



NATALIE A. HUBLEY  
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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## RECORDS OF MEETING

### MAIP STEERING COMMITTEE – MAY 30, 2024

#### Members Present

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

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

Substituted for:  
N/A

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

#### 24.01 Records of Previous Meeting

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

#### 22.08 MAIP Physical Damage Maximum Loss Payable

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ADRIANNE DONOVAN  
Residual Market Services Liaison

Boston, Massachusetts  
June 10, 2024

**ATTACHMENT LISTING**

Docket #MSC24.02, Exhibit #2

Attendance Listing

**MAIP STEERING COMMITTEE MEETING  
MEETING ATTENDEES  
MAY 30, 2024**

Individual's Name

Company / Agency

PLEASE PRINT

Barry Tagen	Pilgrim Insurance Company
Shaun Farley	Vermont Mutual Insurance Group
Matthew Cote	Arbella Insurance Group
Ida Denard Jones	Denard Insurance Agency, Inc.
Cory Hanson	The Hanover Insurance Company
Jean Houghton	Norfolk and Dedham Group
Robert Jackson	GEICO
Mary McConnell	Safety Insurance Company
Henry Risman	Risman Insurance Agency, Inc.
Gavin Traverso	MAPFRE U.S.A. Corporation
Mark Winiker	A-Affordable Insurance Agency, Inc.
Mary Ellen Thompson	Division of Insurance
Jessica Sparks	Quincy Mutual Group
Austin Tocchi	Pilgrim Insurance Company
Steven Torres	TSH & D – CAR Counsel
Benjamin Hincks	TSH & D – CAR Counsel
Wendy Browne	CAR Staff
Richard Dalton	CAR Staff
Adrienne Donovan	CAR Staff
Timothy Galligan	CAR Staff
Natalie Hubley	CAR Staff

**MAIP STEERING COMMITTEE MEETING  
MEETING ATTENDEES  
MAY 30, 2024**

Individual's Name

Company / Agency

PLEASE PRINT

Steven Gautieri	CAR Staff
Cheryl Kopas	CAR Staff
Katy Proctor	CAR Staff
Lynne Rosenburg	CAR Staff
Robin Tigges	CAR Staff