



NATALIE A. HUBLEY  
PRESIDENT

## COMMONWEALTH AUTOMOBILE REINSURERS

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

### NOTICE OF MEETING

#### MAIP STEERING COMMITTEE

A meeting of the MAIP Steering Committee will be held virtually via Zoom video conferencing software on

**WEDNESDAY, AUGUST 14, 2024, AT 10:00 A.M.**

If you plan to attend this meeting and are not a member of this Committee, please RSVP by completing the Visitor Security Form located in the Contact Us/Visitor Information section of CAR's website. CAR will then forward to you, via email, meeting access information. Please do not share access information provided by CAR, but refer others wishing to attend the meeting to CAR's Visitor Security Form.

#### MEMBERS OF THE COMMITTEE

Mr. Barry Tagen – Chair  
Pilgrim Insurance Company

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

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

### AGENDA

#### MSC

##### 24.01 Records of Previous Meeting

The Records of the MAIP Steering Committee meeting of May 30, 2024, should be read and approved.

**MSC**

**24.03 CAR Conflict of Interest Policy**

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

**MSC**

**22.08 MAIP Physical Damage Maximum Loss Payable**

The Committee will be provided with a status of the review of CAR's rate/rule/form filing by the Division of Insurance. Also, as Assigned Risk Companies prepare to implement the manual rates, rules, and forms associated with the maximum limit of loss, staff has received several procedural questions. Notably, a question was raised regarding the need to attach the endorsement to policies that do not include physical damage coverage. The Committee should be prepared to discuss this issue and potential related amendments to the filing. A copy of the endorsement form is attached for the Committee's reference (Docket #MSC22.08, Exhibit #5).

A summary of other procedural questions raised will be distributed as additional information.

**MSC**

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

At its last meeting, the Committee approved amended language to Rule 30 – Assigned Risk Company Requirements of the Rules of Operation Section C.1.c. that would reduce the number of days from 90 to 60 in which an ARC must notify the producer of record of its intent to make a voluntary offer to a MAIP insured.

However, Rule 30.C.1.c. also provides for the possibility that the producer may obtain other "replacement coverage" in the voluntary market during the 45-day period prior to the ARC's notification of the policyholder. As that 45-day "pre-notification" period includes the proposed 30 days that the amended Rule would eliminate, an inconsistency in the suggested Rule change would exist.

Due to the conflict the revision would create in the Rule language, the proposed amendment filed with the Commissioner of Insurance was withdrawn and is referred back to the Committee for further consideration. To assist the Committee in its discussion, draft language has been added to the Rule to ensure consistency with the original proposal (Docket #MSC24.04, Exhibit #2).

**MSC**

**24.05 Residual Market Private Passenger Volume**

At its last meeting the Committee discussed the continued increase in MAIP assignment volume and reviewed information on MAIP assignment and exposure volumes, residual market share, and retention rate statistics. Updated exhibits highlighting current volumes and trends are attached (Docket #MSC24.05, Exhibits #6, #7, #8 and #9). The Committee requested further analysis of agency assignment data which will be distributed as additional information prior to the meeting.

**MSC**

**24.06 Rule 28 – Application Process – Installment Plan**

At the April 9, 2024 Market Review Committee (MRC) meeting, a request for review was heard from an Assigned Risk Producer (ARP) involving an Assigned Risk Company's (ARC) practice of demanding payment in full of the remaining policy premium balance upon issuance of the third cancellation notice. The issue was further considered by the Governing Committee Review Panel (GCRP) on April 30, 2024.

Both committees noted that some uncertainty exists under the current Rule and applicable regulations with respect to the remedies available to ARCs when installment payments are late. The Market Review Chair requested that this matter be directed to the MAIP Steering Committee for discussion and possible clarification of Rule 28.C.2. of CAR's Rules of Operation - Premium Deposit and Payment Options - Installment Plan to ensure consistent procedures for all ARCs. Attached for the Committee's reference is the current Rule of Operation and the records of the MRC and GCRP meetings (Docket #MSC24.06, Exhibits #1, #2, and #3).

**Other Business**

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

**Executive Session**

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

ADRIANNE DONOVAN  
Residual Market Services Liaison

**Attachments**

Boston, Massachusetts  
August 2, 2024

**MASSACHUSETTS ENDORSEMENT – MP-0004  
COVERAGE FOR DAMAGE TO YOUR AUTO  
(\$175,000 MAXIMUM LIMIT OF LOSS)**

This endorsement includes changes that affect your auto insurance. Please read this endorsement carefully to see how it affects your policy.

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**Part 7 Collision**

**Part 8 Limited Collision**

**Part 9 Comprehensive**

Coverage provided under Collision, Limited Collision, and Comprehensive, is changed by the following:

The most we will pay will be the lesser of:

- the actual cash value of the stolen or damaged auto at the time of the loss,
- the cost to repair the auto or any of its parts, or
- \$175,000

In all cases we will subtract the deductible amount shown on the Coverage Selections Page.

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**General Provisions and Exclusions:**

**12. Sales Tax**

The sales tax provision is changed by adding the following:

Any payment for applicable sales tax will be subject to the \$175,000 maximum limit of loss and subject to your deductible.

**13. Secured Lenders**

Replace the first paragraph with the following paragraph:

When your Coverage Selections Page shows that a lender has a secured interest in **your auto**, we will make payments under Collision, Limited Collision and Comprehensive (Parts 7,8, and 9) according to the legal interests of each party, subject to the \$175,000 maximum limit of loss.

August 1, 2024

## **CAR Rules of Operation**

### **Memorandum of Changes**

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

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

Language has been updated to reflect that:

- The producer be notified no less than 60 days prior to the policy expiration date
- The addition of electronic notification as an option for communication to both the producer and the policyholder
- The producer has a 15-day advance notice period to obtain replacement coverage prior to policyholder notification.

<b>CAR</b> <b>Rule 30</b> <b>Revision Date</b> <b>Page</b>	<b>Rules of Operation</b> <b>Assigned Risk Company Requirements</b> <b><u>2020.07.20 Draft 2024.08.14</u></b> <b>6 of 9</b>
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- (7) Failure to report all coverages bound within two business days of the effective date of coverage;
- (8) Failure to comply with reasonable procedures as required by the MAIP for processing claims, remitting premiums and requesting coverages;
- (9) Failure to adhere to a directive issued by the Commissioner relative to the charging of service fees;
- (10) Failure to provide a reasonable and good faith effort to verify the information provided by the applicant, including rating and licensing data;
- (11) Failure to comply with applicable agency requirements and procedures, as prescribed in the MAIP Rules of Operation; and
- (12) Failure to comply with all of the provisions of the Rules of Operation and Assigned Risk Producer Procedures Manual and the Assigned Risk Company Procedures Manual.

6. Reporting Requirements

On a monthly basis, ARCs must report all premiums written, and any other information that may be required by the Plan, Rules or Assigned Risk Company Procedures Manual.

7. Continuation of Eligibility as an ARC

An ARC must maintain a viable book of voluntarily written private passenger motor vehicle insurance policies. The Commissioner may terminate any ARC if disruptive reductions in voluntarily issued motor vehicle policies are found to be in violation of this Section.

**C. Procedures for Voluntary Writing of Risks from the MAIP**

1. Voluntary Writing by an ARC of its Own Policyholder Insured through the MAIP.

a. Eligibility

A risk is eligible if it is currently insured through the MAIP.

<b>CAR</b> <b>Rule 30</b> <b>Revision Date</b> <b>Page</b>	<b>Rules of Operation</b> <b>Assigned Risk Company Requirements</b> <b><u>2020.07.20 Draft 2024.08.14</u></b> <b>7 of 9</b>
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b. Offer to Write

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

c. Notification to the Producer of Record

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

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

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

d. ARC Obligations to the Producer of Record

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

### Assignment Summary By Assignment Month (Through July, 2024)

	2019	2020	2021	2022	2023	2024	Pre-Covid Comparison				
	Assignment	Assignment	Assignment	Assignment	Assignment	Assignment					
<u>Date</u>	<u>Count</u>	<u>Count</u>	<u>Count</u>	<u>Exp*</u>	<u>Count</u>	<u>Count</u>	<u>22/21</u>	<u>23/22</u>	<u>24/23</u>	<u>23/19</u>	<u>24/19</u>
Jan	2,563	1,970	909	760	2,165	6,861	-16.4%	184.9%	216.9%	-15.5%	167.7%
Feb	2,617	2,029	800	783	2,275	7,890	-2.1%	190.5%	246.8%	-13.1%	201.5%
Mar	3,199	1,888	1,424	1,163	3,281	8,489	-18.3%	182.1%	158.7%	2.6%	165.4%
Apr	2,934	1,090	1,215	1,086	3,012	8,164	-10.6%	177.3%	171.0%	2.7%	178.3%
May	2,659	1,896	1,091	1,179	3,238	6,810	8.1%	174.6%	110.3%	21.8%	156.1%
Jun	2,349	1,725	1,210	1,273	3,611	5,907	5.2%	183.7%	63.6%	53.7%	151.5%
Jul	2,197	1,497	1,082	1,289	3,771	6,424	19.1%	192.6%	70.4%	71.6%	192.4%
Aug	2,303	1,441	1,055	1,533	4,805		45.3%	213.4%		108.6%	
Sep	2,154	1,337	944	1,519	5,171		60.9%	240.4%		140.1%	
Oct	2,171	1,201	940	1,604	5,605		70.6%	249.4%		158.2%	
Nov	1,800	879	849	1,660	5,792		95.5%	248.9%		221.8%	
Dec	1,667	864	802	1,848	5,907		130.4%	219.6%		254.3%	
Total YTD	28,613	17,817	12,321	15,697	48,633	50,545	27.4%	209.8%		70.0%	
Avg Mo	2,384	1,485	1,027	1,308	4,053	7,221					



**MAIP Assigned (CAR ID 9) Statistically Reported Exposures By Effective Month @ May, 2024**  
Includes New and Renewal Business

<u>Date</u>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	% Difference					Pre-Covid Comparison	
	<b>ID 9</b>	<b>ID 9</b>	<b>ID 9</b>	<b>ID 9</b>	<b>ID 9</b>	<b>ID 9</b>	<u>20 / 19</u>	<u>21 / 20</u>	<u>22 / 21</u>	<u>23 / 22</u>	<u>24 / 23</u>	<u>23 / 19</u>	<u>24 / 19</u>
	<u>Exp</u>	<u>Exp</u>	<u>Exp</u>	<u>Exp</u>	<u>Exp</u>	<u>Exp*</u>							
Jan	3,867	3,239	2,063	1,385	2,345	7,717	-16%	-36.3%	-32.9%	69.3%	229.2%	-39.4%	99.6%
Feb	3,938	3,157	1,782	1,286	2,398	8,819	-20%	-43.6%	-27.8%	86.4%	267.8%	-39.1%	123.9%
Mar	4,677	3,383	2,473	1,764	3,430	9,962	-27.7%	-26.9%	-28.7%	94.4%	190.5%	-26.7%	113.0%
Apr	4,258	2,538	1,827	1,437	3,150	10,063	-40.4%	-28.0%	-21.3%	119.1%	219.5%	-26.0%	136.3%
May	3,948	3,043	1,952	1,624	3,432	7,973	-22.9%	-35.8%	-16.8%	111.3%	132.3%	-13.1%	101.9%
Jun	3,610	2,727	1,945	1,748	3,742		-24.5%	-28.7%	-10.1%	114.0%		3.6%	
Jul	3,415	2,505	1,698	1,667	3,929		-26.7%	-32.2%	-1.8%	135.8%		15.0%	
Aug	3,618	2,551	1,725	1,901	4,977		-29.5%	-32.4%	10.2%	161.8%		37.6%	
Sep	3,296	2,430	1,598	1,917	5,480		-26.3%	-34.3%	20.0%	185.9%		66.3%	
Oct	3,457	2,348	1,569	1,918	5,927		-32.1%	-33.2%	22.3%	209.0%		71.4%	
Nov	2,918	1,742	1,278	1,856	6,236		-40.3%	-26.6%	45.2%	236.0%		113.7%	
Dec	2,783	1,843	1,333	2,016	6,014		-33.8%	-27.7%	51.3%	198.3%		116.1%	
Total YTD	43,786	31,504	21,243	20,520	51,058	44,534	-28.0%	-32.6%	-3.4%	148.8%		16.6%	
Total Mkt													
Exp	4,706,573	4,735,184	4,705,457	4,831,582	4,955,166	2,136,645	0.6%	-0.6%	2.7%	2.6%		5.3%	
Res Mkt													
Shr	0.9%	0.7%	0.5%	0.4%	1.0%	2.1%	-28.5%	-32.1%	-5.9%	142.6%		10.8%	124.0%

\*Data includes adjustments for Amica 2024 accounting/statistical shipment data.

**MAIP Residual Market Share By Policy Effective Month (Stat Reported PDL Exposures)**

**Data as of May 2024**

PY 2022-2024

PY	Eff mo	ID 9	Tot Mkt	Res Mkt	PY	Eff mo	ID 9	Tot Mkt	Res Mkt	PY	Eff mo	ID 9	Tot Mkt	Res Mkt
		Exp	Exp	Share			Exp	Exp	Share			Exp	Exp	Share
22	1	1,385	462,530	0.3%	23	1	2,345	469,512	0.5%	24	1	7,717	473,332	1.6%
22	2	1,286	328,650	0.4%	23	2	2,398	346,247	0.7%	24	2	8,819	360,730	2.4%
22	3	1,764	409,602	0.4%	23	3	3,430	415,469	0.8%	24	3	9,962	426,547	2.3%
22	4	1,437	410,698	0.3%	23	4	3,150	420,596	0.7%	24	4	10,063	433,836	2.3%
22	5	1,624	416,797	0.4%	23	5	3,432	425,505	0.8%	24	5	7,973	442,200	1.8%
22	6	1,748	432,707	0.4%	23	6	3,742	442,791	0.8%					
22	7	1,667	423,939	0.4%	23	7	3,929	431,326	0.9%					
22	8	1,901	445,209	0.4%	23	8	4,977	457,116	1.1%					
22	9	1,917	415,083	0.5%	23	9	5,480	425,689	1.3%					
22	10	1,918	392,730	0.5%	23	10	5,927	404,817	1.5%					
22	11	1,856	346,659	0.5%	23	11	6,236	358,896	1.7%					
22	12	2,016	346,977	0.6%	23	12	6,014	357,201	1.7%					
		20,520	4,831,582	0.4%			51,058	4,955,166	1.0%			44,534	2,136,645	2.1%

**Current Rolling 12 Months as of May, 2024**

Id 9 80,838  
Tot Mkt 5,014,481  
Res Mkt Share 1.6%

\*Includes adjustments for missing Amica accounting/statistical shipments.

## MAIP Retention Rates

	Retention Rate Statistics			Rating Statistics		
	<u>Total Assignments</u>	<u>Pol Year</u>	<u>Retention Rate</u>	<u>Company Rate</u>	<u>MAIP Rate</u>	<u>% MAIP Rated</u>
<b>2018</b>						
New Assignments	35,915	2018		18,345	17,570	48.9%
1st Year Renewal	17,216	2019	47.9%	8,755	8,461	49.1%
2nd Year Renewal	8,765	2020	24.4%	5,062	3,703	42.2%
<b>2019</b>						
New Assignments	28,753	2019		13,891	14,862	51.7%
1st Year Renewal	13,919	2020	48.4%	7,048	6,871	49.4%
2nd Year Renewal	6,778	2021	23.6%	4,087	2,691	39.7%
<b>2020</b>						
New Assignments	17,825	2020		8,160	9,665	54.2%
1st Year Renewal	8,907	2021	50.0%	4,305	4,602	51.7%
2nd Year Renewal	3,982	2022	22.3%	2,014	1,968	49.4%
<b>2021</b>						
New Assignments	12,348	2021		6,050	6,298	51.0%
1st Year Renewal	5,578	2022	45.2%	2,453	3,125	56.0%
2nd Year Renewal	2,803	2023	22.7%	1,179	1,624	57.9%
<b>2022</b>						
New Assignments	15,673	2022		6,403	9,270	59.1%
1st Year Renewal	7,189	2023	45.9%	2,668	4,521	62.9%
<b>5/2022-4/2023</b>						
New Assignments	22,607			7,782	14,825	65.6%
1st Year Renewal	9,365		41.4%	2,943	6,422	68.6%
<b>6/2022-5/2023</b>						
New Assignments	24,670			8,136	16,534	67.0%
1st Year Renewal	11,405		46.2%	3,290	8,115	71.2%

<b>CAR</b>	<b>Rules of Operation</b>
<b>Rule 28</b>	<b>Application Process</b>
<b>Revision Date</b>	<b>2019.07.23</b>
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2. Installment Plan

Each ARC will utilize the installment payment plan filed by Commonwealth Automobile Reinsurers for MAIP business. The plan will require an initial deposit payment for new and renewal business pursuant to Section C.1. Upon receipt of the new business deposit, the ARC will then calculate the balance of the premium owed on the basis of the lower of the MAIP rate or the ARC rate and the insured will pay that premium balance over nine equal monthly installments. The deposit for renewal business will be a percentage of the premium calculated using the lower of the ARC's rate or the MAIP rate. The remaining balance will be paid over nine equal monthly installments.

A flat fee of \$8.00 per installment finance charge will apply until the entire balance is paid.

3. Dishonored Check Charge

A dishonored check fee of \$29 will be charged to an applicant or policyholder issuing a check that is dishonored by the financial institution to which the check is presented for payment.

4. Late Fee or Cancellation Fee

A policyholder who fails to pay an installment premium by the applicable due date will be charged a late fee or cancellation fee of \$29.

5. Agency Acceptance of Payments

Acceptance of payment by the ARP shall be viewed as a payment to the ARC.

6. Premium Financed Policies

The standards pertaining to premium financing for policies issued through the MAIP must be consistent with state laws and regulations.



NATALIE A. HUBLEY  
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110

www.commauto.com

617-338-4000

## RECORDS OF MEETING

### MARKET REVIEW COMMITTEE – APRIL 9, 2024

#### Members Present

Ms. Sheila Doherty – Chair	Doherty Insurance Agency, Inc.
Ms. Pamela Bodenstab-Krynicky	P.L. Krynicky Insurance Agency
Ms. Sarah Clemens <sup>(1)</sup>	MAPFRE U.S.A. Corporation
Ms. Roberta Fitzpatrick	Arbella Insurance Group
Ms. Jean Houghton	Norfolk & Dedham Group
Ms. Mary McConnell	Safety Insurance Company
Mr. Kenneth Willis	Plymouth Rock Assurance Corporation
Mr. Mark Winiker	A-Affordable Insurance Agency, Inc.

Substituted for:

<sup>(1)</sup>Mr. Gary Sjolin

Not in Attendance:

Mr. Thomas Skelly, Jr., Deland Gibson Insurance Associates, Inc.

#### 18.01 Records of Previous Meeting

The Committee voted with five members in favor and two recused, Ms. Sarah Clemens and Ms. Roberta Fitzpatrick, to approve the Records of the Market Review Committee meeting of December 19, 2018. The Records have been distributed and are on file.

#### 24.04 Calianos Insurance Agency/Norfolk and Dedham Mutual Fire Insurance Company

Mr. Jason Calianos of the Calianos Insurance Agency requested a review contesting the practice undertaken by Norfolk & Dedham Mutual Fire Insurance Company (the Company) of demanding payment in full of the remaining outstanding premium balance upon issuance of a third cancellation notice. He asserts that the practice is in violation of Rule 28.C.2. of CAR's Rules of Operation. Ms. Jean Houghton of Norfolk & Dedham Group recused herself from participating in the discussion and vote.

In discussion of his request, Mr. Calianos claimed that in undertaking this practice, the Company had terminated the installment plan, stating that Rule 28.C.4. of CAR's Rules of Operation sets forth the remedy available to Assigned Risk Carriers (ARCs) when a policyholder fails to pay an installment premium by the applicable due date. That is, the Rule allows for the assessment of a late fee or cancellation fee of \$29.

Mr. Calianos cited the experience of one Calianos Insurance Agency insured as evidence of the alleged Rule violation. Specifically, he reviewed the cancellation notices issued to the policyholder, claiming that language contained in the second cancellation notice requiring payment in full if a third cancellation notice was issued is not in compliance with 211 CMR 97.04. Further, Mr. Calianos detailed associated communications with the Company as well as CAR staff findings with respect to 3 complaints filed regarding the matter. Mr. Calianos opined that because rates for MAIP policies are typically higher than policies written in the voluntary market, this practice places an added burden on the assigned risk and is therefore unfair and discriminatory. Finally, Mr. Calianos referred the Committee to CAR Rule 28, and indicated that the Rule did not provide for the cancellation of the payment plan, but rather provided for the assessment of a late payment fee.

Mr. Sean Moone representing the Norfolk & Dedham Mutual Fire Insurance Company explained that the Company's practice of requiring payment in full on the third cancellation notice had long been in place for both policies assigned through the MAIP and policies written voluntarily. He also pointed out that the cancellation notices contain the mandatory language prescribed by 211 CMR 97.04, plus additional language. Mr. Moone asserted that the policyholder had violated the billing plan by failing to adhere to the payment schedule. He confirmed that the company uses the CAR billing plan, and maintained that the billing plan set forth in the CAR Rule is silent as to actions that can be taken in instances where payments by the risk are not timely and therefore the nine equal monthly installments are no longer feasible.

The Committee asked questions of Mr. Moone regarding the Company's use of the MAIP billing plan, how the installment plan functions in cases of late payments, the language contained in the cancellation notices, the Company's use and administration of cancellation notices in the voluntary market, and its filing with the Division of Insurance relative to the billing plan and cancellation notices.

Significant discussion ensued focusing on the language in Rule 28.C. of CAR's Rules of Operation. Some members suggested that the Rule does not address remedies when late payments make equal monthly installments infeasible, resulting in ambiguity with respect to acceptable procedures in this case. Ms. Clemens noted that a strict read of the Rule as asserted by Mr. Calianos could mean that other company practices, that for example bill to equity, may be violative of the same provision. Messrs. Willis and Winiker, however, agreed that the remedy provided in the Rule calls only for the assessment of a late payment fee.

After discussion, the Committee voted with five in favor, two opposed, and one recused, that the Calianos Insurance Agency had not established that by requiring its policyholders issue payment in full of the remaining policy premium balance upon issuance of the third cancellation notice, Norfolk & Dedham Mutual Fire Insurance Company violates Rule 28.C.2. of CAR's Rules of Operation.

The Committee then voted with five in favor, two opposed and one recused, that the Calianos Insurance Agency had not established that Norfolk & Dedham Mutual Fire Insurance Company's practice of requiring that its policyholders issue payment in full of the remaining policy premium balance upon issuance of the third cancellation notice is unfair, unreasonable, or improper.

Further discussion ensued during which committee members commented that clarification of the Rule would benefit the residual market. Members noted the importance of consistent procedures for all Assigned Risk Carriers. One member questioned whether the Norfolk and Dedham practice concerns an installment plan issue or a cancellation issue. The Committee Chair, Ms. Sheila Doherty, requested that the issue be directed to the MAIP Steering Committee for review.

Ms. Rosenberg then advised that a subsequent review by the Governing Committee Review Panel may be requested pursuant to Rule 40 – Review and Appeal upon the submission of a Request for Review form.

RICHARD DALTON  
Residual Market Liaison

Boston, Massachusetts  
April 19, 2024



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PRESIDENT

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617-338-4000

## RECORDS OF MEETING

### GOVERNING COMMITTEE REVIEW PANEL – APRIL 30, 2024

#### Members Present

Mr. Thomas DePaulo – Chair  
Mr. Christopher Taylor  
Ms. Meredith Woodcock

Cabot Risk Strategies, LLC  
The Hanover Insurance Company  
Liberty Mutual Insurance Companies

Substituted for:  
N/A

Not in Attendance:  
N/A

#### 23.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Governing Committee Review Panel meeting of February 21, 2023. The Records have been distributed and are on file.

#### 24.04 Calianos Insurance Agency/Norfolk and Dedham Mutual Fire Insurance Company

Mr. Jason Calianos of the Calianos Insurance Agency appealed the decision of the Market Review Committee denying its request for relief from the actions of the Norfolk and Dedham Mutual Fire Insurance Company (the Company) demanding payment in full of the remaining policy premium balance upon issuance of a third cancellation notice. Mr. Calianos contends that the practice violates CAR Rule 28.C.2 of CAR's Rules of Operation.

In addressing the Committee, Mr. Calianos highlighted his contention that the Company violates CAR Rule 28.C.2. and that the practice is unfair, unreasonable, and improper. Mr. Calianos further argued that the added language to the cancellation notice indicating the intended termination of the payment plan violates 211 CMR 97.04. He referenced both 211 CMR 97.04 and MGL c.175, sec. 113A in supporting his view that a cancellation should not take effect if the policyholder pays the owed premium and fees on or before the cancellation date. Continuing, he stated that once the past due premium is paid, the payment plan should be reinstated with the remaining balance split equally over the remainder of the payment plan.

Referencing the transcript of the Market Review Committee meeting, Mr. Calianos stated the main issue discussed at the meeting was whether the payment plan established by Rule 28 must remain in effect after the issuance of cancellation notices and that the Committee found that Rule is silent on this issue. Mr. Calianos contended that Rule 28.C.2. is not silent in its intent for the company to establish and follow a payment plan through the life of the policy. He argued that by explicitly requiring a 25% down payment,



the Rule ensures that the company is always in an equity position and that the Rule does not limit the number of times the late payment fee can be assessed. He referenced the April 23, 2024 letter from the Office of the Attorney General to the Governing Committee Review Panel, in which Mr. Kaplan suggests that an interpretation that Rule 28 allows that a consumer be de-enrolled in the payment plan as a result of a late payment would mean that any late payment would result in de-enrollment.

Mr. Sean Moone representing Norfolk and Dedham stated that the Company has reviewed the letters sent from the Office of the Attorney General, one addressed to Jason Calianos and one addressed to the Governing Committee Review Panel. He explained that the Attorney General has been in contact with the Company inquiring about its practices and other general questions but, at no point, has the Attorney General sent or directed correspondence to the Company instructing it to cease this practice. He noted that while the Company respects the view of the Office of the Attorney General, the Company does not agree with the interpretation of MA General Law or the regulation.

Mr. Moone explained the Company's billing system and noted that this practice has been in place for a minimum of 30 years. The reason the 10-payment plan was put in place is to allow for the collection of the complete premium prior to renewal processing. He noted that the Company has not found its filing documentation for the long-standing variable language, but he advised that the Company has not changed its variable language on the cancellation notice in that time. He added that 211 CMR 97.04 mandates only minimum language for the cancellation notice as provided by Massachusetts General Law, but it does not restrict a company from adding variable language. Mr. Moone explained that the Company's billing practice ensures payment in full prior to the 90-day renewal process as intended by the 10-payment plan and ensures the Company's ability to appropriately underwrite the policy in that timeframe.

Mr. Moone asserted that the policyholder had violated the billing plan by failing to adhere to the payment schedule. Lastly, he concluded that this policy remains active and in force with Norfolk and Dedham and he asserted that the Calianos Agency has not been aggrieved by this action and that commissions are still being paid to the agency.

Mr. Thomas DePaulo opened the Committee's discussion by acknowledging the letters issued from the Attorney General's office and noted that, while the Committee will consider those letters and the arguments they assert, he reiterated that the Attorney General is not an authority that would be called upon to consider or decide this dispute. While both parties referenced Massachusetts General Law and CMR 211 in their arguments, which the Committee may consider in its discussion, the issue before the Committee is to determine whether or not there has been a violation of CAR Rule 28.C.2 and to determine whether or not the practice complained of by the Calianos Insurance Agency is unreasonable, unfair, or improper.

Discussion ensued in which the Committee requested clarification of the Company's billing systems. Mr. Moone explained that, with a cancellation notice, the Company bills for only the past due premium. Once the payment is received and the reinstatement notice is issued, the company bills for the next installment payment. He noted that the delay associated with three cancellation notices restricts the Company's ability to perform the renewal underwriting within the timeframes mandated by statute. Further, he explained that multiple late payments early in the policy period results in the Company billing two payment cycles behind with similar timing issues as if the late payments occur later in the policy period. Mr. Moone reiterated that the Company practice is in place for both voluntary and assigned policies. He noted that exceptions are sometimes granted upon request if there is a compelling reason, regardless of whether the policy is written voluntarily or assigned.

The Committee noted that both CAR Rule 28.C.2 and CMR 211 both fall silent on details concerning cancellations. Committee members questioned whether this is a widespread practice among companies. Ms. Browne advised that, absent confirmation of company practices, the Market Review Committee has asked that the issue be referred to the MAIP Steering Committee for review and potential

clarification of the Rule. Mr. Paul Wasgatt of Safeside Insurance Agency noted his agency's experience regarding complaints filed against companies he alleged violated the installment plan Rule and that in those instances he stated the complaints were resolved favorable with the company taking action to alter their prior practice.

Ms. Woodcock noted that the Rule requires a 25% downpayment and 9 equal installments, and that she favored a strict interpretation of the Rule. Mr. Taylor agreed and voiced concerns about the potential for similar practices to become more widespread and disruptive. After discussion, the Committee voted with two in favor and none opposed that the Calianos Agency has established that by requiring that its policyholders issue payment in full of the remaining policy premium balance upon issuance of a third cancellation notice, Norfolk and Dedham violates Rule 28.C. 2 of CAR's Rules of Operation.

The Committee then voted with two in favor and none opposed that the Calianos Agency has not established that the Norfolk & Dedham's practice of requiring that its policyholders issue payment in full of the remaining policy premium balance upon issuance of a third cancellation notice is unfair, unreasonable, or improper.

Ms. Lynne Rosenburg then advised that the decision of the Governing Committee Review Panel carries the weight of the full Governing Committee and may be appealed to the Division of Insurance pursuant to Rule 40 – Review and Appeal of CAR's Rules of Operation within 30 days of being officially notified of the Panel's decision.

LYNNE ROSENBURG  
Director of Operations and Residual Market Services

Boston, Massachusetts  
June 3, 2024