



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

MAIP STEERING COMMITTEE – MARCH 14, 2024

Members Present

Mr. Barry Tagen – Chair
Mr. William Cahill ⁽¹⁾
Mr. Matthew Cote
Ms. Sheila Doherty
Mr. Jordan Giampa ⁽²⁾
Ms. Jean Houghton
Mr. Robert Jackson
Ms. Mary McConnell
Mr. Henry Risman
Mr. Gavin Traverso
Mr. Mark Winiker

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

Substituted for:

⁽¹⁾Mr. Shaun Farley

⁽²⁾Mr. Cory Hanson

Not in Attendance:

Ms. Ida Denard Jones, Denard Insurance Agency, Inc.

23.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the MAIP Steering Committee meeting of August 29, 2023. The Records have been distributed and are on file.

22.08 MAIP Physical Damage Maximum Loss Payable

Ms. Lynne Rosenberg provided an overview of the exhibits attached to the Notice of Meeting which were prepared by staff as a result of the Committee's recommendation to adopt a maximum limit of loss on physical damage coverage of \$175,000 for MAIP policies. The attachments include draft amendments to Rule 27 of the CAR Rules of Operation, corresponding amendments to the manual rule and rate pages and draft endorsement MP-0004, the insurance binder and coverage selections page and notice to the policyholders.

Ms. Rosenberg reviewed the amended language in Rule 27 – Coverages of the Rule of Operations. The Committee approved of the changes to Rule 27 and agreed upon a 120-day timeframe for implementation pending approval from the Division of Insurance. The Committee supported the amendments drafted by staff to Rules 3 and 22 of the Massachusetts Private Passenger Residual Market Automobile Insurance Manual and the modifications to VRG rating and references to Endorsement form MP-0004. Finally, the Committee did not have any changes to the draft endorsement form and agreed that it should be attached to all MAIP policies.

Continuing, Ms. Rosenberg reviewed the drafted notice to policyholders. The Committee recommended developing a more generic notice for the renewal packet and agreed the notice should be attached to all MAIP policies renewing during the 12-month renewal cycle following the effective date of the implementation to ensure consistent notification to existing MAIP policyholders impacted by the change. The notice will be sent by the Assigned Risk Carrier (ARC) to the insured with a copy to the producer of record at least 45 days prior to the renewal effective date. The Committee recommended a separate lienholder notice that would include more detailed information to identify which vehicles are impacted by this change. To determine the impacted vehicles for which lienholders will need notification, the Committee agreed that ARCs should use the cost new value of the vehicle. It was noted that producers will need to assist their policyholders impacted by the change to address additional coverage requirements. The Committee therefore suggested that ARCs provide a list to the producers of policies containing high-value vehicles.

Continuing its discussion of the attached exhibits, the Committee noted that “actual cash value” is a legal term, and thus recommended the following procedure when completing the Insurance Binder: check the open box in the physical damage section and state “Not to Exceed \$175,000” in the limit amount field. When completing the Coverage Selections Page, the Committee suggested replacing “Actual Cash Value” with “Coverage Max \$175,000” in the physical damage section.

Ms. Rosenberg concluded it is the intent of staff to update the MAIP Policy Application’s vehicle page, coverage page, remarks section and summary page that notify producers of the change in the coverage limits and provide them to the Committee at a future meeting.

The Committee unanimously voted to modify the implementation procedures as discussed and recommend Governing Committee approval of the proposed amendments to Rule 27 – Coverages, amendments to the Private Passenger Rating Manual, and the draft MAIP endorsement form MP-0004 regarding the physical damage maximum loss payable of \$175,000.

24.04 Rule 30 – Assigned Risk Company Requirements

Ms. Rosenberg advised the Committee that an Assigned Risk Company (ARC) has requested a review of procedures outlined in in Rule 30 of the Rules of Operation Section C.1.c. - Procedures for Voluntary Writing of Risks from the MAIP relative to timeframes for notifying the producer of record and the method of notification. The Rule states: “The producer of record must be mailed notification of such offer ninety days prior to policy expiration, which shall contain the premium quotation to be offered. The policyholder shall be mailed the offer for voluntary coverage forty-five days prior to policy expiration with a copy to the producer of record.”

The Committee discussed the timeframes of the offer of voluntary coverage notification to the producer and voted unanimously to allow for a reduction in the notification timeframe of no less than sixty

days and to allow for electronic means to be added to the rule. CAR will present amendments to Rule 30 at the next Committee meeting.

ADRIANNE DONOVAN
Residual Market Services Liaison

Boston, Massachusetts
March 21, 2024

CAR Rules of Operation

Memorandum of Changes

The following amendments are proposed to Rule 27 – Coverages of the Rules of Operations to implement a proposed \$175,000 physical damage maximum of limit of loss on private passenger residual market policies.

Rule 27 – Coverages

- Language has been added to clarify that higher limits are available for liability coverage only.
- For physical damage coverage, language has been added to identify that physical damage coverage is subject to a maximum limit of loss of \$175,000 per vehicle. Note that January 1, 2025 has been added as a placeholder until approval by the Division of Insurance.

An Eligible Risk, as defined in Rule 22 – Definitions, may choose to purchase up to the following limits for Private Passenger Motor Vehicle Insurance and, upon request, the Assigned Risk Company (ARC) shall provide such coverage. For liability coverages, An ARC is not required to provide coverage for any higher limits unless the ARC agrees to do so at the request of an Eligible Risk.

1. Bodily Injury Liability: Total policy limits of \$250,000 each person, \$500,000 each accident;
2. Personal Injury Protection: \$8,000 per person, per accident;
3. Property Damage Liability: Total policy limits of \$250,000 each accident;
4. Medical Payments: \$25,000 each person;
5. Uninsured Motorists: \$250,000 each person, \$500,000 each accident for bodily injury;
6. Underinsured Motorists: \$250,000 each person, \$500,000 each accident for bodily injury;
7. Physical Damage Insurance, which shall mean: (a) collision coverage or limited collision coverage, (b) fire and theft coverage, or (c) comprehensive coverage, as those coverages are defined in the Private Passenger Motor Vehicle Insurance policy approved for the MAIP.

For policies effective January 1, 2025 and later, physical damage coverage is subject to a maximum limit of loss of \$175,000 per vehicle.

ARCs must charge the extra risk rate or, in the alternative, refuse to issue collision, fire, theft or comprehensive coverage under any of the following circumstances:

- a. Comprehensive, fire and theft or collision coverage on a vehicle customarily operated by or owned by persons convicted within the most recent five-year period of any category of vehicular homicide, Motor Vehicle Insurance related fraud or motor vehicle theft;
- b. Comprehensive, fire and theft or collision coverage on a vehicle customarily driven by or owned by persons who have, within the

most recent five-year period, made an intentional and material misrepresentation in making claim under such coverages;

- c. Collision coverage on a motor vehicle customarily driven by or owned by persons who have been involved in four or more accidents in which such person has been deemed to be at fault in excess of 50% within the three years immediately preceding the effective date of the policy;
 - d. Comprehensive, fire and theft coverage on a motor vehicle customarily driven by or owned by persons who have had two or more total theft or fire claims within the three years immediately preceding the effective date of the policy;
 - e. Comprehensive, fire and theft or collision coverage on a motor vehicle customarily driven, or owned by persons convicted one time within the most recent three year period of any category of driving while under the influence of alcohol or drugs;
 - f. Comprehensive, fire and theft or collision coverage on any motor vehicle for which a salvage title has been issued by the Registrar of Motor Vehicles unless a new certificate of title has been issued pursuant to G.L. c. 90D § 20D; or
 - g. Comprehensive, fire and theft or collision coverage on a high-theft motor vehicle that does not have at least a minimum anti-theft or auto recovery device as prescribed by the Commissioner. The Commissioner may designate as a high-theft vehicle any motor vehicle, classified according to make, model and year of manufacturer, which has both above average incidence of theft and above-average original sales price.
8. An ARC may waive any deductible amount applicable to a payment under comprehensive coverage for glass damage and be reimbursed, when the policyholder has elected to repair rather than replace damaged glass as permitted by law and where satisfactory proof of the repair has been presented to the company.
 9. Towing and Labor: \$100.00 per disablement; and
 10. Substitute Transportation: \$100.00 per day, 30-day maximum.

Memorandum of Changes
~~May 1, 2024~~ January 1, 2025

• Rule 3 – This rule has been modified to include the maximum limit of loss for physical damage coverages. Rule 3 (4) provides the maximum limit and the use of endorsement form MP-0004.

• Rule 22 – This rule has been modified to include the maximum limit for the calculation of adjusted rate relativities for VRG 50.

• Endorsement MP-0004 – Coverage for Damage to Your Auto – Maximum \$175,000 Limit of Loss (Ed. 01-25) is placed on file for use with all MAIP policies.

• Rate Page R-37 – The calculation of adjusted rate relativities for VRG 50 has been modified.

~~There are no rule changes effective May 1, 2024.~~

Part 12 - Bodily Injury Caused By an Underinsured Auto

The basic limits are \$20,000 each person and \$40,000 each accident. Increased limits are available. The limits may not exceed the limits of Part 5, or if Part 5 is not purchased, Part 1 of this policy. This coverage is excess over Personal Injury Protection.

Other Coverages Available Are For:

Fire, Theft and Combined Additional Coverage subject to a basic deductible of \$500; higher deductibles are available at the option of the insured.

Theft coverage may be granted only in connection with Fire Coverage, and for a like amount in both cases.

These coverages are written on an actual cash value basis or stated amount basis.

Endorsement MPY-0031-S, titled Other Optional Insurance – Combined Additional Coverage, must be issued with the policy when this coverage is afforded.

Endorsement MPY-0028-S, titled Other Optional Insurance – Fire, Lightning and Transportation, must be issued with the policy when this coverage is afforded.

Endorsement MPY-0029-S, titled Other Optional Insurance – Theft, must be issued with the policy when this coverage is afforded.

RULE 3. COVERAGE AVAILABILITY

Massachusetts law and the provisions of Rule 27 of the MAIP Rules of Operation require insurers to make the following levels of coverage available at the insured's request for policies assigned through the MAIP:

1. Limits up to \$250,000 each person and \$500,000 each accident for Parts 3, 5 and 12. Limits above \$250,000 each person and \$500,000 each accident may be provided at the option of the insurer.
2. \$8,000 each person for Part 2
3. \$25,000 each person for Part 6.
4. Actual cash value subject to a \$500 deductible for Parts 7, 8 and 9, including fire, theft, and combined additional coverage, subject to a maximum limit of loss of \$175,000 per vehicle. Endorsement MP-0004 must be attached.

Insurers must charge an extra-risk rate or refuse Collision and Comprehensive coverages under certain circumstances as required by law. Refer to Rule 24 for extra-risk rating procedures.

RULE 4. STANDARD PROCEDURES

A. Renewals

1. The insurer shall provide the coverage selections page not less than twenty days prior to policy expiration. The coverage selections page may be accompanied by the Massachusetts renewal form.

If the Massachusetts renewal form is sent to the policyholder, it is not necessary for the policyholder to return this form to the producer or company representative unless the information contained on the coverage selections page or the Massachusetts renewal form is inaccurate or obsolete.

2. The insurer may elect to secure payment of a deposit premium. The premium quotation shall be based on the latest classification information and premium charges established for the renewal policy.
3. Failure to pay the deposit premium may result in cancellation of the policy. The specific reason for cancellation is non-payment of any required premium.

The Cancellation Notice must also contain the following statement:

"This cancellation will not take effect if the full amount due shown above is paid on or prior to the effective date of cancellation."

1. Subtract the maximum price in the table below from the base list price and divide by \$1000. If the base list price is greater than \$ 175,000, use \$175,000 as the base list price in this step.
2. Multiply the amount from Step 1 by the factor in the table below.
3. The adjusted VRG 50 relativity is determined by adding the amount from Step 2 to the unadjusted VRG 50 rate relativity.

	Collision		Comprehensive
	Van/Wagon/ Pick-up*	All Other PP Vehicles **	All Vehicles
Max Price	\$145,000	\$110,000	\$75,000
Factor	0.02	0.025	0.035

- * The Van/Wagon/Pick-up group in the table above consists of private passenger vehicles with the following styles: vans, wagons, pick-up trucks, sport utility vehicles (SUV), and wagon/SUV-styled crossover vehicles.
- ** The All Other group consists of all other private passenger vehicles with body styles such as: sedans, convertibles, coupes, luxury cars, hatchbacks, performance cars, and sedan-styled crossover vehicles.

RULE 23. HIGH-THEFT VEHICLES

For certain model years, some makes and models are designated high-theft vehicles by the Commissioner of Insurance. Refer to the MA Division of Insurance Filing Guidance Notices for most recent High Theft vehicle listing.

The insurer may, at its option, charge an extra-risk rate, refuse to write, or cancel coverage under parts 7, 8, or 9 if a vehicle designated as a high-theft vehicle is not equipped with a category III, IV or V anti-theft device or vehicle recovery system as follows:

1. Definitions

As used in this regulation, the following words shall mean:

“Passive device or system” describes an anti-theft device or system which is activated automatically when the operator turns the ignition key to the off position.

“Alarm,” except where otherwise specified, means horn, bell, siren or other sounding device which is audible at 300 feet.

“Tubular” describes a type of lock whose key is cylindrically shaped and which has at least 50,000 combinations.

“Electronic lock or keyless device” is an electronic coding device that has more than 10,000 combinations. The combination used to unlock the device can be entered through a keyboard or similar data entry device or by means of a remote control device.

2. General

Stickers identifying the particular anti-theft system installed may not be attached to the car unless specifically permitted in these rules.

Categories Defined

Category III

- (a) **Passive Alarm System** - This is an alarm system meeting the following criteria:

**PRIVATE PASSENGER ENDORSEMENTS
ALPHABETICAL INDEX**

<u>TITLE</u>	<u>FORM NO.</u>
Agreed Amount – Comprehensive	MPY-0034-S (Ed. 04-08)
Coverage for Anyone Renting an Auto To You	M-0070-S (Ed. 04-08)
Coverage for Customized Vans and Pickups	MPY-0037-S (Ed. 04-08)
<u>Coverage for Damage to Your Auto – Maximum \$175,000 Limit of Loss</u>	<u>MP-0004 (Ed. 01-25)</u>
Excess Electronic Equipment Coverage	MPY-0041-S (Ed. 04-08)
\$100 Glass Deductible	MPY-0039-S (Ed. 04-08)
Guest Occupants Exclusion – Motorcycles	M-0002-S (Ed. 04-08)
Massachusetts Mandatory Endorsement	M-0099-S (Ed. 12-16)
Non-Renewal of Policy – Motorcycles, Recreational Vehicles and Trailers	M-0103-S (Ed. 04-08)
Notice of Expiration of Policy Assignment Form	MP-0002 (Ed. 10-13)
Operator Exclusion Form	M-0106-S (Ed. 02-17)
Other Optional Insurance – Combined Additional Coverage	MPY-0031-S (Ed. 04-08)
Other Optional Insurance – Fire, Lightning and Transportation	MPY-0028-S (Ed. 04-08)
Other Optional Insurance – Theft	MPY-0029-S (Ed. 04-08)
Premium Calculation Disclosure Form	MP-0001 (Ed. 04-09)
Specialty and Classic Cars and Motorcycles	MP-0003 (Ed. 04-21)
Stated Amount Coverage	MPY-0027-S (Ed. 04-08)
Suspension of Coverage - Reduction of Limits	MPY-0032-S (Ed. 04-08)
Use of Other Autos - Vehicles Furnished or Available for Regular Use	M-0051-S (Ed. 04-08)
Use of Other Autos - Vehicles Furnished or Available for Use As Public or Livery Conveyances	M-0052-S (Ed. 04-08)
Waiver of Deductible	MPY-0016-S (Ed. 04-08)

MASSACHUSETTS PRIVATE PASSENGER RESIDUAL MARKET AUTOMOBILE INSURANCE MANUAL

VRG ASSIGNMENT BY PRICE LIST (RULE 22)

	COLLISION				COMPREHENSIVE	
	Vans/Wagons/Pickups		All Other Vehicles		All Vehicles	
	VRG	Base List Price	VRG	Base List Price	VRG	Base List Price
	11	\$0 - \$8,000	11	\$0 - \$7,000	11	\$0 - \$7,000
	12	\$8,001 - \$9,000	12	\$7,001 - \$7,500	12	\$7,001 - \$8,000
	13	\$9,001 - \$10,000	13	\$7,501 - \$8,000	13	\$8,001 - \$9,000
	14	\$10,001 - \$11,000	14	\$8,001 - \$8,500	14	\$9,001 - \$10,000
	15	\$11,001 - \$12,000	15	\$8,501 - \$9,000	15	\$10,001 - \$11,000
	16	\$12,001 - \$13,000	16	\$9,001 - \$9,500	16	\$11,001 - \$12,000
	17	\$13,001 - \$14,000	17	\$9,501 - \$10,000	17	\$12,001 - \$13,000
	18	\$14,001 - \$16,000	18	\$10,001 - \$10,500	18	\$13,001 - \$14,000
	19	\$16,001 - \$18,000	19	\$10,501 - \$11,000	19	\$14,001 - \$15,000
	20	\$18,001 - \$20,000	20	\$11,001 - \$11,500	20	\$15,001 - \$16,000
	21	\$20,001 - \$23,000	21	\$11,501 - \$12,000	21	\$16,001 - \$17,000
	22	\$23,001 - \$26,000	22	\$12,001 - \$13,500	22	\$17,001 - \$18,000
	23	\$26,001 - \$29,000	23	\$13,501 - \$15,000	23	\$18,001 - \$19,000
	24	\$29,001 - \$33,000	24	\$15,001 - \$17,500	24	\$19,001 - \$20,000
	25	\$33,001 - \$37,000	25	\$17,501 - \$20,000	25	\$20,001 - \$22,500
	26	\$37,001 - \$41,000	26	\$20,001 - \$22,500	26	\$22,501 - \$25,000
	27	\$41,001 - \$45,000	27	\$22,501 - \$25,000	27	\$25,001 - \$27,500
	28	\$45,001 - \$49,000	28	\$25,001 - \$27,500	28	\$27,501 - \$30,000
	29	\$49,001 - \$53,000	29	\$27,501 - \$30,000	29	\$30,001 - \$32,500
	30	\$53,001 - \$57,000	30	\$30,001 - \$33,000	30	\$32,501 - \$35,000
	31	\$57,001 - \$61,000	31	\$33,001 - \$36,000	31	\$35,001 - \$37,000
	32	\$61,001 - \$65,000	32	\$36,001 - \$39,000	32	\$37,001 - \$39,000
	33	\$65,001 - \$70,000	33	\$39,001 - \$42,000	33	\$39,001 - \$41,000
	34	\$70,001 - \$75,000	34	\$42,001 - \$45,000	34	\$41,001 - \$43,000
	35	\$75,001 - \$80,000	35	\$45,001 - \$48,000	35	\$43,001 - \$45,000
	36	\$80,001 - \$84,000	36	\$48,001 - \$52,000	36	\$45,001 - \$47,000
	37	\$84,001 - \$88,000	37	\$52,001 - \$56,000	37	\$47,001 - \$49,000
	38	\$88,001 - \$92,000	38	\$56,001 - \$60,000	38	\$49,001 - \$51,000
	39	\$92,001 - \$96,000	39	\$60,001 - \$64,000	39	\$51,001 - \$53,000
	40	\$96,001 - \$100,000	40	\$64,001 - \$68,000	40	\$53,001 - \$55,000
	41	\$100,001 - \$104,000	41	\$68,001 - \$72,000	41	\$55,001 - \$57,000
	42	\$104,001 - \$108,000	42	\$72,001 - \$76,000	42	\$57,001 - \$59,000
	43	\$108,001 - \$112,000	43	\$76,001 - \$80,000	43	\$59,001 - \$61,000
	44	\$112,001 - \$116,000	44	\$80,001 - \$84,000	44	\$61,001 - \$63,000
	45	\$116,001 - \$120,000	45	\$84,001 - \$88,000	45	\$63,001 - \$65,000
	46	\$120,001 - \$125,000	46	\$88,001 - \$92,000	46	\$65,001 - \$67,000
	47	\$125,001 - \$130,000	47	\$92,001 - \$96,000	47	\$67,001 - \$69,000
	48	\$130,001 - \$135,000	48	\$96,001 - \$100,000	48	\$69,001 - \$71,000
	49	\$135,001 - \$140,000	49	\$100,001 - \$105,000	49	\$71,001 - \$73,000
	50	\$140,001 - \$145,000	50	\$105,001 - \$110,000	50	\$73,001 - \$75,000
VRG 50	Factor 0.020	Maximum Price \$145,000	Factor 0.025	Maximum Price \$110,000	Factor 0.035	Maximum Price \$75,000

For VRG 50 relativities:

1) Subtract the Maximum Price above from the Base List Price and divide by \$1000.

If the base list price is greater than \$ 175,000, use \$175,000 as the base list price in this step.

2) Multiply the amount in Step 1 by the factor above.

3) The adjusted VRG relativity is determined by adding the amount from Step 2 to the unadjusted VRG 50 rate relativity.

**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.

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.

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.