



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110

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617-338-4000

NOTICE OF MEETING

COMMERCIAL PROGRAM OVERSIGHT COMMITTEE

A meeting of the Commercial Program Oversight Committee will be held at the Automobile Insurers Bureau Conference Center at 101 Arch Street, 7th Floor, Boston, on

THURSDAY, NOVEMBER 8, 2018 AT 12:30 P.M.

MEMBERS OF THE COMMITTEE

Mr. William Cahill, Jr. – Chair
The Hanover Insurance Company

Mr. Charles Boynton, III
Mr. Peter Chung
Mr. Thomas Harris
Mr. John Olivieri, Jr.

Boynton Insurance Agency, Inc..
The Norfolk & Dedham Group
Quincy Mutual Group
J.K. Olivieri Insurance Agency, Inc.

AGENDA

CPOC

18.01 Records of Previous Meeting

The Records of the Commercial Program Oversight Committee meeting of August 7, 2018 should be read and approved.

CPOC

18.03 CAR Conflict of Interest Policy

The Chair will read a statement relative to CAR's Conflict of Interest Policy.

CPOC

18.04 Commercial Program Oversight

The Commercial Program Oversight Committee will continue its discussion regarding program expectations, the development of evaluation and oversight parameters, and the program's review process. Information to assist the Committee in its deliberations will be distributed prior to the meeting.

CPOC

18.05 Servicing Carrier Compliance Audit Program – Servicing Carrier Focus Audits

Staff will present an overview of the commercial Focus Audit results pertaining to all four Servicing Carriers as reviewed by the Compliance and Operations Committee at its meeting of October 18, 2018. A summary of the audit findings and observations of the Compliance and Operations Committee will be distributed as additional information prior to the meeting.

CPOC

18.06 Request for Reimbursement of Extraordinary Expenses – Arbella Protection Insurance Company

Attached is correspondence from Ms. Roberta Fitzpatrick, representing the Arbella Protection Insurance Company. Arbella is requesting reimbursement for extraordinary expenses incurred by the company. (Docket #CPOC18.06, Exhibit #1)

Other Business

To transact any other business that may properly come before this Committee.

Executive Session

The Commercial Program Oversight Committee may convene in Executive Session in accordance with the provisions of G.L. c. 30A, § 21.

JOHN METCALFE
Director – Residual Market Services

Attachment

Boston, Massachusetts
October 25, 2018

CAR | Manual of Administrative Procedures
Chapter III | Servicing Carrier Responsibilities
Revision Date | 2018.06.20
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EXHIBIT III-E-1

COMMONWEALTH AUTOMOBILE REINSURERS		
REQUEST FOR REIMBURSEMENT OF EXTRAORDINARY EXPENSES		
COMMERCIAL AUTOMOBILE AND TAXI/LIMOUSINE SERVICING CARRIER PROGRAMS		
Company Name: <i>Arbella Protection Insurance Company</i>		
Requestor/Contact Name: <i>Roberta Fitzpatrick</i>		Date: <i>10/12/2018</i>
Tel. #: <i>617 769 3500</i>	Fax #: <i>617 946 0569</i>	Email: <i>roberta.fitzpatrick@arbella.com</i>
Signature: <i>Roberta Fitzpatrick jr</i>		
Total Requested Reimbursement Expense Amount: <i>\$ 371,169.92</i>		
Reason For Reimbursement Request:		
Concisely summarize the reason(s) for your request(s) and provide an overview of the nature of your issue(s).		
<i>See attached.</i>		
<i>Please reference CAR's Manual of Administrative Procedures, Chapter III, Section E. for procedures and documentation requirements relative to a request for reimbursement of extraordinary expenses.</i>		
Scheduling of Review		
Upon receipt of a completed Request for Reimbursement of Extraordinary Expenses form, a hearing date will be established as coordinated by CAR with the petitioning party and the designated committee chair. After a date has been confirmed, CAR will issue a written Notice of Meeting in compliance with the Open Meeting Law.		
Submission of Written Information		
Any written materials to be considered by the designated committee must be submitted to CAR's Docket Clerk no later than 12:00 p.m., five business days prior to the scheduled meeting date. Timely submitted materials will be docketed by CAR and distributed to the committee as soon as practicable. Written materials submitted to CAR after 12:00 p.m. on the fifth business day prior to the scheduled meeting date will not be entered on the docket, but the submitting party may petition the committee directly for consideration of such materials. The committee has the discretion to determine whether such materials will be considered in its deliberations. If the committee allows such materials to be considered, the submitting party is expected to be prepared to provide a minimum of 25 copies at the meeting.		
<u>All document submissions must be in compliance with M.G.L. c. 93H and 201 CMR 17.00: Standards for the Protection of Personal Information of Residents of the Commonwealth (i.e. personal information, as defined, must be redacted). Any document submission determined to not be in compliance will result in the document being returned to the sender for correction and may impact its distribution to the reviewing committee.</u>		

LAW OFFICES OF ROBERTA FITZPATRICK

101 ARCH STREET, SUITE 1761
BOSTON, MASSACHUSETTS 02110
617 769-3500 | 617 946-0569 (Fax)

Roberta R. Fitzpatrick | 617 769-3511
Roberta.Fitzpatrick@arbella.com

October 11, 2018

VIA EMAIL AND HAND DELIVERY

Mr. John Metcalfe
Commonwealth Automobile Reinsurers
101 Arch Street, Suite 400
Boston, Massachusetts 02110

Re: Renewed Request of Arbella Protection Insurance Company
for Reimbursement of Extraordinary Expense

Dear Mr. Metcalfe:

Last Fall, Arbella Protection Insurance Company (“Arbella”) filed a request for reimbursement of extraordinary expenses. Specifically, Arbella requested that CAR reimburse Arbella for the extraordinary expense it incurred in connection with fighting the fraud associated with the Point Insurance Agency. In connection with this request, Arbella has asked that CAR take into account the following:

- (1) the fact that the Point Insurance Agency acquired the book of business of Rapo & Jepsen Insurance Agency on the heels of the termination of Rapo & Jepsen,
- (2) the fact that Point Insurance Agency was created by and run by a former employee of Rapo & Jepsen,
- (3) the pervasiveness of the fraud within the book of business acquired by Point Insurance Agency,
- (4) the reassignment of the Point Insurance Agency to Arbella after the successful termination of Rapo & Jepsen,
- (5) the impact that the Rapo and Jepsen Insurance Agency and the Point Insurance Agency have had on the commercial residual market,
- (6) the extraordinary efforts and expense that Arbella has undertaken to remedy the situation,
- (7) the efforts Arbella was required to undertake to defend against the substantial litigation initiated by Point (Point filed multiple actions against Arbella in the Superior Court, the DOI and at CAR in an (unsuccessful) attempt to block Arbella from using tools to fight against the pervasive fraud within the agency); and
- (8) the benefits to the residual market as a result of Arbella’s extraordinary efforts.

Following the filing of Arbella’s original request for reimbursement of extraordinary expense, there were several CAR meetings concerning the procedures for handling requests for reimbursement of extraordinary expense generally. In light of those discussions, and without

wavier, Arbella hereby submits a renewed request for reimbursement. Specifically, Arbella is requesting that CAR reimburse Arbella in the amount of \$371,169.92. Said amount represents the extraordinary expense incurred by Arbella arising out of the unique circumstances of the Rapo and Jepsen and Point Agency fraudulent schemes, including in particular the reassignment of the Rapo book of business to Arbella following the Rapo termination and the wholesale failure and refusal of the successor agency, run by a former Rapo employee, to work with Arbella to address the pervasive fraud in the book of business. Arbella will be filing a detailed submission with CAR in support of this request.

Kindly schedule this matter for hearing by the appropriate CAR committee.

Very truly yours,


Roberta Fitzpatrick

RRF/jpc

cc: Ms. Eileen Currie