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July 25, 2018

BULLETIN NO. 1058

Non-Fleet Private Passenger Type Standards and Forms

Servicing Carrier Standards for Non-Fleet Private Passenger Type Classifications

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

Non-Fleet Private Passenger Type Certification Form (CR 00 02 08 18)

Operator Exclusion Form (CR 99 01 08 18)

At its June 20, 2018 meeting, the Governing Committee unanimously voted to approve the attached standards to be used by all commercial automobile Servicing Carriers and Exclusive Representative Producers to determine whether a non-fleet private passenger type risk is eligible for placement in the commercial automobile residual market. The standards require the validation of information provided on the application by the risk and the writing producer to assure that a commercial automobile business entity/operation exists, securing certification by the risk and conducting audits pursuant to Rule 10 of CAR's Rules of Operation. The standards identify items that are intended to be used as underwriting opportunities and to serve as evaluation tools to assist Servicing Carriers in validating a risk's assertion as a commercial business entity and ascertaining the risk's eligibility in the commercial residual market.

The Governing Committee also unanimously voted to approve a Non-Fleet Private Passenger Type Certification Form and Operator Exclusion Form. These forms were placed on file by the Division of Insurance on July 18, 2018. Submission and use of the Certification and Operator Exclusion Forms will be required as of September 1, 2018.

The Non-Fleet Private Passenger Type Certification Form will be submitted with all other application documentation and will provide further verification of a valid business entity as well as additional information for listed operators and vehicle usage. Exclusive Representative Producers must provide a signed Certification Form for all new business risks to their Servicing Carrier, attesting to the information on the application for insurance relative to the insured's stated business. Servicing Carriers will seek signed Certification Forms for renewal business at their discretion.

The Operator Exclusion Form must be signed and submitted with the application if the business owner(s) does not have a valid driver's license and/or is not listed on the application as an operator(s). The Operator Exclusion Form may also be used in other circumstances as requested by the insured. Further direction on the use of the Operator Exclusion Form may be found in Rule 31 of CAR's Commercial Automobile Insurance Manual.

To access the forms on CAR's website, click on the Manuals tab and then the Commercial Automobile link.

JOHN METCALFE
Director – Residual Market Services

Attachments

Servicing Carrier Standards for Non-Fleet Private Passenger Type Classifications

Standards for the Review of Non-Fleet Private Passenger Type Commercial Automobile Risks: In determining whether a non-fleet private passenger type risk is eligible for placement in the commercial automobile residual market, Servicing Carriers are required to validate the information provided by the risk and writing producer. If the application asserts/suggests a business entity/operation the Servicing Carrier must validate that a commercial automobile business entity/operation exists. Risks not meeting the defined eligibility criteria will not be placed in the commercial auto residual market.

Servicing Carriers will require and receive a signed Non-Fleet Private Passenger Type Certification Form attesting to the information submitted on the application for insurance pursuant to the insured's business entity. The certification must be signed and dated by the insured and writing producer. The certification form may be used for renewal business at the discretion of the Servicing Carrier.

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

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

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

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

Standards for the Review of Non Fleet Private Passenger Type Commercial Automobile Risks: In determining whether a non-fleet private passenger type risk is eligible for placement in the commercial automobile residual market, Servicing Carriers are required to validate the information provided by the risk and writing producer. If the application asserts/suggests a business entity/operation the Servicing Carrier must validate that a commercial automobile business entity/operation exists. Risks not meeting the defined eligibility criteria will not be placed in the commercial auto residual market.

Exclusive Representative Producers (ERPs) will be responsible for:

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

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

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

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

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

NAME OF BUSINESS: _____

DESCRIPTION OF BUSINESS: _____

Submit a copy of *at least one* or, at the request of the Servicing Carrier, more of the following documentation with the application:

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

If documents are not available, please explain: _____

VEHICLE USAGE:

How are vehicles used in your business? _____

VEHICLE OPERATORS:

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

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

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

1.) OPERATOR NAME: _____

LICENSE #: _____ STATE/COUNTRY: _____

DATE OF ARRIVAL IN THE U.S. _____

2.) OPERATOR NAME: _____

LICENSE #: _____ STATE/COUNTRY: _____

DATE OF ARRIVAL IN THE U.S.: _____

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

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

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

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

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

SIGNED CERTIFICATION OF BUSINESS ENTITY AND VEHICLE USAGE

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

Signature of Owner/Applicant's Authorized Representative: _____

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

Title: _____

Date: _____

Witness to the Signator and Signing above:

Signature of Producer: _____

Printed Name of Producer: _____

Agency Name: _____

Date: _____

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

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

MASSACHUSETTS ENDORSEMENT – CR 99 01 08 18

Operator Exclusion Form

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

Named Insured: _____

Excluded Operator: _____

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

A. _____ (Check if applicable) Any and All Vehicles Listed or Covered on the policy during the policy term

OR

B. Specific Vehicle(s)

Vehicle Description: _____

Vehicle Description: _____

Vehicle Description: _____

Vehicle Description: _____

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

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

Date

Policyholder/Authorized Representative Signature

Date

Excluded Operator's Signature