BULLETIN NO. 1101

Uncollected Earned Premium Monitoring and Servicing Carrier Transition Guidance
during the COVID-19 Public Health Crisis

At its meeting of June 17, 2020, CAR’s Governing Committee (the Committee) approved guidance for Servicing Carriers in the handling of ceded commercial risks as the Commonwealth transitions through the current public health emergency. Recognizing the extraordinary nature of the request set forth in Division of Insurance Bulletin 2020-05, entitled “Flexibility in the Issuance and Administration of Insurance during COVID-19 (Coronavirus) Public Health Crisis”, the Committee has affirmed that premium defaults resulting from billing and cancellation accommodations made in connection with Bulletin 2020-05 for ceded business written through the CAR Commercial Automobile and Taxi, Limousine and Car Service Programs will be borne by the commercial residual market.

Servicing Carriers are directed to continue to pursue reasonable efforts to collect the unpaid premium. In review of future requests for reimbursement as provided for in Rule 11.C.2 of CAR’s Rules of Operation and pursuant to the procedures set forth in the Manual of Administrative Procedures, the Committee will establish consistent criteria to define applicable extraordinary expenses. Further, in order to ensure transparency and provide Member Companies with an ongoing estimation of the potential impact to the pool, Servicing Carriers are directed to:

1. Transition to normal billing arrangements for residual market policies in the same manner as they will transition voluntary commercial automobile policies.

2. On a monthly basis, provide CAR with an estimate of the at risk premium, including an indication of the amount that is earned. Recognizing that Servicing Carriers have taken various approaches in responding to Bulletin 2020-05, the Servicing Carrier will define for CAR staff in what manner it is determining “at risk premium”.

3. Provide CAR with the percentage of ceded earned premium that is uncollected for calendar years 2016-2018.

The Committee reserves the right to request additional information from Servicing Carriers, as may be required, to enable the Committee to determine what would be reimbursable pursuant to Rule 11.C.2.

Questions may be directed to John Metcalfe, CAR Director of Residual Market Services, at jmetcalfe@commauto.com.

NATALIE A. HUBLEY
President