



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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www.commauto.com 617-338-4000

ADDITIONAL INFORMATION

TO MEMBERS OF THE COMMERCIAL AUTOMOBILE RESIDUAL MARKET STANDARDS SUBCOMMITTEE

FOR THE MEETING OF:

Thursday, September 27, 2018 at 12:30 p.m.

CRMS

18.04 Commercial Residual Market Issues

Attached is an updated status report of the Subcommittee's current efforts. (Docket #CRMS18.04, Exhibit #11)

CRMS

18.08 Standards for Validating Non-Fleet Private Passenger Type Risks

To assist the Subcommittee in its continued discussion relative to foreign licensing requirements, attached is historical information relative to committee discussion on a prior Request for Review concerning the non-renewal of policies with insureds that had failed to obtain Massachusetts drivers licenses. (Docket #CRMS18.08, Exhibit #6)

CRMS

18.09 Producer Requirements

To assist the Subcommittee in its discussion relative to the development of a market need concept for new commercial residual market Exclusive Representative Producer appointments, attached is demographic data with respect to the availability of market access by class and territory. Also attached is additional detail relative to those producers without a voluntary contract, including loss ratios and a profile of the number of total producers in the towns in which those Exclusive Representative Producers are located and with the specific Division of Insurance territories highlighted. (Docket #CRMS18.09, Exhibits #8 and #9)

CRMS

18.12 Radius of Operation and Rating Territory

Attached is a historical summary of previous discussions relative to this topic, including a summary of previously proposed amendments to the radius of operation language in the Commercial Automobile

Manual. To assist the Subcommittee in its continued deliberations, also included are suggested alternatives for determining rating territory for non-zone rated risks. (Docket #CRMS18.12, Exhibit #6)

CRMS

18.14 Requirement for Vehicle Operations in Massachusetts

To assist the Subcommittee in its discussion, attached is an exhibit that identifies how other states' plans address risks with multi-state operations. (Docket #CRMS18.14, Exhibit #1)

WENDY BROWNE
Vice President – Business Operations

Attachments

Boston, Massachusetts
September 24, 2018

Commonwealth Automobile Reinsurers

Commercial Automobile Residual Market Standards Subcommittee

Commercial Residual Market Issues – Status as of September 24, 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

The changes to Rule 2 – Definitions, to include the nerve center test, were approved by the Division of Insurance on March 29, 2018. At the May 9, 2018 meeting, the Subcommittee voted to recommend approval of the standards, including the certification form, for use by the Servicing Carriers and Exclusive Representative Producers in determining and substantiating Principal Place of Business.

STATUS: The Commercial Automobile and Governing Committees approved the recommendations of the Subcommittee at the June 2018 meetings. The Certification Form has been placed on file by the Division of Insurance and the Standards were published to the industry in Bulletin No. 1055.

2. Non-Fleet Private Passenger Types

The Subcommittee has discussed difficulties in confirming eligibility for risks classified as non-fleet private passenger types. At the May 30, 2018 meeting, the Subcommittee voted to recommend approval of standards, including a certification form, an operator exclusion endorsement, and proposed changes to the rating manual for use by the Servicing Carriers and Exclusive Representative Producers in verifying eligibility for these risks.

STATUS: The Commercial Automobile and Governing Committees approved the recommendations of the Subcommittee at the June 2018 meetings. The Certification Form, Endorsement and Rating Rule change have been placed on file by the Division of Insurance and the Standards were published to the industry in Bulletin No. 1058. Additionally, Chapter V- Premium of the Manual of Administrative Procedures has been updated to include the new certification and endorsement exclusion forms.

The Subcommittee will continue its discussions relative to the eligibility of operators with foreign licenses. Information from past committee discussions is attached to the Notice.

3. Producer Requirements

At the May 2018 meetings, the Subcommittee discussed potential changes to the requirements for Exclusive Representative Producers. The Subcommittee initially recommended changes to the experience requirements, but indicated that it will continue its review of other areas of concern.

STATUS: Proposed changes to Rule 14 – Exclusive Representative Producer Requirements that reflect updated requirements relative to prior work experience as well as requirements related to certification forms were approved by the Commercial Auto and Governing Committees at the June 2018 meetings. The proposed changes were approved by the Division of Insurance, and published to the industry in Bulletin No. 1057.

The Subcommittee will continue its consideration of developing of a market need concept for new ERP appointments. Additional data reports have been attached to the Notice.

4. 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. This was approved by the Commercial Automobile and Governing Committees at the April 2018 meetings.

STATUS: CAR is currently in the final stages of completing the Focus Audits and will be presenting its findings to the Compliance and Operations Committee on October 18th and the Commercial Oversight Committee on October 23rd.

5. Radius of Operation and Rating Territory

The Subcommittee noted that the determination of radius of operation for truck and bus classes is 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.

Furthermore, the Subcommittee noted that language in Rule 72.C.2. defining the determination of non-zone rated risks could be clarified to enhance consistency among Servicing Carriers.

STATUS: The Subcommittee will continue its discussion relative to options for proposed modifications for determining the Radius of Operation and the Rating Territory.

6. 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 had proposed developing a web-based online system for this function, which was unanimously accepted by the Subcommittee at its May 9, 2018 meeting.

STATUS: The Commercial Automobile and Governing Committees approved the recommendation to develop the Ineligible Risk Database at the June 2018 meetings. Proposed changes to Chapter III - Servicing Carrier Responsibilities of the Manual of Administrative Procedures were also approved at the same time. Staff has begun developing and testing the new system and anticipates an October implementation date. More detailed reporting instruction will be published in a Bulletin in conjunction with the implementation.

7. Covered Automobiles

At the May 2018 meetings, the Subcommittee approved a proposal to limit ceded risks to policies written on a specified car basis only, including modifications to the Rules of Operations, the Commercial Automobile Insurance Manual and the Manual of Administrative Procedures.

STATUS: The Commercial Automobile and Governing Committees accepted the recommendations at the June 2018 meetings. The proposed changes to the Rules of Operation were approved by the Division of Insurance and published to the industry in Bulletin No. 1056. Proposed changes to the Commercial Automobile Insurance Manual were filed and approval by the Division, and then published to the industry in Bulletin No. 1059. The corresponding updates to Chapter V – Premium of the Manual of Administrative Procedures was published to the industry via Bulletin No. 1060.

8. Review of Coverage Limits

At its June 2018 meeting, the Governing Committee requested that the Subcommittee revisit the issues related to the cedable limits available in Massachusetts.

STATUS: At the previous meeting, the Subcommittee agreed to table consideration of the cedeable limits until the impact of the reforms recently adopted and currently under consideration can be evaluated.

9. Requirements for Vehicle Operations in Massachusetts

In order to strengthen the eligibility requirements for placement in residual market, the Subcommittee will consider whether requirements for vehicle operations in MA can be incorporated. Information relative to multi-state risks in other states' plans is attached to the Notice.

10. 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 at a future meeting.

11. 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

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

At a future meeting, the Subcommittee should further discuss this issue to determine whether strengthened controls are feasible and beneficial to the residual market.

13. Supplemental Application

The Subcommittee has discussed the possibility of developing a supplemental application that will incorporate the different certifications, as well as address the need for any other necessary information not presently captured in the policy application. Accordingly, the Subcommittee will discuss at a future meeting, the need for a supplemental application after the various issues have been discussed and concluded.

Commercial Automobile Residual Market Standards Subcommittee

CRMS18.08 – Standards for Validating Non-Fleet Private Passenger Type Risks

CAR Historical Adjudication Action – Non-Massachusetts Drivers Licenses

1) Market Review Committee – Meeting of May 1, 2003

Docket #MR03.11 - Amazonia Insurance Agency and the Sandpiper Insurance Agency, Inc. v. Hanover Insurance Company

Information relative to this matter is attached.

2) Governing Committee Review Panel – Meeting of June 4, 2003

Docket #GCRP03.07 – Amazonia Insurance Agency v. Hanover Insurance Company
(The Sandpiper Insurance Agency chose not to participate in a further appeal process.)

Note that all documentation provided to the Market Review Committee for its May 1, 2003 meeting was also provided to the Governing Committee Review Panel for its June 4, 2003 meeting. Additional information relative to this matter is attached.

3) The matter was not further appealed to the Division of Insurance

MR

03.08 Ramy Insurance Agency/The Premier Insurance Company of Mass.

The Ramy Insurance Agency, requested a review of the termination of its Exclusive Representative Producer appointment by The Premier Insurance Company of Mass. for violations of Rules 13, B, 3, g, and 14, B, 1, k, "Quote proper premiums based on information provided by the applicants for the coverage desired" as well as Rule 14, B, 1, c, "Verify that the applicants for insurance have not been in default in the payment of any motor vehicle premiums in the twelve months preceding the date of application." At its April 10, 2003 meeting, the Market Review Committee was informed of a request by both parties, to continue the matter until its next meeting.

Chairman Boynton advised that, at the request of the parties, the matter has been withdrawn.

The Committee agreed that the matter should be removed from the agenda.

MR

**03.11 Amazonia Insurance Agency and /The Hanover Insurance Company
Sandpiper Insurance Agency, Inc./**

Requests for Review were submitted by Mr. Francisco Sa, President of the Amazonia Insurance Agency and Mr. Christian Barber, President of the Sandpiper Insurance Agency, Inc. The agency principals are seeking relief relative to the action of The Hanover Insurance Company regarding the company's non-renewal and refusal to rewrite policyholders that have failed to obtain a Massachusetts drivers license.

As a courtesy to the parties, Mr. Sumner Gilman disclosed that through his premium finance company, he maintains a business relationship with The Hanover Insurance Company, Amazonia Insurance Agency, and Attorney Owen Gallagher. He offered to withdraw from the matter if any of the parties objected to his participation.

None of the parties objected to the participation of Mr. Gilman.

Mr. William Cahill indicated he would not participate in the matter.

Amazonia Insurance Agency principal, Francisco Sa, said that it is improper to consider drivers holding valid non-Massachusetts licenses as non-insurable. He disagreed with the claim that the Division of Insurance and Automobile Insurers Bureau (AIB) have specified that the failure to obtain a valid Massachusetts license is a permissible reason for non-renewing an insured or refusing to write or re-write a prospective insured. Citing that General Notice 1779, states the failure by you or the principal operator to be properly licensed to operate a motor vehicle in Massachusetts may result in the non-renewal of the policy, Mr. Sa indicated that currently there is no law prohibiting Hanover from rewriting the business following issuance of a non-renewal, adding that his customers who receive non-renewal notices are forced to file a complaint at the Division of Insurance or find another Servicing Carrier to accept their business. Mr. Sa disputed Hanover's contention that it is attempting to ensure that persons without a valid Massachusetts license are not allowed to register a motor vehicle in Massachusetts, noting that the company's actions are not preventing registrations of vehicles, but instead are resulting in market disruption and an increase in the number of uninsured motorists. Mr. Sa stated that Hanover's actions are

MR

**03.11 Amazonia Insurance Agency and/The Hanover Insurance Company (continued)
Sandpiper Insurance Agency, Inc./**

resulting in a significant loss of business to his agency, adding that he is unlikely to regain business of former insureds who seek out insurers that are not refusing to rewrite non-renewed business. He opined that the law is not specific enough to justify the company's actions and speculated that if the immigrant business didn't generate a high loss ratio, Hanover would not refuse to rewrite policies. Mr. Sa asked that Hanover be directed to stop refusing to accept rewritten policies following non-renewal for non-Massachusetts but valid licenses.

Sandpiper Insurance Agency principal, Christian Barber, said that during the past three months Hanover has issued approximately 400 non-renewal notices to his customers and eventually over one third of his book of business will be affected. Mr. Barber indicated that Hanover has been oversubscribed and their financial rating has been down graded, noting that Hanover is trying to improve its financial results and manipulate its subscription level by moving the business to other Servicing Carriers. He explained that not only is Hanover non-renewing and canceling the policies without a Massachusetts licensed operator, but the company is seeking out any policy that they can cancel legally. Mr. Barber continued that once Hanover issues a cancellation, they would not offer a reinstatement unless there was an error on their part. He asked that the company be directed to rewrite the policies that are being non-renewed until legislative changes can be made regarding licensing requirements for foreign drivers.

Attorney Owen Gallagher, representing The Hanover Insurance Company, referred to the law which provides that people who have been in the state over a year without a valid Massachusetts license are ineligible for insurance. He said that the only two exceptions to the state's "take all comers" law are, if premium is owed to a carrier or, if the principal operator on a policy fails to hold a valid Massachusetts license. Mr. Gallagher indicated that all Servicing Carriers should enforce this law until the legislature decides otherwise, adding that the law is clear and involves a matter of public safety. Mr. Gallagher said that Hanover's decision not to retain the business after one year is not an underwriting issue, but one of compliance with the law, noting that insurers who retain the business of this type beyond one year, in his opinion, have misinterpreted the law.

Ms. Lizz Cannon, representing the Brazilian Immigrant Center, indicated that the Registrar of Motor Vehicles does not consider someone a resident if they have been in Massachusetts for less than a year. She said that they are considered tourists and are ineligible for a Massachusetts license. She also noted that a year is defined as continual, that is, if a tourist leaves the country for a day and returns, the year starts anew. Ms. Cannon indicated that she supports the effort to amend licensing standards in order to allow non-Massachusetts residents the opportunity to obtain a Massachusetts license, but not be entitled to certain safe driver discounts.

CAR Counsel, Mr. Joseph Maher, advised that the Division of Insurance has indicated that while insurers must in the first instance, issue a policy for drivers holding a valid license, they may non-renew that business at policy expiration if the driver has not obtained a Massachusetts license. He indicated that under the provisions of M.G.L., Chapter 175, Section 113H, it would be permissible for another carrier not to write a policy for an insured who has resided in Massachusetts for one year and has not obtained a valid Massachusetts drivers license, insofar as the Registry of Motor Vehicles requires a Massachusetts license for a driver to be validly licensed once that person has resided in the state for one year.

MR

**03.11 Amazonia Insurance Agency and/The Hanover Insurance Company (continued)
Sandpiper Insurance Agency, Inc./**

Following consideration of all the information provided, the Committee concluded that an insurance company is allowed to refuse to retain business for more than one year if the insured has failed to obtain a valid Massachusetts drivers license. The Committee also agreed that a company having non-renewed such business is not required to rewrite the business, nor is another company required to write the risk where it has been previously cancelled or non-renewed for lack of a validly licensed operator.

Following discussion, a motion was made by Mr. Raymond Sirois and seconded by Mr. Sumner Gilman to uphold The Hanover Insurance Company's decision.

The motion passed on a unanimous vote.

Mr. Maher advised the parties of their right pursuant to CAR Rule 20.

There being no further business, **a motion was made by Mr. Sumner Gilman and seconded by Mr. Raymond Sirois to adjourn the meeting.**

The motion passed on a unanimous vote.

The meeting adjourned at 10:55 a.m.

ADRIANNE DONOVAN
Senior Administrative Support Assistant

Boston, Massachusetts
June 4, 2003

Note: These Records have not been approved. They will be considered for approval at the next Market Review Committee meeting.

COMMONWEALTH AUTOMOBILE REINSURERS

REQUEST FOR REVIEW/RELIEF

(pursuant to Rule 20, CAR Rules of Operation)

Please complete in type or print in ink.

Requestor's Name/Title: FRANCISCO SA - President
Signature: [Signature] Date: 4-4-03
Agency or Company Name: AMAZONIA INSURANCE AGENCY
Address: 66 Bow street
City/Town: Somerville State: MA ZIP Code: 02143
Telephone #: 617-6251900 Fax #: 617-6660037

Representation: If represented by counsel or other party please complete the following:
(Representation by counsel is not required).

Name of Rep: _____
Firm: _____
Address: _____
City/Town/St/ZIP: _____
Telephone #: _____
Fax #: _____

1 Reason For Review: A. Concisely summarize the reason(s) for your request for review identifying the nature of your grievement or request for relief.)
B. Identify the specific relief sought.

Ⓐ HANOVER INSURANCE COMPANY'S REFUSAL TO RENEW OR REWRITE policies FOR people who DOES NOT HAVE A MASS. Driver's License.

Ⓑ To Allow the Agency to Rewrite the policies that ARE NOT being Renewed.

CAR
DOCKET # MR03.11
EXHIBIT # 1
PAGE 1 OF 3

2 Details of Aggrievement(s): (Provide specific detail for each reason cited above including references to violations of CAR Rules, the agency contract, or established practices of CAR or one of its members. Include historical reference, where appropriate. (Attach supporting documentation.)

RECEIVED
APR 07 2003

*MANY other insurance company's ARE NOT RENEWING these policies; but they ARE REwriting them. TO MY KNOWLEDGE SAFETY PREMIER, ONE BEACON AND ARBELLA INSURANCE CO ARE REwriting these policies.

* About 50% of my book of BUSINESS DOES NOT HAVE A MASS. DRIVER'S LICENSE AND they CAN NOT GET ONE.

3

Action(s) Taken to Date to Resolve the Matter: (Cite when you first became aware of each item/issue being contested and what steps were taken to mitigate the matter prior to this request for a formal review.)

Meetings and MANY, MANY phone CONVERSATIONS with NO successful solution.

CAR
DOCKET # MR03.11
EXHIBIT # 1
PAGE 2 OF 3

Scheduling of Review: Upon receipt of a completed Request for Review Form a date will be established within 15 working days, pursuant to CAR Rule 20. Once a date has been confirmed, CAR will issue a written notification to affected parties. Any parties wishing to present written exhibits to be considered at the Committee meeting shall submit them to CAR's Docket Clerk no later than 5 business days prior to the scheduled meeting date. Written exhibits submitted to CAR within 5 business days of the scheduled meeting date will not be entered on the docket but must be directly to the Committee at the meeting itself. It will be left to the determination of the Committee as to whether these exhibits will be considered in their deliberations. In addition, parties submitting exhibits directly to the Committee are expected to be prepared to provide a minimum of 25 copies. Parties should provide copies of ALL exhibits and

documentation that they wish considered in the matter to the opposing party in concert with their submissions to CAR and/or the Committee. A request for a continuance on a review of the matter will be granted upon the agreement of all parties. All other requests for continuances must be physically presented to the assigned Committee for approval.

15 Day Waiver (CAR Rule 20): Initial if waiving the need for a review within 15 days:

I waive the 15 day review window pursuant to CAR Rule 20: (Initial): _____

**PLEASE NOTE: THIS FORM MUST BE COMPLETED AND RETURNED TO CAR
PRIOR TO THE INITIATION OF A FORMAL REVIEW PURSUANT TO
RULE 20, CAR RULES OF OPERATION**

FOR COMPLETION BY CAR OFFICE - DO NOT WRITE BELOW	
4	Assigned Docket Number:
5	Related Docket Number(s):
6	Assigned Review Forum: <u>CAR</u> DOCKET: <u>MR03-11</u> CAR COMMITTEE: EXHIBIT <u>1</u> PAGE <u>3</u> OF <u>3</u> Scheduled Review Date: _____
7	Disposition:

COMMONWEALTH AUTOMOBILE REINSURERS

REQUEST FOR REVIEW/RELIEF

(pursuant to Rule 20, CAR Rules of Operation)

Please complete in type or print in ink.

Requestor's Name/Title: Christian Barber, Pres.

Signature: 

Date: April 5, 2003

Agency or Company Name: Sandpiper Ins. Agency, Inc.

Address: 12 Enterprise Road

City/Town: Hyannis

State: MA

ZIP Code: 02601

Telephone #: 508-790-1919

Fax #: 508-790-3560

Representation: If represented by counsel or other party please complete the following:
 (Representation by counsel is not required):

Name of Rep: _____

Firm: _____

Address: _____

City/Town/St/ZIP: _____

Telephone #: _____

Fax #: _____

- 1 Reason For Review: A. Concisely summarize the reason(s) for your request for review identifying the nature of your grievement or request for relief.)
 B. Identify the specific relief sought.

Hanover Ins. Co., is non renewing all policies with an operator who does not have a Mass Lic. They will not re-write the policy after cancelling. Arbelle, Safety, Premier, Metropolitan, and others are all re-writing our cancelled or non-renewed customers. This accounts for over 1/3 of our book of business, or \$1,000,000 in premium. The illegal immigrants in this case are not being effected, only changing carriers. Our business is being greatly effected.

CAR
 DOCKET # MR03.11
 EXHIBIT # 2
 PAGE 1 OF 3

- 2 Details of Aggrievement(s): (Provide specific detail for each reason cited above including references to violations of CAR Rules, the agency contract, or established practices of CAR or one of its members. Include historical reference, where appropriate. (Attach supporting documentation.)

RECEIVED

APR 07 2003

Upon request, we can show that all of the vehicles that Hanover has non-renewed are still insured with other carriers and with the same owner.

3 Action(s) Taken to Date to Resolve the Matter: (Cite when you first became aware of each item/issue being contested and what steps were taken to mitigate the matter prior to this request for a formal review.)

We have not been able to take any action. Any non-renewed policy that has been re-written have been issued a cancellation notice.

CAR
DOCKET # MR03-11
EXHIBIT # 2
PAGE 2 OF 3

Scheduling of Review: Upon receipt of a completed Request for Review Form a date will be established within 15 working days, pursuant to CAR Rule 20. Once a date has been confirmed, CAR will issue a written notification to affected parties. Any parties wishing to present written exhibits to be considered at the Committee meeting shall submit them to CAR's Docket Clerk no later than 5 business days prior to the scheduled meeting date. Written exhibits submitted to CAR within 5 business days of the scheduled meeting date will not be entered on the docket but must be directly to the Committee at the meeting itself. It will be left to the determination of the Committee as to whether these exhibits will be considered in their deliberations. In addition, parties submitting exhibits directly to the Committee are expected to be prepared to provide a minimum of 25 copies. Parties should provide copies of ALL exhibits and

documentation that they wish considered in the matter to the opposing party in concert with their submissions to CAR and/or the Committee. A request for a continuance on a review of the matter will be granted upon the agreement of all parties. All other requests for continuances must be physically presented to the assigned Committee for approval.

15 Day Waiver (CAR Rule 20): Initial if waiving the need for a review within 15 days:

I waive the 15 day review window pursuant to CAR Rule 20: (Initial): _____

**PLEASE NOTE: THIS FORM MUST BE COMPLETED AND RETURNED TO CAR
 PRIOR TO THE INITIATION OF A FORMAL REVIEW PURSUANT TO
 RULE 20, CAR RULES OF OPERATION**

FOR COMPLETION BY CAR OFFICE – DO NOT WRITE BELOW	
4	Assigned Docket Number:
5	Related Docket Number(s):
6	Assigned Review Forum: CAR COMMITTEE: CAR DOCKET # <u>MR03.11</u> EXHIBIT # <u>2</u> PAGE <u>3</u> OF <u>3</u> Scheduled Review Date: _____
7	Disposition:

GALLAGHER & ASSOCIATES, P.C.
ONE CONSTITUTION CENTER
BOSTON, MA 02129-2095
617-598-3900
617-598-3900 (FAX)

CAR
DOCKET # 41103.11
EXHIBIT # 3
PAGE 1 OF 28

OWEN GALLAGHER

DIRECT DIAL: 617-598-3801

April 23, 2003

John D. Metcalfe
Administrative Manager
Commonwealth Automobile Reinsurers
100 Summer Street
Boston, MA 02110

Re: **Sandpiper Insurance Agency, Inc. and Amazonia Insurance Agency, Inc. v.
Hanover Insurance; Agenda Item # 03.11**

Dear Mr. Metcalf:

Please find enclosed Submission of the Hanover Insurance Company is Support of its
Legal Right to Refuse to Insure Persons Not Holding Valid Massachusetts Licenses.

If you should have any questions, please feel free to contact me. Thank you.

Very truly yours,



Owen Gallagher
ogallagher@gallagherlaw.com

OG/smc
Enclosures

Cc: Sandpiper Insurance
Amazonia Insurance Agency, Inc.

**COMMONWEALTH AUTOMOBILE REINSURERS
MARKET REVIEW COMMITTEE**

**Sandpiper Insurance Agency, Inc. and
Amazonia Insurance Agency, Inc.**

v.

Hanover Insurance Company

Agenda: Item:

03.11

CAR
DOCKET # MR03.11
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PAGE 2 OF 28

**SUBMISSION OF THE HANOVER INSURANCE COMPANY IN
SUPPORT OF ITS LEGAL RIGHT TO REFUSE TO INSURE
PERSONS NOT HOLDING VALID MASSACHUSETTS
LICENSES**

Executive Summary

Two ERPs of Hanover have filed complaints with CAR that Hanover's refusal to provide motor vehicle insurance to unlicensed applicants is a violation of the CAR Plan of Operation and Rules of Operation.

The public policy of Massachusetts requires that Hanover further the regulatory rules of the Massachusetts Registry of Motor Vehicles and the statutory law passed by the Massachusetts Legislature. In this case the Registry rules and the statutes of Massachusetts permit, if not require, Hanover not to provide insurance for unlicensed operators.

Massachusetts law has always had an exception to the "Take-All-Comers" insurance law that exempted applicants who did not hold valid Massachusetts drivers licenses from being able to obtain insurance. In fact, this exception is now embodied in the enabling act of CAR, G.L. c. 175, §113H. By statute, the CAR plan must allow insurance carriers to refuse to write unlicensed operators. In the present case, Hanover is only doing what the law allows, if not requires.

In addition, the AIB and the Division of Insurance have specified that not holding a valid Massachusetts license is a permissible reason for non-renewing an insured or refusing to write a prospective insured. These two bodies have agreed on the appropriate notice to be given such ineligible drivers. The notice given by

Hanover to its ineligible insureds canceling such policies is the notice approved by the AIB and the Division of Insurance.

Numerous insureds of the ERPs involved in filing this complaint with CAR against Hanover have appealed their cancellations to the Board of Appeal on Motor Vehicle Liability Policies and Bonds. This is the board established under G.L. c. 175, §113D, that has been charged with the Legislature with the legal responsibility to hear motor vehicle insurance cancellation complaints. In all contested cases where the insured did not, in fact, hold a valid Massachusetts license the board has upheld Hanover's cancellation as "proper and reasonable".

There are bills pending in the Legislature to allow illegal aliens to obtain drivers license. There is a bill pending in the United States Congress to prohibit states from licensing illegal aliens. The present Massachusetts law is clear. Unlicensed persons may not lawfully obtain an insurance certificate under G.L. c. 90, §34B, so that they may register a motor vehicle in Massachusetts.

Prior proceedings

The Sandpiper Insurance Agency, Inc., an ERP assigned to Hanover, has filed a Request for Review/Relief" with CAR alleging:

Hanover Ins. Co. is non renewing all policies with an operator who does not have a Mass. Lic. They will not rewrite the policy after cancelling. . .

The Amazonia Insurance Agency, Inc., also an ERP assigned to Hanover, likewise has filed a "Request for Review/Relief" with CAR requesting review of:

A. Hanover Insurance Company's refusal to renew or rewrite policies for people who does (sic) not have a Mass. Drivers License:

with the agency requesting relief under Rule 20:

B. To allow the agency to rewrite the policies that are not being renewed.

In their request to CAR the ERPs also complain that other companies are writing the unlicensed risks that Hanover refuses to write. Hanover can only address the issue that the ERPs raise as to whether Hanover actions are legal and proper. What action other companies do or do

not take is irrelevant to Hanover if it has the right, if not the duty, to continue its present course of action.

The Hanover ERP contract states in its section relating to the risks that the ERP may place with the company those:

. . . in accordance with the Commonwealth Automobile Reinsurers ("C.A.R.") Rules of Operation and Plan of Operation and . . . , subject to the laws of the Commonwealth of Massachusetts and subject to Section 113 H of Chapter 175 of the Massachusetts General Laws.

It is undisputed that Hanover has instructed ERPs not to accept persons holding foreign license that are invalid under Massachusetts law. As Hanover will demonstrate General Laws c. 175, §113H, mentioned in the contract specifically allows companies to refuse to accept such unlicensed insureds.

The protocols and procedures that Hanover has implemented are intended to insure that persons who do not hold valid drivers licenses are not allowed to register motor vehicles in violation of the laws of the Commonwealth.

The Undisputed Public Policy of Massachusetts Puts Strict Time Limits on Foreign Licensed Operators Remaining in Massachusetts Before They Must Obtain Drivers Licenses

Residents of Massachusetts are required to have a valid Massachusetts license to legally operate a vehicle. Out-of-state or foreign-licensed drivers must obtain a Massachusetts driver's license upon becoming a Massachusetts resident. G.L. c. 90, §3.

Massachusetts does honor the "The United Nations Road Traffic Convention of 1949". Under this Convention licensed drivers from member countries are extended driving privileges in Massachusetts for up to one year. Notwithstanding this one year grace period foreign licensed operators are required to obtain a Massachusetts license within thirty days of establishing permanent residence in Massachusetts. G.L. c. 90, §3.

The failure of an individual to comply with the mandatory requirements of the Registry of Motor Vehicles as to obtaining a Massachusetts license after at most one year clearly makes such person operating on a foreign license unlicensed as a matter of Massachusetts law. G.L. c. 90, §3

The proper licensing of drivers is a matter of public policy and safety. *Davis v. Walent*, 16 Mass. App. Ct. 83, 89 (1983) (“The purpose of licensing operators of automobiles is to make it reasonably certain that the licensee is qualified for the task and a proper person to be licensed.”)

The Registry of Motor Vehicle standards for licensing an operator are set forth in 540 CMR 2.06(3). “an applicant for a license shall submit”:

- ◆ satisfactory proof of age
- ◆ proof of residency in the Commonwealth and:
- ◆ his or her social security number.

In addition, prior to the issuance of any license, the applicant must:

- ◆ pass both a knowledge test and a driving or skills test: and
- ◆ must satisfy the Registry's medical qualification standards.

Conditioning the obtainment of a license upon such qualifications ensures that the applicant has a working knowledge of the rules of the road which may be different from those of his or her country of origin. Further, it provides some assurance that the applicant is competent and physically able to operate a motor vehicle. As a result, the licensing requirements serve to increase the safety of the Commonwealth's motoring public.

It therefore follows that there must be an equally strong public policy in Massachusetts restricting the ability of improperly or unlicensed drivers to obtain compulsory insurance that would allow them to register a vehicle in Massachusetts.

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The Massachusetts “Take-all-comers” Law has always allowed automobile insurers to refuse applicants who do not hold valid licenses

The first “take-all-comers” law in Massachusetts was the original version of General Laws c. 175, §113E, that was in effect from 1973 until 1984. This law was passed as part of the enabling act for the predecessor to CAR, the “Massachusetts Motor Vehicle Reinsurance Facility”. The legal structure of the Facility resulted in a statute that had an almost absolute offer of coverage. In its original form, this statute stated:

No insurance company shall refuse to issue or execute as surety a motor vehicle policy or bond both as defined in section thirty-four A of chapter ninety, to any person applying in good faith for such policy or bond, on a standard form prescribed by the commissioner for any reason; except that no insurance company shall be required to issue such policy or execute such policy or bond if:

- (1) The applicant or any person who usually drives the motor vehicle has failed to pay an insurance company any motor vehicle insurance premiums due or contracted during the preceding twelve months; or
- (2) Any person who usually drives the motor vehicle does not hold or is not eligible to obtain an operator's license.

* * *

In interpreting this version of the statute the Supreme Judicial Court stated in *Massachusetts Motor Vehicle Reinsurance Facility v. Commissioner of Ins.*, 379 Mass. 527, 528, n3. (1980):

General Laws c. 175, Section 113E, provides that insurers must offer policies to all drivers who apply in good faith. The only grounds upon which Section 113E allows insurers to reject applicants are failure to pay any insurance premiums in twelve preceding months, or failure to hold a valid driver's license. Thus insurers may not reject an applicant because of a bad driving record. (Emphasis supplied).

It is important to note that even this strong version of the statute that required a mandatory offer of coverage still allowed an insurer to refuse to issue a policy where the person who usually drives “does not hold . . . an operator’s license.” G.L. c. 175, §33E (prior to amendment of c. 241 of the Acts of 1983).

The above statute was substantially amended by c. 241 of the Acts of 1983. This was the same chapter that abolished the prior reinsurance facility and established Commonwealth Automobile Reinsurers. As a result of this amendment, the above paragraphs of the statute were struck, removing all references to a mandatory offer of coverage, with the result that the only part of the statute remaining was the original final paragraph relating to deposit premiums:

Nothing in this chapter shall be construed to prohibit an insurance company, its agent or any broker, from requiring a deposit premium before issuance of a policy or execution of a bond, providing the per vehicle deposit does not exceed thirty per cent of the annual premium or the full short term premium for the insurance requested, whichever is less, unless the applicant has been in default in the payment of any premium for automobile insurance during the preceding twenty-four months.

These statutory provisions, however, did not simply disappear. The provisions of St. 1983, c. 241, establishing CAR embody parts of this statute. The CAR enabling act, G.L. c. 175, §113H, contains the same exception that allowed a company to refuse to write unlicensed drivers that had existed in the prior version of G.L. c. 175, §113E. The provision mandates that the plan provide that:

. . . no insurance company shall be required to issue such policy or execute such bond if:

(1) The applicant or any person who usually drives the motor vehicle has failed to pay an insurance company any motor vehicle insurance premiums due or contracted during the preceding twelve months; or

(2) Any person who usually drives the motor vehicle does not hold or is not eligible to obtain an operator's license. (Emphasis supplied).

Hanover would suggest that this committee should note that there has been little or no controversy over the first “take-all-comers” exception that allows carriers to refuse to issue or to cancel policies of persons who have outstanding balances owed to prior carriers. It would seem to follow that the right of any insurance company to refuse to issue or to cancel a policy where a principal operator holds an invalid license would be equally clear and beyond dispute.

The Division of Insurance has approved the statements used by Hanover in non-renewing or canceling unlicensed insureds.

The Automobile Insurers Bureau (“AIB”)¹ has communicated with the Division of Insurance as to the correct application of Massachusetts law with regard to insureds who do not hold valid drivers license. (See attached Exhibit A, Letter of General Counsel, Michael Sloman of the AIB to Division of Insurance).

As a result of these efforts on November 18, 2002, the AIB issued General Notice No. G-1779. (A copy is attached as Exhibit B). This notice advised all member companies that Division of Insurance had approved the language to be used “when an insurer non-renews a policy because the policyholder does not possess a Massachusetts driver's license in accordance with requirements of the Registrar of Motor Vehicles.” The language approved by the Division of Insurance is the exact language that Hanover is using in the cases complained about by Sandpiper and Amazonia as its statement of reason on its non-renewal notices and cancellations. This language states:.

Our records do not indicate that you or the principal operator listed on your Massachusetts automobile insurance policy have a valid driver's license. We will reinstate your policy if you provide satisfactory evidence that you or the principal operator have obtained a Massachusetts driver's license or have a valid driver's license that grants the right to operate a motor vehicle in Massachusetts. For information about the Massachusetts requirements for driver's licenses, please consult the Registry of Motor Vehicles' website at www.mass.gov/rmv.

In addition, the approved 2003 application and renewal form contains ample notice to potential insureds that they must have a valid license to maintain insurance in Massachusetts.² (A copy attached as Exhibit C).

¹ The AIB is an unincorporated voluntary association of insurance companies licensed to write automobile insurance in Massachusetts See *Automobile Insurers Bur. of Mass. v. Commissioner of Ins.*, 415 Mass. 455, 456 n.1 (1993).

² This warning states:

Once you or the principal operator listed on this application become a resident of Massachusetts, you or the principal operator must obtain a Massachusetts driver's license. A resident of another state may drive in Massachusetts with a currently valid license issued by the individual's state of residence. A visitor from another

The Board of Appeal on Motor Vehicle Liability Policies and Bonds has primary jurisdiction to determine whether an insurer's cancellation or refusal to issue a motor vehicle policy is proper.

The cancellations of Massachusetts motor vehicle insurance policies or the refusal of an insurance company to write such a policy is reviewed by a special administrative body established to decide whether such a cancellation or refusal is "proper and reasonable". This board, the Board of Appeal on Motor Vehicle Liability Policies and Bonds ("Board of Appeal"), is established under the provisions of G.L. c. 26, §8A:

There shall be a board of appeal on motor vehicle liability policies and bonds serving in the division of insurance and consisting of the commissioner of insurance or his representative, the registrar of motor vehicles or a representative, and two assistant attorneys general to be designated from time to time by the attorney general.

This Board of Appeal specifically hears insureds' complaints relating to motor vehicle insurance cancellations. G.L. c. 175, §113D provides:

Any person aggrieved by the issue by any company, or an agent thereof on its behalf, of a written notice purporting to cancel a motor vehicle liability policy or bond ... or by the refusal of any company, . . . to issue such a policy ... may, . . . , file a written complaint with the commissioner, . . .

* * *

The Supreme Judicial Court has indicated that this board effectively has primary jurisdiction over motor vehicle insurance cancellation matters. *Lapierre v. Maryland Casualty Co.*, 14 Mass. App. Ct. 248, 249-250 (1982) (" . . . G.L.c. 175, Sections 113A and 113D, give the Commissioner of Insurance jurisdiction to hear and resolve disputes concerning the cancellation

country who is at least 18 years old and has a valid license issued by a country accepted by the Registrar of Motor Vehicles (in accordance with the 1949 Road Traffic Convention of the 1943 Inter-American Automotive Traffic Convention) may legally drive in Massachusetts for up to one year from the date of arrival in the United States. The failure by you or the principal operator to be properly licensed to operate a motor vehicle in Massachusetts may result in the non-renewal of the automobile insurance policy. For information about the Massachusetts requirements for driver's licenses, please consult the Registry of Motor Vehicle's website at www.mass.gov/rmv.

of motor vehicle liability policies or bonds and that, although the administrative remedy is not stated to be exclusive, the doctrine of primary jurisdiction or prior resort essentially makes it so.”)

A number of insureds of the Sandpiper and the Amazonia Insurance Agencies have filed complaints with the Board of Appeal alleging that Hanover’s cancellation of their insurance for failing to have valid Massachusetts licenses were, as specified in G.L. c. 175, §113D, “invalid, or improper and unreasonable”. (Copies of some of the findings of Board of Appeal on these cancellation complaints are attached hereto as Exhibit D).

In each of the hearings the focus of the Board of Appeal has been on the exact issue of valid Massachusetts licensure. A review of the recordings on the hearings demonstrates that the Board of Appeal reached its decisions by asking each complaining insured questions such as:

- Do you have a Massachusetts license?
- Are you able to get a Massachusetts license?
- Do you have a Massachusetts license or a Social Security number?
- Is there a reason he can't get a Social Security number? (through interpreter)
- Do you have any kind of license?
- Do you have a Brazil license?
- How long have you been in the United States?

In all cases, where the answers of the complaining insured established that he had resided for more than one year in Massachusetts and had not obtained a valid Massachusetts license the Board of Appeal upheld the cancellation by Hanover.

As of this date, the Board of Appeal has upheld as “proper and reasonable” all of the cancellations where the complaining insureds had failed to obtain a Massachusetts license as required by law.³

³ The Board of Appeal did initially reinstate a few insureds who filed complaints. In each of these case, however, Hanover had failed to appear because of an internal routing error of the notice to appear. Since this routing error was corrected all contested complaints have been resulted in Hanover’s cancellations being upheld.

Whether to Allow Unlicensed Operators to Insure Vehicles is a Legislative Decision and the Present Law Should Be Enforced Until the Legislature or Congress Changes the Law

A major reason that many of the insureds being canceled is that they cannot obtain a Massachusetts drivers license is because they are illegal immigrants who cannot obtain a social security number. A provision of the "Reform and Immigrant Responsibility Act of 1996" authorized the federal Department of Transportation to establish national requirements for birth certificates and drivers' licenses. This provision required that all Americans had to provide Social Security numbers to apply for or renew a state driver's license beginning October 1, 2000. The state issuer had to display the number on the license itself or embed it within the document for reading by electronic means.

Massachusetts currently complies with this federal mandate. The issue of allowing operators to obtain drivers licenses and, thereby, insurance notwithstanding the federal law is presently before the Massachusetts Legislature.

House Bill 2292 would have the Registrar of Motor Vehicles be authorized to accept individual taxpayer identification numbers in lieu of social security numbers in issuing licenses. An alternative proposed act, House Bill 3205, would change the identification deemed appropriate by the Registrar of Motor Vehicles for certain license and registration applicants. Each of these bills is intended to allow the Registrar to issue Massachusetts license to persons who presently cannot obtain them because of their status in the United States as illegal aliens who do not have Social Security numbers. Neither of these bills would change the present requirements of the Registry of Motor Vehicles that a Massachusetts license be obtained when a person resides in Massachusetts as a permanent resident of for more than one year.

Until such time as the Massachusetts Legislature may elect to change the law, it is clear that persons who have resided in Massachusetts for more than one year and who have not obtained a Massachusetts driver's license may be lawfully refused insurance.

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Conclusion

The statutory and regulatory law that supports Hanover's legal position is indisputable. As should be clear from the foregoing analysis of the issue, the right to refuse to provide insurance for unlicensed operators is an exception under the CAR Plan that is just as established as the more generally accepted exception that permits carriers to refuse insurance to applicants who owe premium to other carriers.

It is extremely important for the Market Review Committee to note that the course of action that Hanover has taken is not one that is designed to better its position vis-a-vis other carriers. It is a course of action open to all carriers if Hanover legal position is correct. If the unlicensed applicants that Hanover is refusing are not legally entitled to obtain motor vehicle insurance in Massachusetts no carrier is prejudiced because no carrier, as a matter of law, should be writing this business.

Accordingly, the actions of Hanover in refusing to provide insurance to unlicensed operators is within the enabling act of CAR and should be upheld by the Committee.

The Hanover Insurance Company

By its attorney:



Owen Gallagher

BBO # 183420

Gallagher and Associates, P.C.

One First Avenue, Suite 201

Boston, MA 02129

(617) 598-3801

Fax: (617) 598-3900

ogallagher@gallagherlaw.com

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**AUTOMOBILE INSURERS BUREAU
OF MASSACHUSETTS
SINCE 1925**

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By Hand

February 15, 2002

Victor Fanikos
Counsel
Division of Insurance
One South Station
Boston, MA 02110

Re: Bulletin 2002-01 Requiring Massachusetts Drivers' Licenses

Dear Victor:

As I indicated earlier, the Automobile Insurers Bureau has noted several inaccuracies in Division of Insurance Bulletin 2002-01, which purports to delineate the automobile insurers' obligations in issuing or non-renewing an insurance policy when no listed driver has a Massachusetts driver's license. Because of the bulletin's incomplete analysis, further clarification of the insurers' responsibilities in this area is warranted.

The bulletin rests on the observation that the state's insurance laws do not require that a person have a Massachusetts driver's license in order to purchase or renew automobile insurance. From that simple premise, the bulletin develops a new rule that insurers may not refuse to issue or renew a policy solely because no driver listed on the insurance application has a Massachusetts driver's license. Unfortunately, the leap from the premise to the conclusion, along with the four demonstrative situations cited in the bulletin, fails to account for other statutory provisions which govern both the licensing of drivers and the issuing of automobile insurance.

As an initial matter, the laws requiring a driver's license for the operation of a motor vehicle are clear and comprehensive. A Massachusetts resident must have a driver's license issued by the Registrar after appropriate examination. A person licensed in another state or country must obtain a Massachusetts license within sixty days after becoming a Massachusetts resident. A visitor licensed in another country may operate a vehicle in Massachusetts for up to one year from the date of arrival, provided the licensing requirements of the foreign country are

101 Arch Street, Boston, Massachusetts 02110-1131
Telephone: (617) 439-4542 FAX: (617) 439-6789 Internet: <http://www.aib.org>



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accepted by the Registrar. G. L. c. 90, §§ 8 and 10. The Massachusetts licensing requirements reflects the common approach of the northeastern states that "grant relatively short grace periods within which new residents holding out-of-state drivers' licenses must obtain in-state licenses." Commonwealth v. Caceres, 413 Mass. 749, 753 (1992).

The corresponding insurance laws require liability insurance coverage, as specified by G. L. c. 90, § 34A, in order to register and operate a vehicle in Massachusetts. The automobile insurance application prescribed by the Commissioner requires the policyholder to identify the operators of the vehicle and to provide driver's license numbers. The proper identification of the vehicle operators is necessary to rate the policy by driver class and territory, not simply to assign the appropriate step under the safe driver insurance plan, as the bulletin suggests. As such, a validly licensed operator is an obvious prerequisite for the issuance of the Massachusetts liability insurance policy required by G. L. c. 90, § 34A. This requirement is explicitly incorporated in G. L. c. 175, § 113H(A), which provides that no insurance company in the assigned risk plan is required to issue a policy if "any person who usually drives the motor vehicle does not hold or is not eligible to obtain an operator's license." Further, the insurers' obligation to accept applications for insurance is specified in G. L. c. 175, § 22E, which provides that no company shall refuse to issue, renew or execute a motor vehicle policy based on the age, sex race, occupation, marital status, or principal place of garaging of the vehicle. Quite correctly, the "take-all-comers" statute does not prohibit the denial of insurance because of the lack of a valid license by the vehicle operator.

Turning to the analysis in Bulletin 2002-10, the four situations identified do not reflect a compelling need to establish a new requirement that prevents an insurer from declining to issue or renew insurance because the policyholder or vehicle operators lack a valid driver's license.

1. In the first example, the physically disabled owner of a vehicle driven by a family member can obtain insurance, provided the driver is properly licensed. The status of the new operator, not the owner, will then establish the class, territory and step for the insurance policy. Nevertheless, a validly licensed driver, in accordance with G. L. c. 90, §§ 8 and 10, is necessary to permit insurance coverage and the appropriate rate determination by the insurer.

2. The example of the temporary worker who is not a United States citizen is not completely accurate, since the right of a foreign visitor to drive in Massachusetts is established by the Registrar and lasts for only one year under the governing statute. Beyond that one-year period, the operator is not authorized to operate a vehicle in Massachusetts. See Commonwealth v. Caceres, 413 Mass. at 753. Moreover, the example's reference to an "international driver's license" is misleading, because the Registrar does not recognize as valid any document purporting to be an "international driver

license," while an "international driving permit" does not confer driving privileges but serves only as a translation of a foreign license.

3. In third example, no provision of Massachusetts law provides that an individual with a suspended license is entitled to insurance simply to maintain a car loan. To the contrary, G. L. c. 175, § 22C, and the Massachusetts Automobile Insurance Policy (7th ed.) expressly authorize an insurer to cancel a policy if the operator's license of the named insured has been suspended or revoked during the policy period. A policyholder's desire to continue automobile insurance to preserve a car loan cannot override the insurer's statutory right to cancel the policy because of the license suspension. In the event that another driver with a valid license under G. L. c. 90, §§ 8 and 10, is proffered as the principal operator, the insurer can then issue or renew the insurance policy with the appropriate driver class, territory, and safe driver insurance step.

4. The rights of non-citizens assigned to foreign embassies and consulates are governed largely by federal law, without substantial impact by the state's motor vehicle laws. The diplomatic concerns for the few operators involved do not present a significant problem that warrants a new rule compelling the issuance of insurance policies for other unlicensed drivers in Massachusetts.

Although a Massachusetts driver's license is not explicitly required to obtain insurance in Massachusetts, the absence of a validly licensed operator can preclude the issuance or renewal of a policy. Just as a police officer can prevent the operation of a motor vehicle by an apparently unlicensed driver, Commonwealth v. Caceres, 413 Mass. at 753, an insurer need not issue or renew insurance coverage for an operator lacking a valid driver's license. G. L. c. 175, § 113H(A). The analysis of Bulletin 2002-01 is contrary to the licensing requirements of G. L. c. 90, §§ 8 and 10, and inconsistent with the insurers' duties under G. L. c. 175, §§ 22C, 22E, and 113H. For these reasons, the substantive requirements of Bulletin 2002-01 should be reexamined and clarified.

Should the Division of Insurance wish the AIB's assistance in this matter, please do not hesitate to contact me.

Sincerely,

Mike

E. Michael Sloman
Vice President, General Counsel

cc: Linda Ruthardt,
Commissioner of Insurance

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General Notice No. G-1779

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November 18, 2002

**General Notice No. G -1779
MASSACHUSETTS DRIVER'S LICENSE REQUIREMENTS**

The Division of Insurance has approved the use of the following language as the statement of reason on the "Legal Notice of Non-renewal of Your Massachusetts Automobile Insurance Policy" when an insurer non-renews a policy because the policyholder does not possess a Massachusetts driver's license in accordance with requirements of the Registrar of Motor Vehicles:

Our records do not indicate that you or the principal operator listed on your Massachusetts automobile insurance policy have a valid driver's license. We will reinstate your policy if you provide satisfactory evidence that you or the principal operator have obtained a Massachusetts driver's license or have a valid driver's license that grants the right to operate a motor vehicle in Massachusetts. For information about the Massachusetts requirements for driver's licenses, please consult the Registry of Motor Vehicles' website at www.mass.gov/rmv.

In addition, the "Application for Massachusetts Motor Vehicle Insurance" and "Massachusetts Renewal Form", effective January 1, 2003, will contain the following provision:

Once you or the principal operator listed on this application become a resident of Massachusetts, you or the principal operator must obtain a Massachusetts driver's license. A resident of another state may drive in Massachusetts with a currently valid license issued by the individual's state of residence. A visitor from another country who is at least 18 years old and has a valid license issued by a country accepted by the Registrar of Motor Vehicles (in accordance with the 1949 Road Traffic Convention of the 1943 Inter-American Automotive Traffic Convention) may legally drive in Massachusetts for up to one year from the date of arrival in the United States. The failure by you or the principal operator to be properly licensed to operate a motor vehicle in Massachusetts may result in the non-renewal of the automobile insurance policy. For information about the Massachusetts requirements for driver's licenses, please consult the Registry of Motor Vehicle's website at www.mass.gov/rmv.

As the two notices indicate, questions about the requirements for a Massachusetts driver's license should be directed to the Registry of Motor Vehicles.

Andrew J. Dempsey, CPCU
Underwriting Services

CAR.
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the names of all household members and customary operators required to be listed and the answers given above for all listed operators. We may also limit our payments under Part 3 and Part 4.

PLEASE CONTINUE AND COMPLETE INFORMATION ON REVERSE

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We will not pay for a collision or limited collision loss for an accident which occurs while your auto is being operated by a household member who is not listed as an operator on your policy. Payment is withheld when the household member, if listed, would require the payment of additional premium on your policy because the household member would be classified as an inexperienced operator or would be assigned to a higher rating step under the Safe Driver Insurance Plan.

If there are any additional operators, please complete the following:

During the last six years has any newly added operator:

- | | | | | | |
|---|--------------------------|--------------------------|---|--------------------------|--------------------------|
| | Yes | No | | Yes | No |
| (A) been involved in any Motor Vehicle accident or been found guilty of any moving violation? | <input type="checkbox"/> | <input type="checkbox"/> | (C) had two (2) or more "total loss" insurance claims because of auto theft or fire? | <input type="checkbox"/> | <input type="checkbox"/> |
| (B) been assigned to an Alcohol Education Program? | <input type="checkbox"/> | <input type="checkbox"/> | (D) been convicted of vehicular homicide, auto insurance related fraud or auto theft? | <input type="checkbox"/> | <input type="checkbox"/> |

If "yes" please complete:

Operator Name	Description of Incident	Date

if in the last six years any newly added operator had a driver's license in the United States or certain countries whose records are electronically available, we will obtain that official driving record(s), which will be used to assign you to a SDIP Step. If the record(s) is not electronically available, SDIP Step 15 will be assigned unless you provide an official copy of the driving record to the company. See "Your Consumer Guide" for additional information.

LICENSE INFORMATION

Once you or the principal operator listed on this form become a resident of Massachusetts, you or the principal operator must obtain a Massachusetts driver's license. A resident of another state may drive in Massachusetts with a currently valid license issued by the individual's state of residence. A visitor from another country who is at least 18 years old and has a valid license issued by a country accepted by the Registrar of Motor Vehicles (in accordance with the 1949 Road Traffic Convention or the 1943 Inter-American Automotive Traffic Convention) may legally drive in Massachusetts for up to one year from the date of arrival in the United States. The failure by you or the principal operator to be properly licensed to operate a motor vehicle in Massachusetts may result in the non-renewal of the automobile insurance policy. For information about the Massachusetts requirements for driver's licenses, please consult the Registry of Motor Vehicles website at www.mass.gov/rmv.

DISCOUNTS

The premium for certain Coverage Parts may have been reduced because you are eligible for one or more discounts. Please check the information under the Discount Section on the Coverage Selections Page and notify your agent or company representative if any changes are to be made. The Annual Mileage Discount is now determined by the actual mileage driven in the previous policy year, provided it can be verified by the company.

If a listed operator purchased a monthly public transit commuter pass for 11 of the 12 months preceding the effective date of the policy you may be entitled to the public transit commuter discount. Contact your agent or company representative for further details.

ADDITIONAL INFORMATION

Please indicate any additional changes or coverage revisions you may wish to make to your policy. If your auto is equipped with any of the items listed in Question 4 of the Vehicle Information section you may need to insure the item. Contact your agent or company representative for details.

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THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION
DIVISION OF INSURANCE
BOARD OF APPEAL ON MOTOR VEHICLE
LIABILITY POLICIES AND BONDS
ONE SOUTH STATION, 5TH FL., BOSTON, MA 02110
(617) 351-9710 • FAX (617) 351-9021
TTY /TDD(617) 521-7490

MITT ROMNEY
GOVERNOR

KERRY HEALEY
LIEUTENANT GOVERNOR

BETH LINDSTROM
DIRECTOR, CONSUMER AFFAIRS
AND BUSINESS REGULATION

JULIANNE M. BOWLER
COMMISSIONER OF INSURANCE

FINDING AND ORDER

RE: Policy # AYN6138320

hand paper

COMPLAINANT:

Michel Baroso
21 Breezy Point Rd
S. Yarmouth, MA 0264

vs.

RESPONDENT:

Hanover Ins. Co.
440 Lincoln Street
Worcester, MA 01653
Attn: Justine Munson Station# S434

CAR.
DOCKET # MR03.11
EXHIBIT # 3
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The complaint in the above-entitled case came on for hearing 4/9/2003. The **complainant did not appear** to prosecute his complaint, therefore, it appears that a cancellation of the motor vehicle liability policy referred to in said complaint is **proper and reasonable**.

It is ORDERED by the Board that the cancellation by the respondent of the aforesaid policy be and the same hereby is affirmed and that the cancellation of said policy shall remain in *effect on the 4/20/2003*.

Dated this 10th day of April, 2003

Board of Appeal on
Motor Vehicle Liability
Policies and Bonds

Chairman: Ada Maria Barry, Esq.
Member: Jeanne Koehr, Esq.
Member: David B. O'Connor

A true copy: Memorandum filed in the office of the Board of Appeal

Attest: Ada Maria Barry, Esq., Chairman

NOTICE: A policyholder or company aggrieved by any finding or order of the Board of Appeal on Motor Vehicle Liability Policies and Bonds may within ten days from the date upon which the finding and order is filed in the office of the commissioner of insurance, appeal therefrom to the superior court as provided in Gen. Laws, c. 175, s. 113D.



THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION
DIVISION OF INSURANCE
BOARD OF APPEAL ON MOTOR VEHICLE
LIABILITY POLICIES AND BONDS
ONE SOUTH STATION, 5TH FL, BOSTON, MA 02110
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MITT ROMNEY
GOVERNOR

BETH LINDSTROM
DIRECTOR, CONSUMER AFFAIRS
AND BUSINESS REGULATION

KERRY HEALEY
LIEUTENANT GOVERNOR

JULIANNE M. BOWLER
COMMISSIONER OF INSURANCE

FINDING AND ORDER

COMPLAINANT:
Marti A. Candido
21 Rossmer Street Apt# 1
Somerville, MA 02145

RE: Policy # AYN6820168

Amarena

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vs.

RESPONDENT:
Hanover Ins. Co.
440 Lincoln Street
Worcester, MA 01653
Attn: Justine Munson Station# S434

CAR
DOCKET # MR03.11
EXHIBIT # 3
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The complaint in the above-entitled case came on for hearing 4/9/2003. It appearing that a cancellation of the motor vehicle liability policy referred to in said complaint is **proper and reasonable**; it is ORDERED by the Board that the cancellation by the respondent of the aforesaid policy be and the same hereby is affirmed. The cancellation of said policy shall take effect on the 4/20/2003.

Dated this 10th day of April, 2003

Board of Appeal on
Motor Vehicle Liability
Policies and Bonds

Chairman: Ada Maria Barry, Esq.
Member: Jeanne Koehr, Esq.
Member: David B. O'Connor

A true copy: Memorandum filed in the office of the Board of Appeal
Attest: Ada Maria Barry, Esq., Chairman

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THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION
DIVISION OF INSURANCE
BOARD OF APPEAL ON MOTOR VEHICLE
LIABILITY POLICIES AND BONDS
ONE SOUTH STATION, 5TH FL, BOSTON, MA 02110
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AMC

MITT ROMNEY
GOVERNOR

BETH LINDSTROM
DIRECTOR, CONSUMER AFFAIRS
AND BUSINESS REGULATION

KERRY HEALEY
LIEUTENANT GOVERNOR

JULIANNE M. BOWLER
COMMISSIONER OF INSURANCE

FINDING AND ORDER

COMPLAINANT:
Thiago R. Dasilva
57 Washington St #2
Medford, MA 02155

RE: Policy # AON6681146

vs.

RESPONDENT:
Hanover Ins. Co.
440 Lincoln Street
Worcester, MA 01653
Attn: Justine Munson Station# S434

CAR
DOCKET # M/203.11
EXHIBIT # 3
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The complaint in the above-entitled case came on for hearing 4/9/2003. It appearing that a cancellation of the motor vehicle liability policy referred to in said complaint is **proper and reasonable**; it is ORDERED by the Board that the cancellation by the respondent of the aforesaid policy be and the same hereby is affirmed. The cancellation of said policy shall take effect on the 4/20/2003.

Dated this 10th day of April, 2003

Board of Appeal on
Motor Vehicle Liability
Policies and Bonds

Chairman: Ada Maria Barry, Esq.
Member: Jeanne Koehr, Esq.
Member: David B. O'Connor

A true copy: Memorandum filed in the office of the Board of Appeal
Attest: Ada Maria Barry, Esq., Chairman

NOTICE: A policyholder or company aggrieved by any finding or order of the Board of Appeal on Motor Vehicle Liability Policies and Bonds may within ten days from the date upon which the finding and order is filed in the office of the commissioner of insurance, appeal therefrom to the superior court as provided in Gen. Laws, c. 175, s. 113D.



THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION
DIVISION OF INSURANCE
BOARD OF APPEAL ON MOTOR VEHICLE
LIABILITY POLICIES AND BONDS
ONE SOUTH STATION, 5TH FL, BOSTON, MA 02110
(617) 351-9710 • FAX (617) 351-9021
TTY /TDD(617) 521-7490

MITT ROMNEY
GOVERNOR

BETH LINDSTROM
DIRECTOR, CONSUMER AFFAIRS
AND BUSINESS REGULATION

KERRY HEALEY
LIEUTENANT GOVERNOR

JULIANNE M. BOWLER
COMMISSIONER OF INSURANCE

Americano

FINDING AND ORDER

COMPLAINANT:

RE: Policy # AYN6121901

Altair A. Arruda
1 Franklin Street Apt#206
Somerville, MA 02145

3

vs.

RESPONDENT:

Hanover Ins. Co.
440 Lincoln Street
Worcester, MA 01653
Attn: Justine Munson Station# S434

CAR
DOCKET # MR0311
EXHIBIT # 3
PAGE 23 OF 28

The complaint in the above-entitled case came on for hearing 4/9/2003. It appearing that a cancellation of the motor vehicle liability policy referred to in said complaint is **proper and reasonable**; it is ORDERED by the Board that the cancellation by the respondent of the aforesaid policy be and the same hereby is affirmed. The cancellation of said policy shall take effect on the 4/20/2003.

Dated this 10th day of April, 2003

Board of Appeal on
Motor Vehicle Liability
Policies and Bonds

Chairman: Ada Maria Barry, Esq.
Member: Jeanne Koehr, Esq.
Member: David B. O'Connor

A true copy: Memorandum filed in the office of the Board of Appeal

Attest: Ada Maria Barry, Esq., Chairman

NOTICE: A policyholder or company aggrieved by any finding or order of the Board of Appeal on Motor Vehicle Liability Policies and Bonds may within ten days from the date upon which the finding and order is filed in the office of the commissioner of insurance, appeal therefrom to the superior court as provided in Gen. Laws, c. 175, s. 113D.



THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION
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Amazona

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AND BUSINESS REGULATION

KERRY HEALEY
LIEUTENANT GOVERNOR

JULIANNE M. BOWLER
COMMISSIONER OF INSURANCE

FINDING AND ORDER

COMPLAINANT:
Marcilio Candido
13 Emmerson Street #A
Medford, MA 02155

RE: Policy # AYN6348632

vs.

RESPONDENT:
Hanover Ins. Co.
440 Lincoln Street
Worcester, MA 01653
Attn: Justine Munson Station# S434

CAR
DOCKET # M203111
EXHIBIT # 3
PAGE 24 OF 28

The complaint in the above-entitled case came on for hearing 4/9/2003.
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Dated this 10th day of April, 2003

Board of Appeal on
Motor Vehicle Liability
Policies and Bonds

Chairman: Ada Maria Barry, Esq.
Member: Jeanne Koehr, Esq.
Member: David B. O'Connor

A true copy: Memorandum filed in the office of the Board of Appeal
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GOVERNOR

KERRY HEALEY
LIEUTENANT GOVERNOR

BETH LINDSTROM
DIRECTOR, CONSUMER AFFAIRS
AND BUSINESS REGULATION

JULIANNE M. BOWLER
COMMISSIONER OF INSURANCE

Amg 2003

FINDING AND ORDER

RE: Policy # AYN6138320

COMPLAINANT:

Adalton Ferreira
56 Oliver Street
Everett, MA 02149

vs.

RESPONDENT:

Hanover Ins. Co.
440 Lincoln Street
Worcester, MA 01653
Attn: Justine Munson Station# S434

CAR
DOCKET # MR03.11
EXHIBIT # 3
PAGE 25 OF 28

The complaint in the above-entitled case came on for hearing 4/9/2003. It appearing that a cancellation of the motor vehicle liability policy referred to in said complaint is **proper and reasonable**; it is ORDERED by the Board that the cancellation by the respondent of the aforesaid policy be and the same hereby is affirmed. The cancellation of said policy shall take effect on the 4/20/2003.

Dated this 10th day of April, 2003

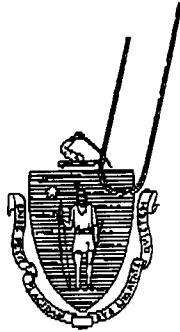
Board of Appeal on
Motor Vehicle Liability
Policies and Bonds

Chairman: Ada Maria Barry, Esq.
Member: Jeanne Koehr, Esq.
Member: David B. O'Connor

A true copy: Memorandum filed in the office of the Board of Appeal
Attest: Ada Maria Barry, Esq., Chairman

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tm.



THE COMMONWEALTH OF MASSACHUSETTS
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Gandhi

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AND BUSINESS REGULATION

KERRY HEALEY
LIEUTENANT GOVERNOR

JULIANNE M. BOWLER
COMMISSIONER OF INSURANCE

March 20, 2003

COMPLAINANT: RE: Policy #AYN6686053
Enet De Mendonca
5 Mercury Dr
South Yarmouth, MA 02664
vs.

DOCKET# MR03.11
EXHIBIT # 3
PAGE 26 OF 28

RESPONDENT:
Hanover Ins. Co.
440 Lincoln Street
Worcester, MA 01653
Attn: Justine Munson Station# S434

Notice is hereby given that the Board of Appeal on Motor Vehicle Liability Policies and Bonds will hold a hearing on the complaint in the above entitled case, pursuant to M.G.L. Section 113D, Chapter 175 as amended, which complaint alleges that the respondent has improperly and unreasonably canceled a motor vehicle liability policy, on THU., 4/10/2003 at 1:30 PM.

Registry of Motor Vehicle
630 Washington St., 3rd. fl
Boston, MA

Directions:
Rt 93. To Chinatown Exit,
to Kneeland St., proceed to
Washington St., Downtown

Please note: Complainant must appear in person for this appeal to be heard. Postponement of this hearing by the Complainant will not be allowed unless Respondent agrees to such postponement.

Very truly yours

Ada Maria Barry, Esq.
Chairman

3 yrs July



THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION
DIVISION OF INSURANCE
BOARD OF APPEAL ON MOTOR VEHICLE
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Amalia

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GOVERNOR

BETH LINDSTROM
DIRECTOR, CONSUMER AFFAIRS
AND BUSINESS REGULATION

KERRY HEALEY
LIEUTENANT GOVERNOR

JULIANNE M. BOWLER
COMMISSIONER OF INSURANCE

March 20, 2003

COMPLAINANT: RE:Policy #AYN6345684
Nunes Adeilton C.
54 Mill Street #10
Woburn, MA 01801

vs.

RESPONDENT:
Hanover Ins. Co.
440 Lincoln Street
Worcester, MA 01653
Attn: Justine Munson Station# S434

DOCKET MR03 11
EXHIBIT 3
PAGE 27 OF 28

Notice is hereby given that the Board of Appeal on Motor Vehicle Liability Policies and Bonds will hold a hearing on the complaint in the above entitled case, pursuant to M.G.L. Section 113D, Chapter 175 as amended, which complaint alleges that the respondent has improperly and unreasonably canceled a motor vehicle liability policy, on **THU., 4/10/2003 at 1:30 PM**

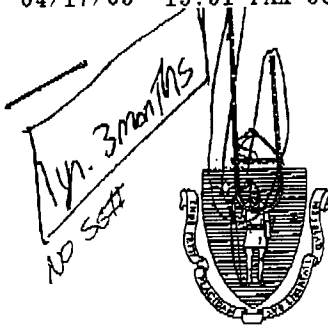
Registry of Motor Vehicle
630 Washington St., 3rd. fl
Boston, MA

Directions:
Rt 93. To Chinatown Exit,
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Washington St., Downtown

Please note: Complainant must appear in person for this appeal to be heard. Postponement of this hearing by the Complainant will not be allowed unless Respondent agrees to such postponement.

Very truly yours

Ada Maria Barry, Esq.
Chairman



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Amazonia

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KERRY HEALEY
LIEUTENANT GOVERNOR

JULIANNE M. BOWLER
COMMISSIONER OF INSURANCE

March 20, 2003

COMPLAINANT: RE:Policy #AYN6688311

Jaci Cardoso
3 Walter Street # 3
Somerville, MA 02145

vs.

RESPONDENT:

Hanover Ins. Co.
440 Lincoln Street
Worcester, MA 01653
Attn: Justine Munson Station# S434

DOCKET# MR03-11
EXHIBIT 3
PAGE 28 OF 28

Notice is hereby given that the Board of Appeal on Motor Vehicle Liability Policies and Bonds will hold a hearing on the complaint in the above entitled case, pursuant to M.G.L. Section 113D, Chapter 175 as amended, which complaint alleges that the respondent has improperly and unreasonably canceled a motor vehicle liability policy, on **THU, 4/10/2003 at 1:30 PM**

Registry of Motor Vehicle
630 Washington St., 3rd. fl
Boston, MA

Directions:
Rt 93. To Chinatown Exit,
to Kneeland St., proceed to
Washington St., Downtown

Please note: Complainant must appear in person for this appeal to be heard. Postponement of this hearing by the Complainant will not be allowed unless Respondent agrees to such postponement.

Very truly yours

Ada Maria Barry, Esq.
Chairman

GCRP

03.06 Amica Mutual Insurance Company/A Affordable Insurance Agency, Inc. (continued)

Attorney Edward Donahue, representing the Amica Mutual Insurance Company, requested that the Panel overturn the Market Review Committee's decision. He noted that Amica does not object to the sale of the People's Insurance Agency's book of business to the A Affordable Insurance Agency, but disputes that Amica be requested to service the seller's office location. Attorney Donahue contended that when an Exclusive Representative Producer's appointment is terminated, the office location is terminated as well. He further noted that A Affordable has another location in Brockton and Amica does not believe it should be required to service an additional location in that community for the agency.

People's Insurance Agency principal, Mr. Graham Smith, explained that following the termination of his agency's ERP appointment he decided to sell the agency to a buyer who would also assume the lease for the location which has several years left. He noted that to reverse the Market Review Committee decision would damage his livelihood and disrupt the 1,000 plus customers of the agency.

Attorney Richard Wholley, representing the A Affordable Insurance Agency, noted that the Market Review Committee's decision was well founded and consistent with past cases and should stand. He noted that historically, the Market Review Committee has always allowed a terminated Exclusive Representative Producer to sell its assets. He further pointed out that Mr. Smith has several years remaining on a lease at the People's Insurance Agency's location and that A Affordable Insurance Agency is willing to assume it as part of the purchase. He argued that there is no specific language in CAR's Rules of Operation that prohibits an agency from opening an additional location in the same area.

CAR Counsel, Mr. Maher, clarified that CAR rules do not specifically prohibit an ERP from opening a second location in a community where there already is a market need; however, he noted that there has been a moratorium on this issue for the last five years.

A motion was made by Mr. David Brussard and seconded by Mr. James Tarpey to affirm the Market Review Committee's decision to uphold the A Affordable Insurance Agency's request and allow the purchase of the People's Insurance Agency and retention of the seller's office location, with the requirement that Amica service the additional location.

The motion passed on a unanimous vote.

Mr. Maher noted that the decision of this Panel is the decision of the Governing Committee unless the Governing Committee on its own motion were to take it under further review, and noted that the next meeting of the Governing Committee is June 18, 2003. Mr. Maher informed the Amica Mutual Insurance Company that this matter can be appealed to the Division of Insurance within 30 days of the receipt of the written decision that will be forthcoming in the next couple of business days.

GCRP

03.07 Amazonia Insurance Agency/The Hanover Insurance Company

The Amazonia Insurance Agency is seeking review of the May 1, 2003 decision of the Market Review Committee, which upheld The Hanover Insurance Company's action in the non-renewal and refusal to rewrite policyholders that have failed to obtain a valid Massachusetts drivers license. Chairman Remillard noted that this agenda item requires a waiver of the 10-day notice requirement.

GCRP

03.07 Amazonia Insurance Agency/The Hanover Insurance Company (continued)

A motion was made by Mr. David Brussard and seconded by Mr. James Tarpey to waive the 10-day notice requirement.

The motion passed on a unanimous vote.

Mr. Francisco Sa, President of the Amazonia Insurance Agency, indicated that The Hanover Insurance Company is not renewing or rewriting insureds who have failed to obtain a valid Massachusetts driver's license. He noted that a Massachusetts license must be obtained when a person resides as a Massachusetts resident for more than one year; however, most of his clients are illegal immigrants, not permanent residents, which precludes them from obtaining a Social Security Number. Mr. Sa requested that the Governing Committee Review Panel overturn the Market Review Committee's decision based upon the fact that The Hanover Insurance Company is requesting that insureds obtain documentation that Massachusetts law will not allow the insureds to receive. He argued that these same insureds are going to secure coverage with another insurance agency whose company has not adopted The Hanover Insurance Company's policy. He felt all insurance companies should comply with the same rules, and noted that if Hanover is allowed to non-renew or not rewrite insureds, it would cause irreparable harm to his agency and most likely put him out of business.

Attorney Owen Gallagher, representing The Hanover Insurance Company, requested the Panel to affirm the Market Review Committee's decision, as Hanover is complying with the law and is within its right to non-renew and not rewrite policies, and has a responsibility to do so. He noted that it was Hanover's position that other companies should also non-renew and not rewrite policies if the insured does not have a valid Massachusetts driver's license.

A motion was made by Mr. David Brussard and seconded by Mr. James Tarpey to affirm the Market Review Committee's decision to uphold The Hanover Insurance Company's action in the non-renewal and refusal to rewrite policyholders that have failed to obtain a valid Massachusetts driver's license.

The motion passed on a unanimous vote.

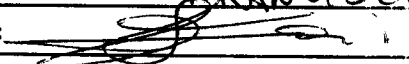
Mr. Maher noted that the decision of this Panel is the decision of the Governing Committee unless the Governing Committee on its own motion were to take it under further review, and noted that the next meeting of the Governing Committee is June 18, 2003. Mr. Maher informed the Amazonia Insurance Agency that this matter can be appealed to the Division of Insurance within 30 days of the receipt of the written decision that will be forthcoming in the next couple of business days.

COMMONWEALTH AUTOMOBILE REINSURERS

REQUEST FOR REVIEW/RELIEF

(pursuant to Rule 20, CAR Rules of Operation)

Please complete in type or print in ink.

Requestor's Name/Title: FRANCISCO SA - President.
Signature:  **Date:** 5-27-03
Agency or Company Name: AMAZONIA INSURANCE AGENCY
Address: 66 Bow st.
City/Town: Somerville **State:** MA **ZIP Code:** 02143
Telephone #: 617-6251900 **Fax #:** 617-666 0037

Representation: If represented by counsel or other party please complete the following:
 (Representation by counsel is not required):

Name of Rep: _____
Firm: _____
Address: _____
City/Town/St/ZIP: _____
Telephone #: _____
Fax #: _____

1 Reason For Review: A. Concisely summarize the reason(s) for your request for review identifying the nature of your grievance or request for relief.
 B. Identify the specific relief sought.

(A) HANOVER'S INSURANCE COMPANY REFUSAL TO RENEW OR REWRITE POLICIES FOR INSURED'S WHO DOES NOT HOLD A MASS. DRIVERS LICENSE.
(B) To allow the Agency to Rewrite the policies that are not being Renewed by HANOVER INS. CO.

2 Details of Aggrievement(s): (Provide specific detail for each reason cited above including references to violations of CAR Rules, the agency contract, or established practices of CAR or one of its members. Include historical reference, where appropriate. (Attach supporting documentation.)

RECEIVED

MAY 29 2003

Other insurance companies are renewing and/or rewriting policies where the insured does not hold a MASS. Driver's license.

3

Action(s) Taken to Date to Resolve the Matter: (Cite when you first became aware of each item/issue being contested and what steps were taken to mitigate the matter prior to this request for a formal review.)

Meetings with Honoree and a hearing with the Market Review Committee held on May 1st, 2003.

Scheduling of Review: Upon receipt of a completed Request for Review Form a date will be established within 15 working days, pursuant to CAR Rule 20. Once a date has been confirmed, CAR will issue a written notification to affected parties. Any parties wishing to present written exhibits to be considered at the Committee meeting shall submit them to CAR's Docket Clerk no later than 5 business days prior to the scheduled meeting date. Written exhibits submitted to CAR within 5 business days of the scheduled meeting date will not be entered on the docket but must be directly to the Committee at the meeting itself. It will be left to the determination of the Committee as to whether these exhibits will be considered in their deliberations. In addition, parties submitting exhibits directly to the Committee are expected to be prepared to provide a minimum of 25 copies. Parties should provide copies of ALL exhibits and

documentation that they wish considered in the matter to the opposing party in concert with their submissions to CAR and/or the Committee. A request for a continuance on a review of the matter will be granted upon the agreement of all parties. All other requests for continuances must be physically presented to the assigned Committee for approval.

15 Day Waiver (CAR Rule 20): Initial if waiving the need for a review within 15 days:

I waive the 15 day review window pursuant to CAR Rule 20: (Initial): _____

**PLEASE NOTE: THIS FORM MUST BE COMPLETED AND RETURNED TO CAR
 PRIOR TO THE INITIATION OF A FORMAL REVIEW PURSUANT TO
 RULE 20, CAR RULES OF OPERATION**

FOR COMPLETION BY CAR OFFICE – DO NOT WRITE BELOW	
4	Assigned Docket Number:
5	Related Docket Number(s):
6	Assigned Review Forum: CAR COMMITTEE: _____ Scheduled Review Date: _____
7	Disposition:

Commonwealth Automobile Reinsurers Policy Year 2017 Written Premium Through March, 2018 Total Market

Primary Office Location (Territory)	Class Type Group										Total
	TTT	ZR TTT	PPT Fleet	PPT Non-Fleet	Buses	ZR Buses	Van Pools	Garages	Special Types & Motorcycles	Non-Owned & Operations	
01	555,407		83,731	155,705	105,330			56,936	20,176	20,577	997,862
02	109,595			39,536	8,739			21,630	28,429	2,181	210,110
03	50,800			2,801					14,676	150	68,427
04	310,348		7,129	50,453	20,746			32,543	11,783	1,894	434,896
05	1,196,575	62,276	44,478	284,251	549,664		56,628	80,839	105,213	31,521	2,411,445
06	12,918		14,046	2,059					13,654	214	42,891
07	13,222,265	153,798	1,802,211	4,468,998	2,241,873	2,336,658	177,773	518,697	898,237	15,773,025	41,593,535
08	2,365,384	1,404,200	158,986	1,537,751	4,299,990		3,046	133,826	174,236	123,890	10,201,309
09	122,031		8,251	75,425	337,220			27,404	13,225	3,939	587,495
10	498,544		39,654	156,053	18,505			16,308	107,106	11,893	848,063
11	27,349,436	785,890	1,924,482	4,199,036	3,758,388	49,898	19,420	1,516,683	5,315,661	3,422,619	48,341,513
12	24,083,856	417,696	1,511,132	2,895,231	2,630,530	173,888	15,378	2,579,103	1,753,171	2,459,242	38,519,227
13	24,283,269	597,091	2,365,864	3,860,529	2,247,020	973,242	37,938	2,299,985	1,970,115	1,889,866	40,524,919
14	28,402,924	3,283,115	2,154,895	3,788,103	1,944,222	340,385	142,022	2,761,793	1,742,600	9,763,561	54,323,620
15	39,422,310	857,705	3,830,499	5,130,281	1,583,642	115,818	49,616	1,578,735	1,732,289	10,878,194	65,179,089
16	40,421,611	2,146,467	3,734,246	8,890,485	5,595,069	1,892,097	45,863	4,199,017	2,701,075	20,891,516	90,517,446
17	59,607,875	2,195,627	5,761,037	10,959,257	12,203,970	3,088,876	38,854	5,504,061	3,740,986	12,385,940	115,486,483
18	61,741,310	3,727,371	6,092,346	12,102,637	6,174,368	317,618	127,718	6,814,635	5,193,126	7,470,708	109,761,837
19	20,580,166	255,346	2,166,123	5,131,930	3,588,042	75,942	34,096	2,075,988	1,382,918	3,716,393	39,006,944
20	10,540,543	199,602	608,436	2,670,930	816,558	293,315	83,204	796,160	1,071,160	413,417	17,493,325
99	47,727,517	2,265,638	7,476,680	5,570,498	20,411,020	45,440	88,297	8,510,085	6,786,433	41,577,464	140,459,072
Total	402,604,684	18,351,822	39,784,226	71,971,949	68,534,896	9,703,177	919,853	39,524,428	34,776,269	130,838,204	817,009,508

Highlighted Territories	TTT	ZR TTT	PPT Fleet	PPT Non-Fleet	Buses	ZR Buses	Van Pools	Garages	Special Types & Motorcycles	Non-Owned & Operations	
SubTotal	119,163,673	4,841,686	11,338,076	24,258,842	13,414,903	1,660,117	339,584	12,116,458	9,855,075	13,535,906	210,524,320
% of Total	29.6%	26.4%	28.5%	33.7%	19.6%	17.1%	36.9%	30.7%	28.3%	10.3%	25.8%

Note: 1. Excludes Taxi, Limo and Car Service
2. Excludes Producers with no premium

Commonwealth Automobile Reinsurers
Policy Year 2017 Written Premium Valued through June 2018
Loss Ratio for Policy Year 2015-2017 Valued through June 2018
Total Market

Territory	Town	Producer with Voluntary Contract				Producer without any Voluntary Contract			
		Count of Producer	Written Premium	1 yr Loss Ratio	3 yr Loss Ratio	Count of Producer	Written Premium	1 yr Loss Ratio	3 yr Loss Ratio
01		7	991,588	43.6%	79.5%	-	-	0.0%	0.0%
02		2	205,053	61.2%	71.9%	1	5,991	0.0%	5.1%
03		2	67,515	9.1%	21.0%	1	952	0.0%	0.0%
04	Hyde Park	3	418,202	42.9%	48.0%	-	-	0.0%	0.0%
05	Dorchester	17	1,945,134	55.5%	72.6%	5	376,996	32.4%	38.5%
06	Roxbury	1	36,690	138.3%	138.3%	1	7,318	76.4%	58.3%
07		62	41,659,050	38.7%	77.6%	2	52,894	29.2%	55.8%
08		14	9,708,644	63.8%	79.1%	2	518,479	131.4%	163.4%
09		2	145,399	49.5%	45.9%	1	399,344	48.3%	152.9%
10	E. Boston - Charlestown	4	850,195	49.7%	73.2%	-	-	0.0%	0.0%
11		89	46,592,837	45.3%	46.4%	4	182,889	61.3%	47.0%
12		97	36,162,447	43.0%	51.3%	-	-	0.0%	0.0%
13	Holyoke	107	39,455,136	49.7%	58.4%	2	971,842	123.2%	110.3%
14		113	53,929,744	47.4%	57.7%	1	2,173	0.0%	4.4%
15		105	68,751,194	47.8%	50.4%	4	644,908	35.6%	60.2%
16		153	87,615,783	47.7%	52.6%	4	114,981	129.1%	67.8%
17		188	112,456,500	50.2%	57.7%	6	1,293,203	224.3%	151.7%
18	Lowell	247	108,386,660	52.7%	56.4%	9	1,499,943	113.2%	108.2%
19	Lynn, Springfield	95	36,811,538	49.6%	50.8%	4	2,093,289	181.3%	150.7%
20	Brockton, Chelsea, Lawrence	56	18,499,178	55.2%	61.5%	4	796,579	175.9%	180.3%
99		149	141,273,762	39.8%	49.0%	-	-	0.0%	0.0%
Total		1,513	805,962,249	47.1%	55.0%	51	8,961,781	138.9%	125.0%
SubTotal	Highlighted Territories	530	206,402,733	51.8%	56.5%	25	5,745,967	143.0%	130.4%

Note: 1. Excludes Taxi, Limo and Car Service
2. Excludes Producers with no premium



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Commercial Automobile Residual Market Standards Subcommittee

CRMS18.12 – Radius of Operation and Rating Territory

Discussion Summary for Meeting of September 27, 2018

I. Radius of Operation to Determine Radius Class

A. Historical Discussions and Modifications

- In 2013, CAR's Commercial Automobile Manual instructed that the public vehicle radius class (local, intermediate, or long-haul) be determined "on a straight line from the street address of principal garaging."
- The Commercial Automobile Committee met on 3/27/2013 and 5/29/2013 and recommended that the point of origin be amended to the street address of the vehicle's registration.
- The change was intended to provide clarity and consistency for all risks.
- The amendment was placed on file and implemented in April 2014.

B. Description of Current Issue

- During recent deliberations, the Commercial Automobile Residual Market Standards Subcommittee has noted that in practice, the amendment has unintentionally resulted in the manipulation of radius class to secure favorable rating.

C. Proposed Remedy

- The Subcommittee has recommended amendments to the Commercial Automobile Manual to reinstate the original language to determine radius class based on principal garaging as the point of origin.
- Proposed amendments also provide further guidance for defining principal garaging pursuant to Rules 21 and 22 addressing residence and out-of-state garaging, respectively.
- The proposed amendments also restore consistency of definitions among the TTT and Public classifications.
- The Subcommittee has also recommended the development of standard procedures for determining and validating radius class.

II. Rating Territory for Non-Zone Rated Risks

A. Historical Discussions and Modifications

- In 2013, CAR's Commercial Automobile Manual instructed that the public vehicle rating territory for non-zone rated risks be determined based on the "highest rated territory where the public automobile is customarily operated."

- Due to the lack of guidance in defining “customarily operates”, industry participants observed inconsistencies in application of this rule.
- The Commercial Automobile Committee, therefore, recommended amendments intended to improve consistency. The proposed amendments would instruct that rating territory be “based on the highest rated territory through or in which the public automobile operates.”
- The proposed rule also instructed that “a lower rated territory may apply if the risk supplies credible documentation that 80% or more of a public automobile’s operation is in a lower rated territory.”
- The 80% standard was recommended as consistent with the standard employed in determining use classification. The Committee members noted that this standard could be reconsidered if in practice it were determined to be problematic.
- During review of the proposed modifications by the Division of Insurance, a number of clarifying questions were presented to staff. Ultimately, the language of the proposed rule was modified from that which was originally proposed before being placed on file.
- The current rule language instructs that “a rating territory other than the highest rated territory may apply if the risk supplies credible documentation that 80% or more of a public automobile’s operation is outside the highest rated territory.”

B. Description of Current Issue

- Industry participants have noted that the 80% standard to determine rating territory may not fairly represent the exposure. Further, the current rule does not provide clear instruction in the assignment of a lower rated territory.

C. Approaches to Consider

Regardless of the approach selected, the Subcommittee recognizes the need to develop standard procedures to validate the chosen alternative.

- Restore rule to determine rating territory based on the highest rated territory in which the vehicle principally operates. If this approach is selected, the Subcommittee should develop standard procedures to be used by Servicing Carriers and ERPs to validate principal operation.
- Continue the alternate determination for rating territory, but reduce the 80% standard to a level considered to more appropriately measure the exposure. If this alternative is selected, the Subcommittee will need to clearly define the assigned territory if credible documentation is supplied. The Subcommittee could consider such alternatives as follows:
 1. Principal garaging location
 2. Rating territory representing the median relativity of those territories through which the vehicle is operated
 3. The rating territory in which the vehicle logs the most miles driven
 4. Others as may be reasonably proposed
- Make no change to the current rule language, but consider exception classes such as social services and inter-city buses to use garaging town.
- Other alternatives as may be reasonably proposed.

Multi-State Operations Study Summary

Plan Name	Rule Language
Connecticut Auto Ins Assigned Risk Plan – Commercial	<p>For multistate operations, the state Plan in which the operating headquarters of the risk is located shall provide the insurance.</p> <p>A vehicle principally garaged in another state shall be subject to the rates, additional charges, and rating rules applicable under the Plan of the state of the principal garaging.</p>
Rhode Island Automobile Ins Plan – Commercial Auto Part	<p>For multistate operations, the state Plan in which the operating headquarters of the risk is located shall provide the insurance.</p> <p>A vehicle principally garaged in another state shall be subject to the rates, additional charges and rating rules applicable under the Plan of the state of principal garaging.</p>
Vermont Automobile Insurance Plan – Commercial Auto Part	<p>For multistate operations, the state Plan in which the operating headquarters of the risk is located shall provide the insurance.</p> <p>A vehicle principally garaged in another state shall be subject to the rates, additional charges and rating rules applicable under the Plan of the state of principal garaging.</p>
New Hampshire Automobile Insurance Plan	<p>For multistate operations, the state Plan in which the operating headquarters of the risk is located shall provide the insurance.</p> <p>A vehicle principally garaged in another state shall be subject to the rates, additional charges and rating rules applicable under the Plan of the state of principal garaging.</p>
New York Auto Insurance Plan	<p>For multistate operations, the state Plan in which the operating headquarters of the risk is located shall provide the insurance.</p> <p>Liability Insurance – The servicing carrier shall provide upon request of the applicant, limits of bodily injury and property damage liability insurance equal to the maximum limits of liability insurance afforded in any state Plan in which the applicant’s vehicles are garaged.</p> <p>Physical Damage Insurance – Physical Damage insurance may be available for vehicles garaged outside the headquarter state. Such coverage shall be provided by the servicing carrier upon request of the applicant for vehicles garaged outside of the headquarters state but only to the extent that physical damage coverage is afforded under the Plan of the state(s) in which such vehicles are principally garaged.</p> <p>A vehicle principally garaged in another state shall be subject to the rates, additional charges, and rating rules applicable under the Plan of the state of principal garaging.</p> <p>Notwithstanding the above, any operation whose headquarters are located in a jurisdiction which does not provide a residual motor vehicle insurance market shall be eligible for coverage under this procedure as if it were headquartered in New York State, provided that the vehicles in questions are registered and garaged in New York State.</p>

Multi-State Operations Study Summary

<p>New Jersey Commercial Auto Insurance Plan</p>	<p>For multistate operations, the state Plan in which the operating headquarters of the risk is located shall provide the insurance.</p> <p>Liability Insurance – the servicing carrier shall provide, upon request of the applicant, limits of bodily injury and property damage liability insurance equal to the maximum limits of liability insurance required to be afforded in any state Plan in which the applicant’s vehicles are registered.</p> <p>Physical Damage Insurance – Physical damage insurance is available for vehicles garaged outside of the headquarters state. Such coverage shall be provided by the servicing carrier upon request of the applicant for vehicles garaged outside of the headquarters state but only to the extent that physical damage coverage is afforded under the Plan of the state(s) in which such vehicles are principally garaged.</p> <p>A vehicle principally garaged in another state shall be subject to the rules, additional charges, and rating rules applicable under the Plan of the state of principal garaging.</p>
<p>Pennsylvania Assigned Risk Plan</p>	<p>For multistate operations, the state Plan in which the operating headquarters of the risk is located shall provide the insurance.</p> <p>A vehicle principally garaged in another state shall be subject to the rates, additional charges and rating rules applicable under the Plan of the state of principal garaging.</p>