result for us. We're very pleased with the efficiency of the review and the prompt approval to place that on file by the Division. Good news for CAR.

We have several commercial filings in process. Actually, the first one to report on has been placed on file. We filed the On-Hook Coverage endorsements and the Pollution Coverage Standards. Those were placed on file March 31st. We made our final 1/1/27 filing on March 31st. That is currently under review. This filing addresses all the final form changes for the new forms effective 1/1/27 and any needed miscellaneous rates and

rating factors. Finally, we're in the process now of reviewing the annual indications for rate need. We expect to make a filing for a March 1, 2027 effective date.

Finally, CAR's annual LADA review process is underway now. The procedures for this were codified in the ARC Procedures Manual last year. CAR has confirmed the continued status of all current LADA arrangements. The two carriers with 5% market share waivers, Liberty and Travelers, have requested that their waivers be continued. On April 1st, CAR staff forwarded information to the Division of Insurance to assist in the consideration of those market share waivers including a quota share report dated March 25th and a corresponding LADA limitation report. We're currently awaiting the Commissioner's decision on those waivers. Should the Commissioner decide that one or both agreements would be revoked, then the carriers would be required to take assignments directly for policies effective 1/1/27. So, we await word there.

That would conclude my report. I'd be happy to take any questions.

Mr. Hughes:

Thanks, Natalie.

26.05 Counsel's Report

Mr. Hughes:

Steve, you'll be providing the update for counsel.

Mr. Torres:

Yes, thanks. Good morning, everyone. Just one item on counsel's report today and it is not an action item.

We've previously reported on the long-pending challenge by Point Insurance Agency of the termination by Arbella in which we've previously referred to as the Point II appeal. After the hearing officer at the Division affirmed the decisions issued by the Market Review Committee and the Governing Committee Review Panel and denied Point's request to overturn the termination by Arbella, Point appealed that decision in Suffolk Superior Court. Point, CAR and Arbella negotiated the terms of a standstill agreement and schedule for the parties to brief and argue Point's request that the termination be stayed during the appeal.

Point's motion seeking to stay the termination during the appeal was briefed last summer and was scheduled for a hearing in September but, the day before the hearing, the clerk advised the parties that the judge assigned to the case had recused himself due to his prior work with Arbella. It was rescheduled for February 23rd but then cancelled when the blizzard hit the day before. So, we're working on a new date for that. But in the meantime, the parties are in the process of briefing the appeal and the issue-in-chief with Point's motion for judgment on the pleading served recently and the responding briefs from Arbella, CAR and the Division are due on April 21st.

Unless there are any questions, that would conclude Counsel's Report.

Mr. Hughes: Any questions? Thank you, Steve.

26.07 Compliance and Operations Committee

Mr. Hughes: Next up is the Compliance and Operations Committee. Wendy Browne will report on the meeting of March 25th.

Ms. Browne: Good morning. I'll be reporting on the items discussed by the Compliance and Operations Committee on March 25th. There are two action items for your consideration. Under the Compliance Audit Program, the committee was provided with the results of the Hybrid Audit for Green Mountain Insurance Company. The scope included approximately \$800,000 in written premium and \$1.2 million in paid losses and expenses. The committee was informed that Green Mountain's error rates were better than the industry with only four recurring premium-related issues and two recurring claims-related issues. Additionally, the company was found to be compliant with the Claims Performance Standards and the required Rule 32 C.2. SIU audit of Garaging and Policy Facts. However, it was not found compliant with the SIU evaluation. Rather, Green Mountain was determined non-compliant as it did not meet the minimum threshold for referrals for SIU.

While non-compliance with the statutory requirements for the SIU component of the audit would normally result in a future focus audit, Green Mountain is now a member of the Auto Owners Group and has recently transitioned to a new system. Therefore, CAR recommended that the committee accept the results with an understanding the Auto Owners Group would undergo another Hybrid Audit which would also include retesting of the SIU program. That audit will occur after a full year of statistical data has been reported.

The committee unanimously voted, with one recusal, to accept the report with no further auditing and assessed a green-light value with the understanding that after a full year of reporting, another Hybrid Audit, including the SIU component, would be performed.

The committee next moved on to the HAP Traffic Light Assessment Rating, which we had briefly reported last month on the tiered penalty assessment. The committee was advised that the current Hybrid Audit Program directs that non-compliant companies be assessed the Late and Unacceptable Shipment penalties defined in the Stat Plan. However, at the last meeting, the committee approved, in concept, staff's recommendation to introduce a second-tier non-compliance penalty to address error conditions that have less significant impacts. Staff reviewed the proposed amendments to the Assigned Risk Company Procedures Manual that introduced a flat \$1,000 penalty per submission for those companies with non-compliance issues with limited impact to quota share or rate making data quality.

The committee voted unanimously to adopt the additional penalty proposal and recommend approval by the Governing Committee of the modifications to Chapter XI – Compliance Audit of the Assigned Risk Company Procedures Manual. This is an action item for your consideration, and the proposed amendments can be found in your agenda under Docket #GC26.07, Exhibit #2, Pages 4 and 5. I would take any questions if anyone has any.

Mr. Hughes: Thank you, Wendy. I'll ask for a motion to approve the modifications to Chapter XI of the Assigned Risk Company Procedures Manual to codify the tiered penalty assessment procedures.

Ms. McConnell: So moved.

Mr. Hughes: Thank you.

Ms. Houghton: Second.

Mr. Hughes: Thank you. Any questions or comments before we take a vote? Hearing none, all in favor?

All Committee Members: Aye.

Mr. Hughes: Any opposed? Hearing none the motion passes.

Ms. Browne: Excellent. Next, Proposed Revisions to the Commercial Statistical Plan for On-Hook Coverage Codes. Proposed modifications to the Commercial Stat Plan were reviewed by the committee including the addition of instructions for non-owned risks that qualify as both an auto service operation and a partnership LLC, the deletion of an obsolete class code and the addition of a new coverage code for on-hook collision coverage. Previously, one had been introduced for OTC coverage. Reporting of the coverage code is optional for June 1, 2026 voluntary policies and mandatory for all voluntary and ceded January 1, 2027 policies. The other two proposed changes are effective with January 1, 2027 as well.

The committee voted unanimously to recommend to the Governing Committee approval of the proposed changes to the Commercial Statistical Plan to include new and updated statistical coding for non-owned and on-hook coverages. This is an action item for your consideration. The proposed amendments can be found in your agenda under Docket #GC26.07, Exhibit #2, Pages 6 through 9.

Mr. Hughes: Any questions for Wendy before we take a motion? I'll ask for a motion to approve the proposed changes to the Commercial Statistical Plan to include new and updated statistical coding for non-owned and on-hook coverages.

Ms. Woodcock: So moved.

Ms. McConnell: Second.

Mr. Hughes: Thank you. Any questions or discussion points prior to our vote? Hearing none, all in favor?

All Committee Members: Aye.

Mr. Hughes: Any opposed? Hearing none, the motion passes.

Ms. Browne: Thank you. That would conclude my report.

Mr. Hughes: Thank you.

26.10 Ad Hoc Producer Reassignment Committee

Mr. Hughes: Next up, John Olivieri will report on the Ad Hoc Producer Reassignment Committee meeting of February 12th.

Mr. Olivieri: Way back in February, right? The ad hoc committee last met on February 12th. At that meeting, CAR staff presented an exhibit demonstrating how CAR Rules have been applied to address recent agency mergers and acquisitions and illustrated the impact of that activity on the distribution of ceded books of business. Examples of where CAR uses discretion in the reassignment process were also outlined for the committee. Staff also presented exhibits to illustrate how the allocation of expense allowances would have been impacted if a hybrid approach had been in place at the time of previous commercial ERP redistributions.

Subsequent discussion ensued where committee members expressed their thoughts regarding historic outcomes of the current Rules and its effect on carriers along with providing guidance to staff about the additional information they would like to see in regard to the suggested alternative methods presented. The details of the discussion are included in the minutes which have been distributed and have been posted online.

Any changes would likely be implemented with the appointment term beginning January 2032. In addition, committee members asked staff to track certain information prospectively regarding underwriting and depopulation efforts along with accumulating information regarding the impact of reassignments resulting from agency mergers and acquisitions. Finally, staff was asked to solicit additional information from Servicing Carriers regarding the hybrid expense allocation methodology and the potential for an increased tolerance for variance of the premium distribution.

Our next meeting is scheduled for the end of May.

Mr. Hughes: Thank you, John. Any questions?

26.11 MAIP Steering Committee

Mr. Hughes: Next up is the report from Barry Tagen on the meeting of February 18th of the MAIP Steering Committee.

Mr. Tagen: Good morning, Mr. Chairman, members of the committee. I will be reporting on the discussions that took place at the February 18, 2026 MAIP Steering Committee meeting. There were four agenda items and there will be one action item for your consideration.

The first agenda item was the Electronic MAIP Stamp. The committee was provided with some background information relative to MAIP e-stamp usage and the volume of wet stamp requests in 2025 so that it could discuss whether continued use of the wet stamp is appropriate or pursue a gradual elimination of this option. The committee agreed that most Assigned Risk Producers utilize the MAIP e-stamp but there are occasions when the wet MAIP stamp is necessary, particularly when a dealer may not participate in the Drive Program or when vehicles are purchased out of state. Because of these reasons and the nominal expenses related to providing new wet stamps, it was the consensus of the committee to keep the option of the MAIP wet stamp and associated provisions in place.

The second agenda item was Electronic Signature. The committee was informed that CAR has received a number of requests from Assigned Risk Producers to require that the Assigned Risk Companies accept the electronic signatures on the MAIP application and other required documents. Noting that the use of electronic signature is common practice, the committee decided to draft amended rules and procedures for consideration at the next meeting.

The next agenda item was Premium Finance Agreement. The committee was advised that an Assigned Risk Company had requested a review of the procedures and requirements outlined in Rule 31 – Assigned Risk Producers Requirements relating to the producer's obligation to submit premium finance agreements to the Assigned Risk Company on a timely basis. The committee was informed that there are a fair number of producers that do not submit the finance agreement, which makes it difficult for the company to correctly return premium in instances where midterm changes or cancellations require such action. Furthermore, there are no current consequences for repeated failures by the producer to produce the agreement. The committee agreed that this scenario is not uncommon and supported adding the requirement that that documentation accompany the application and the requirement to do so within two business days.

After additional discussion, the committee directed staff to draft applicable rule and procedure manual language for consideration at the next meeting. The committee also agreed to separate the issue of non-compliance procedures for a broader discussion at a future meeting.

The final agenda items was 940 CMR 38.00 Unfair and Deceptive Fees. The committee was provided with a status update on the actions taken to

date relative to compliance with the new regulation which included committee approval of rule changes for both carriers and producers to require that the disclosure of all fees be compliant with all statutes and regulations. Furthermore, language has been added to the MAIP application addressing the Negative Option Fee and the updated application has been placed on file by the Division.

The committee reviewed draft updates to the Assigned Risk Company Procedures Manual to indicate that the Assigned Risk Company should utilize the same policyholder notice for MAIP policies that are on file for voluntary business.

The committee unanimously voted to recommend to the Governing Committee approval of the proposed amendments to Chapter III of the Assigned Risk Company Procedures Manual. These proposed changes can be found in the agenda under Docket #GC26.11, Exhibit #1, Pages 4 through 6. This is an action item for your consideration.

Mr. Hughes: Thanks, Barry. So, I'll ask for a motion to approve the proposed amendments to Chapter III of the Assigned Risk Company Procedures Manual to clarify requirements with respect to policy forms and policyholder notices.

Mr. Taylor: So moved.

Mr. Hughes: Thank you.

Ms. Woodcock: Second.

Mr. Hughes: Thank you. Are there any questions or discussion prior to our vote? Hearing none, all in favor?

All Committee Members: Aye.

Mr. Hughes: Any opposed? Hearing none, the motion passes.

Mr. Tagen: Unless there are any questions, that would conclude my report.

Mr. Hughes: Thank you, Barry.

26.12 Commercial Automobile Committee

Mr. Hughes: Next on our agenda, Thom DePaulo will report on the Commercial Auto Committee meeting of February 19th.

Mr. DePaulo: Thank you, Mr. Chairman. Good morning, everybody. I will be reporting on the Commercial Auto Committee meeting of February 19th. There are four agenda items from this meeting and there will be three action items for your consideration.

The first agenda item would be the adoption of Non-Fleet PPT Certification for Other Classes. The committee met to discuss the potential expansion of the certification form to other classes including fleet PPT risks and certain TTT risks. The committee recognized that business owners often title and register vehicles for reasons that are not related to insurance. The committee discussed a number of related issues including CAR's authority to oversee vehicle ownership, CAR's ability to require that vehicles be retitled and reregistered and the option of implementing a limitation on the percentage of personal usage and the possibility of developing an operator exclusion form for family members.

Committee members commented on the difficulties of policing business use of automobiles owned by legitimate businesses as well as the fact that, because the loss experience will be captured in the rating process, poor experience will negatively impact the entire fleet. The committee also agreed that examples that have been cited reflect extreme situations rather than the norm and that Servicing Carriers have tightened their underwriting practices to ensure that only legitimate businesses are able to access the residual market. Based on all these reasons, the committee agreed to make no changes to the non-fleet PPT certification procedures.

The next agenda item, which is informational only as well is Operations and Locations Not Covered Endorsement. The 2027 version of the Commercial Auto Insurance Manual was amended to add Rule 91 to address the general liability exclusionary endorsements that must be attached to the Auto Dealers Policy. Included in this rule is the Locations and Operations Not Covered Endorsement. Concern was raised that the mandatory endorsement might invalidate coverage for all locations if nothing is indicated on the endorsement schedule.

In order to avoid unintended consequences of listing "none" on the schedule, the committee agreed that the rule should not be modified to indicate that the endorsement be attached only if certain locations or operations are to be excluded. I'm sorry, I read that wrong. The rule should be modified to indicate that the endorsement be attached only if certain locations or operations are to be excluded.

The next agenda item, which there will be an action item for your consideration, is Taxis, Limos and CAR Service Underwriting Inspection Form Modifications. The committee reviewed proposed changes to the inspection form in response to feedback provided by the Servicing Carriers from the 2024 annual report which included a vehicle use chart to capture a percentage of operations, a new additional vehicles form to handle the instances where not all vehicles are available for inspection at the same time, and some reorganization of the questions on the form. The committee then reviewed proposed amendments to Chapter III of the Manual of Administrative Procedures which included references to the additional vehicles form.

The committee voted unanimously to accept the proposed modifications to the taxi, limousine and car service inspection form including the introduction of the additional vehicles form and to recommend approval

to the Governing Committee of the proposed amendments to Chapter III – Servicing Carrier Responsibilities of the Manual of Administrative Procedures. This is an action item for your consideration. The updated forms and the manual changes can be found in the agenda under Docket #GC26.12, Exhibit #1, Pages 7 to 14.

Mr. Hughes: Thank you, Thom. I'll ask for a motion to approve the proposed modifications to the taxi, limo and car service underwriting inspection form and corresponding changes to Chapter III of the Manual of Administrative Procedures.

Ms. McConnell: So moved.

Mr. Hughes: Thank you

Mr. Costigan: Second

Mr. Hughes: Thank you. Any questions or discussion before we vote? Hearing none, all in favor?

All Committee Members: Aye.

Mr. Hughes: Any opposed? Hearing none, motion passes.

Mr. DePaulo: Thank you. The last agenda item – and they'll be two action items in this agenda – is 940 CMR 38.00 Unfair and Deceptive Fees. The committee was informed that the amendments to Rule 14 and 31 relative to the requirements that producers comply with all laws and regulations with respect to the disclosure of fees have been approved by the Division of Insurance. Furthermore, the corresponding changes to company requirements have been approved by the Governing Committee in February and were under review by the Division. Since then, CAR has modified the MAIP policy application to include language detailing the Negative Option Feature and language was added to the procedures manual to indicate that policyholder notices approved for use in the voluntary market should be used by residual market policies.

On the commercial side, similar modifications were made to the taxi, limousine and car service application located in the Manual of Administrative Procedures. Furthermore, additional amendments were proposed to replace social security numbers with license or permit numbers and to update the references to the statutory minimum limits. Company committee members indicated that their legal departments had advised that the regulation relative to unfair and deceptive fees does not apply to the commercial business.

Accordingly, the committee voted unanimously to accept the proposed changes to the application excluding the language related to the Negative Option Feature. The updated pages can be found in the agenda under Docket #GC26.12, Exhibit #1, Pages 15 through 20. This is an action item for your consideration.

Mr. Hughes: I'll ask for a motion to approve the proposed changes to the Taxi, Limo and Car Service Application.

Ms. Woodcock: So moved.

Mr. Hughes: Thank you.

Mr. Taylor: Second.

Mr. Hughes: Thank you. Is there any discussion or questions before we vote? Hearing none, all in favor?

All Committee Members: Aye.

Mr. Hughes: Any opposed? Hearing none, motion passes.

Mr. DePaulo: Thank you. Lastly under this agenda item, the committee next considered changes to Chapter III – Servicing Carrier Responsibilities of the Manual of Administrative Procedures to remove exhibits containing the Supplemental Application and Addendums as those are located on CAR's website and to add language to instruct the Servicing Carriers to use the same form for ceded policies as those filed by CAR and approved by the Division and that the policyholder notice on file for voluntary business addressing Negative Option Feature requirements be used for ceded policies as well.

After some discussion, the committee voted unanimously to recommend to the Governing Committee approval of the proposed changes to Chapter III – Servicing Carrier Responsibilities of the Manual of Administrative Procedures with the exception of the language pertaining to Negative Option Feature. These updates can be found in the agenda under Docket #GC26.12, Exhibit #1, Pages 21 through 25. This is an action item for your consideration.

Mr. Hughes: Thank you, Thom. I'll ask for a motion to approve the proposed amendments to Chapter III of the Manual of Administrative Procedures to instruct carriers regarding the use of CAR forms.

Ms. McConnell: So moved.

Mr. Hughes: Thank you.

Ms. Woodcock: Second.

Mr. Hughes: Thank you. Any questions or discussion before we vote? Hearing none, I'll ask for a vote. All in favor?

All Committee Members: Aye.

Mr. Hughes: Any opposed? Hearing none, motion passes. Thank you, Thom.

Mr. DePaulo: Thank you. If there are no questions, that would conclude my report.

26.13 Loss Reserving Committee

Mr. Hughes: Next on our agenda, Tim Galligan will report on the meeting of March 4th of the Loss Reserving Committee.

Mr. Galligan: Good morning, members of the committee. I am reporting on the March 4th Loss Reserving Committee meeting. The Summary of that meeting was attached to your agenda with docket designation GC26.13, Exhibit #1. The records have been distributed and are available on CAR's website.

First, the committee discussed data quality issues that included data adjustments, policies in excess of their limits and large loss data. For the large losses, there were ten new claims with losses greater than \$1.0 million. All of these carried \$1.0 million CSL coverage with three dropping off this report after going below that threshold.

In total, for all years, there are 152 claims with losses greater than \$1.0 million with current total losses of approximately \$242.8 million. This represents a \$6.4 million increase over the prior quarter due primarily to these new claims.

Also, each quarter we incorporate relative accident loss estimates reported to us from the Large Loss Notification Form with 15 new claims reported using this new application. Additional details are included in the Executive Summary.

Next, the committee set commercial loss reserves and ultimate deficits using data statistically reported through December 2025. Highlighting these three years, the committee estimated a policy year 2023 surplus of \$3.3 million. This represents a \$1.8 million improvement from the prior quarter.

The policy year 2024 deficit of \$10.4 million resulted in a \$1.6 million improvement from the prior quarter.

The policy year 2025 estimate was for a surplus of \$4.3 million. That's a \$5.5 million improvement from the prior quarter.

Also of note, the policy year 2022 deficit improved by about \$1.0 million since the last valuation.

Finally, the next meeting is scheduled for June 3rd to make projections using data reported through March 2026. That concludes my report and I'd be happy to take any questions.

Mr. Hughes: Thank you, Tim.

Mr. Galligan: Thank you.

Other Business

Mr. Hughes: Next up, is there any other business to come before the Governing Committee? Hearing none, I'll ask if there's any need to go into Executive Session.

I'll ask for a motion to adjourn the meeting.

Mr. DePaulo: So moved.

Mr. Taylor: Second.

Mr. Hughes: Thank you. All in favor of adjourning?

All Committee Members: Aye.

Mr. Hughes: Any opposed? Meeting is adjourned.

(Meeting ended at 10:58 a.m.)

NATALIE HUBLEY
President

Note: This Transcript has not been approved. It will be considered for approval at the next meeting of the Governing Committee.

Attachment

Boston, Massachusetts
April 24, 2026

The above proceedings have been transcribed in accordance with CAR's guidelines for producing quality transcripts, which provide for the elimination of insignificant material that does not alter the substance of the Committee's discussions, such as sidebar comments, the use of verbal fillers (i.e., uhm's and ah's), and commentary (i.e., "laughter" and "coughing").

ATTACHMENT LISTING

Docket #GC26.02, Exhibit #2

Attendance Listing

**GOVERNING COMMITTEE MEETING
 SIGN-IN SHEET
 APRIL 14, 2026**

Individual's Name	Company / Agency
PLEASE PRINT	
<i>Thomas Paul</i>	CABOT Risk Strategus
Mary McConnell	Safety Insurance
Iola Denard Jones	Denard Insurance Agency Inc
Nicole Maturana	FBinsure
<i>Jean Hughton</i>	N/A
Kyle Austin	Austin Ins. Agency
CHRIS TAYLOR	HANOVER
Meredith Woodcole	Liberty Mutual
Ben Hincks	TSHD - CAR Counsel
Steve Tarves	" "
PAM BODENSTAD-KRYNICKI	P.L. KRYNICKI
Natalie Hubble	CAR
Bill Hughes	ARBELLA
M. John Olineri	AGENT
Kevin Costigan	GEICO
Regina Nagle	CAR

