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ADDITIONAL INFORMATION

TO MEMBERS OF THE COMMERCIAL AUTOMOBILE RESIDUAL MARKET STANDARDS SUBCOMMITTEE

FOR THE MEETING OF:

Wednesday, May 9, 2018 at 10:30 a.m.

CRMS

18.04 Commercial Residual Market Issues

Attached is the updated list of commercial residual market issues, reflecting the discussions and efforts to date. (Docket #CRMS18.04, Exhibit #5)

CRMS

18.06 Standards for Validating the Principal Place of Business

Updated standards to be used by Servicing Carriers and Exclusive Representative Producers for validating Principal Place of Business, including the certification form that must be signed by all new business applicants, are attached for the Subcommittee's consideration. (Docket #CRMS18.06, Exhibit #3)

CRMS

18.08 Standards for Validating Non-Fleet Private Passenger Type Risks

Updated standards to be used by Servicing Carriers and Exclusive Representative Producers in validating Non-Fleet Private Passenger Type Risks, including the certification form and endorsement, are attached for the Subcommittee's consideration. (Docket #CRMS18.08, Exhibit #2)

CRMS

18.10 Information Sharing

An updated proposal for a new online information sharing system is attached for the Subcommittee's consideration. (Docket #CRMS18.10, Exhibit #2)

WENDY BROWNE
Vice President – Business Operations

Attachments

Boston, Massachusetts
May 3, 2018

Commonwealth Automobile Reinsurers

Commercial Automobile Residual Market Standards Subcommittee

Commercial Residual Market Issues – Status as of May 3, 2018

The Subcommittee has compiled and prioritized a list of issues identified in its deliberations for continued discussion. The Subcommittee will formulate recommendations to the Commercial Automobile Committee for each item.

1. Standards for Determining and Substantiating Principal Place of Business

At the December, 2017 and February 2018 meetings, discussion took place relative to the determination or substantiation of a risk's Principal Place of Business in order to confirm eligibility for placement in the MA commercial residual market. To address difficulties in substantiating Principal Place of Business arising from technological advances in today's marketplace, the Subcommittee recommended changes to Rule 2 - Definitions of CAR's Rules of Operation to include the nerve center test. The Subcommittee will next consider developing standards for substantiating the principal place of business for companies and producers to utilize.

STATUS: The changes to Rule 2 – Definitions were deemed approved by the Division of Insurance on March 29, 2018 and a notification of this approval was furnished to the industry on that day as well.

The Subcommittee will continue its discussions at the May 9, 2018 meeting to develop standards for use by Servicing Carriers and Exclusive Representative Producers. Staff has updated the draft standards and certification form as directed by the Subcommittee. (separate attachment).

2. Non-Fleet Private Passenger Types

The Subcommittee has discussed difficulties in confirming eligibility for risks classified as non-fleet private passenger types. The Subcommittee will continue discussing potential enhancements including, but not limited to:

- Improvement of underwriting standards to encourage consistency among Servicing Carriers
- Validation of business entity
- Collection of Business Owner/Operator Information
- Sharing of Information

STATUS: The Subcommittee will continue its discussions at the May 9, 2018 meeting to develop standards for use by Servicing Carriers and Exclusive Representative Producers. Staff has updated the draft standards, certification form and endorsement as directed by the Subcommittee (separate attachment).

3. Program Oversight and Auditing

At its March 29, 2018 meeting, the Subcommittee recommended approval of CAR's Focus Audit plan that will gather information to assist in the development of underwriting standards for use by Servicing Carriers to determine eligibility, classification, and rating of commercial residual market risks.

STATUS: At the April 2018 meetings, the Commercial Automobile and Governing Committees approved the focus audit plan. CAR is working on developing the sample of policies to be selected from each Servicing Carrier for review and anticipates on distributing that data shortly. Upon completion, the results of the focus audit will be provided to the Commercial Automobile and Compliance and Operations Committees.

4. Producer Requirements

The Subcommittee should review the provisions of Rule 14 – Exclusive Representative Producer Requirements of CAR’s Rules of Operations in order to consider whether amendments are warranted. In addition, the Subcommittee has suggested potential enhancements to CAR’s Producer Management System, including:

- The development of a producer profile that shows the distribution of the agency’s book by classification.
- Reports that highlight those producers with significant volumes of any classifications or those with significant increases in any of the classifications.
- Using these reports, CAR may direct a Servicing Carrier to perform an audit of a producer’s book of business to determine if any questionable practices were occurring.

STATUS: The Subcommittee will continue its discussion of this item at the May 9, 2018 meeting.

5. Information Sharing

The Subcommittee has discussed opportunities to share information that may not be proprietary in nature or in conflict with statute and/or regulation, but that would be beneficial to the administration of the program, particularly as related to declinations, non-renewal, and cancellation for ineligibility. Staff has proposed developing a web-based online system for this function

STATUS: The Subcommittee will continue its discussions at the May 9, 2018 meeting to further define the general components of the proposed system (separate attachment).

6. Covered Automobiles

Staff is proposing to limit ceded risks to policies written on a specified car basis only. While this change would have a minimal impact, as very few ceded policies are rated on a composite or gross receipts basis, it would eliminate a potential for duplicate exposure in certain circumstances.

STATUS: The Subcommittee will begin discussing this item at the May 9, 2018 meeting.

7. Radius of Operations for Truck and Bus Classifications

The Subcommittee noted that the radius of operation for truck and bus classes are not consistent. Pursuant to Rules 52 and 72 of CAR’s Commercial Automobile Manual, radius for trucks is determined using the street address of principal garaging, and for buses using the motor vehicle’s registration. The Subcommittee should discuss whether a change to either manual rule should be recommended.

STATUS: Staff is in the process of researching the genesis of revisions to the determination of radius class for bus classes, as well as the procedures of other states' residual markets, and will report on its research at a future meeting.

8. Rating Territory for Non-Zone Rated Public Classes

The Subcommittee noted that Rule 72.C.2. sets forth the determination of rating territory for public automobile classes. For non-zone rated risks, the rating territory is defined as the highest rated territory through or in which the public vehicle operates. However, the language does not specifically address the determination of territory for those risks that travel outside of Massachusetts. The Subcommittee should discuss whether an amendment to the determination of rating territory is recommended.

STATUS: Staff is researching the plans of other states to develop amendments for Subcommittee consideration at a future meeting. As part of this effort, staff is reviewing Servicing Carrier procedures for determining and documentation accepted to substantiate radius class, including the application of the 80/20 rule for intermediate radius classes, in order to draft standard procedures for Subcommittee consideration.

9. Non-Ownership Liability Coverage

Staff has observed consistently high loss ratios for the non-ownership liability classifications. The Subcommittee will be asked to review different approaches to improve the residual market results for these risks.

10. Miscellaneous Risk Classification Issues

At a future meeting, the Subcommittee will discuss whether the language in the rating manual should be clarified to ensure consistency among Servicing Carriers in classification of risks. Examples raised to date include:

- Buses – Social Service vs. School vs. NOC
- Garage – Dealer Risk with some Repair vs. Repair Risk with some Dealer

11. Cancelled Risks being placed on other policies to avoid owed premium

The Subcommittee should further discuss this issue to determine whether strengthened controls are feasible and beneficial to the residual market.

12. Zone Rated for Truck and Bus Classifications

Subcommittee members noted that the use of garaging and/or registration location in the determination of radius class has enabled some risks to qualify for zone rating, even if the vehicles rarely, if ever, travel to that location. In addition, the Subcommittee noted that there are different rating methodologies for the physical damage coverages of the intermediate and long distance radius classes.

STATUS: In conjunction with its next rate filing, staff is in the process of a thorough analysis of zone rates, including primary rating factors and physical damage rating procedures. The Subcommittee will postpone its discussions of this topic until staff has completed its efforts in this regard.

Servicing Carrier Standards for Validating the “Nerve Center” Principal Place of Business

Standards for the validation of Principal Place of Business (“Nerve Center”): In determining whether a risk is eligible for placement in the commercial automobile residual market, Servicing Carriers and Exclusive Representative Producers are required to validate whether or not the risk’s declared principal place of business meets the “nerve center” test. As such, operations taking place in the corporation’s “nerve center” would include, but not be limited to:

- Computer/monitoring systems that track the location of the vehicles
- Scheduling systems for vehicle operations and corresponding routes
- Systems for responding to vehicles requiring roadside or emergency assistance
- Payroll systems
- Depending upon the business operation, commensurate hours of operation
- Telephone systems to handle customer service, driver assistance, maintenance and repair, vendor and/or employee communications
- Treasury management systems for disbursing and collecting funds
- Administrative activities to support business operations

Note that a mail drop box, a bare office with a computer, or a location where executives only occasionally meet, does not qualify as Principal Place of Business for the purpose of determining eligibility for cession to the MA residual market.

Servicing Carriers should require and receive a signed Principal Place of Business Certification Form attesting to the information submitted on the application on all risks for insurance pursuant to the insured’s principal place of business. The certification must be signed and dated by the insured and writing producer.

Underwriting Tools and Opportunities: Servicing Carriers should take advantage of, but not limited to, the following options in determining risk eligibility relative to the principal place of business and “nerve center”:

1) Proof of Principal Place of Business

- a) Use of the Secretary of Commonwealth’s Corporations Division website to determine:
 - If the risk and/or the risk’s Federal Employer Identification Number (FEIN) is registered with the Corporations Division
 - Date of Origination
 - The identity of the risk’s officers, directors, partners and/or managers
 - The location of the risk’s principal office in Massachusetts
 - The state in which the risk was organized
 - Who signed the organizational documents for the risk
- b) Use of an Internet search engine to determine if the risk has a website for Massachusetts and/or other state operations and to verify office location(s) or if there is information relative to any of the corporate officers
- c) Use of the RMV systems to determine if the risk’s officers, directors, partners and/or managers have a Massachusetts address/operator’s license and to determine if the risk previously was insured with a Massachusetts carrier
- d) Review of loss runs, if available, to determine if the risk’s operations are in Massachusetts
- e) Review of FMCSA filings, if applicable, to verify address on the risk’s new business application

The Servicing Carrier may also request the risk and/or Exclusive Representative Producer to provide additional information as noted, but not limited to the Exclusive Representative Producer Standards for Determining the “Nerve Center” Principal Place of Business. An SIU investigation may also be requested. As part of the underwriting process and/or SIU investigation, the risk’s principal/owner will be required to corroborate information collected by the writing Exclusive Representative Producer.

Pursuant to Rule 10 – Claims of CAR’s Rules of Operation, Servicing Carriers are required to conduct audits on representative samples of policies to verify garaging and policy facts. However, market conditions may warrant increased awareness and focus on specific classifications of business due to suspected fraud, increased loss experience, or other negative impacts on the commercial automobile residual market during the Servicing Carrier contract period. If such occasions occur, the specific classifications will be identified, through CAR’s committee process, for mandatory Servicing Carrier SIU investigations involving the principal place of business. **At its March 29, 2018 meeting the Commercial Automobile Market Standards Subcommittee directed that Servicing Carriers be notified of an expectation to enhance their focus on validating principal place of business for intermediate and long distance TTT and bus classifications.**

Exclusive Representative Producer Standards for Determining the “Nerve Center” Principal Place of Business

Standards for the validation of Principal Place of Business (“Nerve Center”): In determining whether a risk is eligible for placement in the commercial automobile residual market, Exclusive Representative Producers and Servicing Carriers are required to validate whether or not the risk’s declared principal place of business meets the “nerve center” test. As such, operations taking place in the corporation’s “nerve center” would include, but not be limited to:

- Computer/monitoring systems that track the location of the vehicles
- Scheduling systems for vehicle operations and corresponding routes
- Systems for responding to vehicles requiring roadside or emergency assistance
- Payroll systems
- Depending upon the business operation, commensurate hours of operation
- Telephone systems to handle customer service, driver assistance, maintenance and repair, vendor and/or employee communications
- Treasury management systems for disbursing and collecting funds
- Administrative activities to support business operations

Note that a mail drop box, a bare office with a computer, or a location where executives only occasionally meet, does not qualify as Principal Place of Business for the purpose of determining eligibility for cession to the MA residual market.

***** Exclusive Representative Producers must provide a signed Principal Place of Business Certification Form on all risks to their Servicing Carrier attesting to the information submitted on the application for insurance pursuant to the insured’s principal place of business. The certification form must be signed and dated by the insured and the writing producer to confirm that the risk meets the definition of Principal Place of Business as specified in CAR Rule 2.**

Risk Evaluation Tools and Opportunities: Exclusive Representative Producers should ascertain the following in determining risk eligibility relative to the principal place of business and “nerve center” prior to submitting a risk to their Servicing Carrier for placement in the commercial auto residual market:

- 1) Proof of Principal Place of Business
 - a) Whether the company is headquartered in Massachusetts and meets the definition of Principal Place of Business as specified in Rule 2 – Definitions of CAR’s Rules of Operation
 - b) Whether company reports, documentation and financial records originate in the Massachusetts office
 - c) How long has the company been at the Massachusetts location
 - d) Whether the company has officers, directors, partners and/or managers residing in other states, and, if so, where
 - e) Whether business/corporate decisions and orders solely emanate from the Massachusetts principal place of business of the company, and if not, describe the corporate communications
 - f) Whether the principal owner, officers, directors, partners and/or managers all reside in Massachusetts and if not, describe residency of each.
 - g) The number of employees working out of the Massachusetts principal place of business. In Massachusetts? Out of state?
 - h) Identify the registration of all vehicles. Registered in Massachusetts? Other states?
 - i) Operators/Drivers for the company licensed/hired in Massachusetts
 - j) How often the principal/owner of the company is in the company’s Massachusetts headquarter office
 - k) Whether the payroll for the company is handled through the Massachusetts principal place of business location
 - l) Hours of the Massachusetts principal place of business location of the company
- 2) The ERP/risk will be required to provide, at the Servicing Carrier’s request, information included but not limited to the following:
 - a) Pictures of the MA location and garaging locations if different from MA mailing address
 - b) Name and location of shop providing repair and maintenance on the vehicles
 - c) Percentage of revenue derived from MA operations versus other states
 - d) Tax returns
 - e) A copy of the risk’s lease and/or other documents pursuant to the establishment of an operational office location in Massachusetts (utility bills, bank statements, tax documents, payroll records, workers comp. policy, etc.)
 - f) A list of any other address locations from which the business operates and what type of activities occur at those locations

*****TO BE CERTIFIED BY ALL APPLICANTS PRIOR TO PLACEMENT IN THE COMMERCIAL
AUTOMOBILE INSURANCE RESIDUAL MARKET (CAR)*****

PRINCIPAL PLACE OF BUSINESS

By submitting this application, I represent that this principal place of business is located in Massachusetts. Principal Place of Business, as it applies to the definition of an Eligible Risk, is defined as the chief or usual place of business. It is the corporation's nerve center, its center of direction, control, and coordination, the place where the principal officers generally transact business and the place to which reports are made and from which orders emanate. It is the place where the majority of executive and administrative functions are performed*. I understand that I am required to cooperate with and notify the insuring carrier of any change to information presented in the application, including information pertinent to the identified principal place of business, during the policy period. **I also understand that, if found responsible for fraud or material misrepresentation in the application or any extension or renewal of the policy, the insurance company can cancel or rescind all or part of the insurance and/or deny coverage of a claim pursuant to the provisions of the policy and applicable law.** By signing below, I hereby certify that all information provided in the company's application is true and accurate.

Name of Principal Place of Business: _____

Address of Principal Place of Business: _____

Printed Name of Applicant's Authorized Representative: _____

Signature of Applicant's Authorized Representative: _____

Title: _____

Date: _____

Witness to the Signator and Signing above:

Signature of Producer: _____

Printed Name of Producer: _____

Agency Name: _____

Date: _____

MA Fraud Warning: "Any person who knowingly and with the intent to defraud any insurance company or another person files an application for insurance or statement of claim containing any material false information, or conceals for the purpose of misleading information concerning any fact material thereto, may be committing a fraudulent insurance act, which may be a crime and may subject the person to criminal and civil penalties."

---Original submitted to the insuring Servicing Carrier, copy to be retained by Producer---

* Commonwealth Automobile Reinsurers Rules of Operation, Chapter 2 - Definitions

Servicing Carrier Standards for Non-Fleet Private Passenger Type Classifications

Standards for the Review of Non Fleet Private Passenger Type Commercial Automobile Risks: In determining whether a non-fleet private passenger type risk is eligible for placement in the commercial automobile residual market, Servicing Carriers are required to validate the information provided by the risk and writing producer. If the application asserts/suggests a business entity/operation the Servicing Carrier must validate that a commercial automobile business entity/operation exists.

Servicing Carriers should require and receive a signed Non-Fleet Private Passenger Type Certification Form attesting to the information submitted on the application for insurance pursuant to the insured's business entity. The certification must be signed and dated by the insured and writing producer.

Underwriting Tools and Opportunities: Servicing Carriers should take advantage of, but not limited to, the following options in determining risk eligibility relative to determining the business entity:

- 1) Proof of Business Entity:
 - a) Use the Secretary of Commonwealth's Corporations Division website to determine:
 - o If the risk and/or the risk's Federal Employer Identification Number (FEIN) is registered with the Corporations Division
 - o Date of Origination, Current Status
 - o The identity of the risk's officers, directors, partners and/or managers – ownership and address information
 - o Who signed the organizational documents for the risk
 - b) Use an Internet search engine to determine if the risk has a website for its stated business entity/operation.
 - c) Use an Internet mapping site to assess business address, public and street presence.
 - d) Use the RMV systems to verify whether the risk's officers, directors, partners and/or managers have a Massachusetts address/operator's license and to determine if the risk previously was insured with a Massachusetts carrier. Verify that the vehicle registration(s) is in the name of the business entity/operation. Confirm all operator information listed on the application and certification document.
 - e) Assess whether there was prior insurance coverage provided for the business entity/operation and the history of that coverage (i.e. cancellation/non-renewal reason, etc.)
 - f) Obtain one or more of the following:
 - a. Contract for services with a customer relative to the listed business entity/operation
 - b. Tax filing information for the business (Schedule C if filing an individual return)
 - c. Workers Compensation Insurance Policy
 - d. General Liability Insurance Policy
 - e. If prior insurance coverage, copy of declarations page
 - f. Copies of leases and utility bills
 - g) Request SIU investigation when necessary to determine if risk is a business entity

Pursuant to Rule 10 – Claims of CAR's Rules of Operation, Servicing Carriers are required to conduct audits on representative samples of policies to verify garaging and policy facts. However, market conditions may warrant increased awareness and focus on specific classifications of business due to suspected fraud, increased loss experience, or other negative impacts on the commercial automobile residual market during the Servicing Carrier contract period. If such occasions occur, the specific classifications will be identified, through CAR's committee process, for mandatory Servicing Carrier SIU investigations involving the eligibility of the business entity/operation.

Exclusive Representative Producer Standards for Non-Fleet Private Passenger Type Classifications

Exclusive Representative Producers (ERPs) will be responsible for:

- 1) Obtaining a completed and signed Non-Fleet Private Passenger Type (NF-PPT) Certification Form for each NF-PPT risk submitted to their Servicing Carrier for placement in the commercial auto residual market.**
- 2) Listing all permissive operators of the vehicle(s) on the application for insurance and note any operator listed on the application with a valid license from a country of territory approved by the Massachusetts RMV, on the Non Fleet Private Passenger Certification Form.**
- 3) Obtaining a completed Driver Exclusion Form if the owner(s) is/are not listed as an operator(s).**
- 4) Reiterating to the insured that the Certification Form requires the insured's cooperation in notifying the insuring carrier of any change to information presented in the application, including information pertinent to the ownership and permissive operators of the vehicle(s), during the policy period.**

The ERP will also be responsible for assisting in the verification and confirmation of information regarding the risk's eligibility for commercial automobile residual market coverage including, but not limited to:

- 1) Proof of Business Entity:
 - a) Corporate Documentation - Use of the Secretary of Commonwealth's Corporations Division website to obtain:
 - o Validation of the risk and/or the risk's Federal Employer Identification Number (FEIN) being registered with the Corporations Division and includes, the Date of Origination, Current Status, the identity of the risk's officers, directors, partners and/or managers – ownership and address information and who signed the organizational documents for the risk
 - b) Use of an Internet search engine may be used to reflect that the risk has a website for its stated business entity/operation.
 - c) Vehicle usage: Use the RMV systems to determine if the registration of the vehicle(s) is consistent with the name of the business entity/operation.
 - d) Operators of the Vehicle(s): List all operators and associated license information. If the owner is not listed as an operator, please explain. Note: a Drivers Exclusion Form will be required to be signed by the owner(s), if not listed.
 - e) Provide prior insurance coverage for the business entity/operation and the history of that coverage (i.e. cancellation/non-renewal reason, etc.)
- 2) The ERP/risk will be required to provide, at the request of the Servicing Carrier, information included but not limited to the following:
 - a. Contract for services with a customer relative to the listed business entity/operation
 - b. Tax filing information for the business (Schedule C if filing an individual return)
 - c. Workers Compensation Insurance Policy
 - d. General Liability Insurance Policy
 - e. If prior insurance coverage, copy of declarations page
 - f. Copies of leases and utility bills

NON FLEET PRIVATE PASSENGER TYPE (NF-PPT) CERTIFICATION FORM

*****TO BE CERTIFIED BY ALL NF-PPT APPLICANTS PRIOR TO PLACEMENT IN THE
COMMERCIAL AUTOMOBILE INSURANCE RESIDUAL MARKET (CAR)*****

NAME OF BUSINESS: _____

DESCRIPTION OF BUSINESS: _____

Submit a copy of one or more of the following with the application:

1. Contract for services with a customer relative to the listed business entity/operation
2. Tax filing information for the business (Schedule C if filing an individual return)
3. Workers Compensation Insurance Policy
4. General Liability Insurance Policy
5. If prior insurance coverage, copy of declarations page
6. Copies of leases and utility bills

If documents are not available, please explain: _____

VEHICLE USAGE:

How are vehicles used in your business? _____

VEHICLE OPERATORS:

Number of employees: Full Time: _____ Part Time: _____

ALL EMPLOYEES, FAMILY MEMBERS AND ANY OTHERS WHO HAVE PERMISSION TO DRIVE ONE OR MORE OF THE VEHICLES MUST BE LISTED ON, OR INCLUDED WITH THE APPLICATION FOR INSURANCE (A LICENSE NUMBER, STATE OR COUNTRY OF ISSUANCE MUST BE INCLUDED FOR EACH).

FOR ANY OPERATOR LISTED ON THE APPLICATION WITH A VALID LICENSE FROM A COUNTRY OR TERRITORY APPROVED BY THE MASSACHUSETTS RMV, THE FOLLOWING MUST ALSO BE COMPLETED:

1.) OPERATOR NAME: _____

LICENSE # _____ STATE/COUNTRY: _____

NUMBER OF MONTHS FROM THE DATE OF ARRIVAL IN THE U.S. _____

2.) OPERATOR NAME: _____

LICENSE # _____ STATE/COUNTRY: _____

NUMBER OF MONTHS FROM THE DATE OF ARRIVAL IN THE U.S. _____

For additional operators that meet this criteria, attach information listing the above information

NON FLEET PRIVATE PASSENGER TYPE (NF-PPT) CERTIFICATION FORM

OWNER(S) NOT LISTED AS AN OPERATOR(S) OR NOT LICENSED

If the owner(s) of the business does not have a valid driver's license and is/are not listed on the application as a driver(s), a Driver Exclusion Form must be signed and submitted with the application. In addition, the/those owner(s) will initial the following:

I have voluntarily chosen not to list myself as a driver on the application. I understand and agree that if an unlisted owner is involved in a claim, there may be no coverage under my policy because of the Material Misrepresentation provision of the policy. Owner(s) Initials: _____

SIGNED CERTIFICATION OF BUSINESS ENTITY AND VEHICLE USAGE:

The application I submitted herewith represents that my vehicles are used to further my business objectives. I understand and agree that the Company is entitled to examine books and records as they relate to the premium for this policy at any time during the policy period. This may include verification of actual business use of the vehicles. I certify that I have listed on the application all my employees, family members and others who have permission to drive one or more of the vehicles listed in my application. I understand that I am required to cooperate with and notify the insuring carrier of any change to information presented in the application, including information pertinent to the ownership and permissive operators of the vehicle(s), during the policy period. ***I understand that, if found responsible for fraud or material misrepresentation in the application or any extension or renewal of the policy, the insurance company can cancel or rescind all or part of the insurance and/or deny coverage of a claim pursuant to the provisions of the policy and applicable law.*** By signing below, I hereby certify that all information provided in the company's application is true and accurate.

Signature of Owner/Applicant's Authorized Representative: _____

Printed Name of Owner/Applicant's Authorized Representative: _____

Title: _____

Date: _____

Witness to the Signator and Signing above:

Signature of Producer: _____

Printed Name of Producer: _____

Agency Name: _____

Date: _____

MA Fraud Warning: "Any person who knowingly and with the intent to defraud any insurance company or another person files an application for insurance or statement of claim containing any material false information, or conceals for the purpose of misleading information concerning any fact material thereto, may be committing a fraudulent insurance act, which may be a crime and may subject the person to criminal and civil penalties."

---Original submitted to the insuring Servicing Carrier, copy to be retained by Producer---

MASSACHUSETTS ENDORSEMENT – M-XXXX-X

Operator Exclusion Form

It is agreed by the insurance company, the policyholder and the person named below (the Excluded Operator), that the Excluded Operator will not operate the vehicle(s) described below, or any replacement thereof, under any circumstances whatsoever.

Named Insured: _____

Excluded Operator: _____

Vehicles (Complete Section A **OR** Section B):

A. _____ (Check if applicable) Any and all Vehicles on the policy listed on the policy during the policy term

OR

B. Specific Vehicle(s)

Vehicle Description: _____

Vehicle Description: _____

Vehicle Description: _____

Vehicle Description: _____

The policyholder and Excluded Operator understand and agree that the insurance company will not pay under the optional insurance parts of the policy for any injury or damage arising out of the operation or use of the described vehicle(s) by the Excluded Operator.

The policyholder and Excluded Operator understand and agree that this Operator Exclusion Form will continue in full and effect in any subsequent renewal or replacement of the policy until the policyholder and the insurance company withdraw this form in writing.

Date

Policyholder/Authorized Representative Signature

Date

Excluded Operator's Signature

MEMORANDUM

To: Members of the Commercial Automobile Residual Market Standards Subcommittee
From: Wendy Browne
Date: May 3, 2018
Re: CRMS18.10 – Information Sharing

Background:

Based on the discussion at the previous meeting, staff has updated the proposal to develop a new online system to enable Servicing Carriers to share information relative to risks that have been declined, non-renewed, or cancelled as a result of being ineligible for coverage in the Massachusetts commercial residual market.

Proposal:

A secure web application will be developed that will collect information on ceded risks that have been declined, non-renewed or cancelled due to eligibility reasons. The following data elements would be collected:

- Business Name **
- Business Address
- Owner License Number **
- Federal Employer Identification Number (FEIN) **
- US DOT Number (required for interstate buses, interstate TTTs, and intrastate TTTs hauling hazardous materials) **
- Company Code Number
- Policy Number
- Effective Date
- Declination/Non-Renewal/Cancellation Date
- Class Type (as selected from drop down list)
- Reason for Declination/Non-Renewal/Cancellation (as selected from drop down list)
- Reinstatement Check-Box and Reinstatement Date (explanation should be provided in the Notes text box)
- Agency Name & Code (as selected from drop down list)
- Notes (free form text box)

** indicates fields that will be available for search capabilities

Companies would be expected to enter a record into the database within 48 hours of the declination/non-renewal/cancellation. Companies would also be expected to update the original record if the declination/non-renewal/cancellation is rescinded. CAR will develop an automated daily notification summarizing the activity for that day.

Class Type – Descriptions

- Regular TTT and Regular TTT Fleet
- Zone Rated TT and Zone Rated TTT Fleet
- Commercial Buses and Commercial Buses Fleet
- Zone Rated Buses and Zone Rated Buses Fleet
- Limo/PPT Buses and Limo/PPT Buses Fleet
- Garage Premises, Garage Not Subject to Compulsory Law
- Garage subject to Compulsory Law
- Van Pools
- Private Passenger Types Non Fleet
- Private Passenger Types Fleet
- Special Types and Motorcycles
- Non-Owned, Special Rating, Gross Receipts and Mileage
- Taxi and Taxi Fleet
- Limousine and Limousine Fleet
- Car Service and Car Service Fleet

Declination/Non-Renewal/Cancellation – Reasons for Ineligibility

- Principal Place of Business is not in MA
- Invalid License
- Unverifiable Commercial Entity
- Misrepresentation of Information
- Fraudulent Claim
- Failure to Cooperate with the Servicing Carrier's investigation