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RECORDS OF MEETING

COMMERCIAL PROGRAM OVERSIGHT COMMITTEE – JULY 28, 2020

Members Present

Mr. William Cahill, Jr. – Chair
Mr. Charles Boynton, III
Mr. Brian Hayes
Mr. Bryan Hurwitz
Mr. John Olivieri, Jr.

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

Substituted for:
N/A

Not in Attendance:
N/A

20.01 Records of Previous Meeting

On a roll call vote, with four in favor and one abstention, the Committee voted to approve the Records of the Commercial Program Oversight Committee meeting of May 21, 2020, continued to May 28, 2020 and June 4, 2020. The Records have been distributed and are on file.

20.05 2019 Servicing Carrier Annual Reports

Ms. Wendy Browne summarized the reports distributed with the Notice of Meeting which included each Servicing Carrier's 2019 Annual Report and a summary of Servicing Carrier responses to each of the questions/issues addressed in the Annual Report. In addition, various data reports profiling the commercial residual market as of December, 2019, and a summary of Servicing Carrier bus eligibility audit results were included for the Committee's reference.

Ms. Browne noted that the summary of Servicing Carrier responses is organized in a similar manner to the Annual Report template, with each Servicing Carrier's response included side by side, for easier review and comparison by the Committee. She noted the recommendations presented by each Servicing Carrier and described the current efforts being taken by CAR committees to address the issues. Specifically, she advised that the impact of the COVID-19 pandemic on experience rating and the increasing use of private passenger type vehicles for food delivery services will be considered by the Joint Actuarial Commercial Lines Committee in future rate filings, and the development of a consistent approach for Servicing Carriers to report quarterly SIU data will be addressed by the Claims Subcommittee during its

biennial review of the Claims Performance Standards. She also noted that a suggestion to consider the offering of a loss ratio incentive program may be considered by this Committee as it prepares an RFP, and a suggestion to explore the use of artificial intelligence is currently being researched by a subcommittee of the Automobile Insurers Bureau (AIB). Mr. John Metcalfe also noted that it will be necessary for staff to solicit further clarification from the Servicing Carrier making a recommendation to consider repercussions for producers not in compliance with CAR Rules, as a compliance program is already in place.

Ms. Browne stated that there were other Servicing Carrier recommendations that will require additional research and potential referral to the Commercial Automobile Committee for incorporation into its current list of commercial market issues. She requested that the Committee comment upon each recommendation in order to determine which should be considered for future evaluation. These included addressing situations where insureds are adding and deleting owner-operators from a policy and clarifying the eligibility of vehicles with GVW greater than 10,000 pounds for placement through the MAIP in instances where these vehicles are not used in commercial operations. Also recommended is a review of the consistent application of the Garage Keepers coverage form to among Servicing Carriers, and a review of the validation procedures set forth in Bulletin No. 1075 relative to certain risks, potentially limiting those procedures to bus and TTT classes, as other risks may have difficulty with substantiating radius of operation. The Committee agreed that each of these issues should be referred to the Commercial Automobile Committee for consideration and prioritization.

Finally, Ms. Browne noted that further research will be required relative to the eligibility of out-of-state registered vehicles that are currently eligible for the commercial residual market if the risk is domiciled in Massachusetts.

The Committee indicated that the summary prepared by staff was helpful in its review. Finally, the Committee took note that each Servicing Carrier had reported that the programs and procedures, implemented over the course of the past couple of years, were highly effective in producing improved consistencies and positive results in the commercial automobile residual market in 2019.

20.06 Commercial Program Evaluation - 2021 Request for Proposal

The current Commercial Servicing Carrier Program is set to expire on December 31, 2021. A Request for Proposal (RFP) will be distributed to the industry by March 1, 2021 for a subsequent engagement to service the commercial automobile residual market, beginning with policies effective January 1, 2022 and subsequent.

To assist the Committee in its development of recommendations and specifications for the upcoming RFP, discussion topics to be addressed by the Committee at upcoming meetings were provided with the Notice of Meeting. In preparation for the Committee's evaluation of whether to continue the existing programs as is, or whether other approaches could be taken or changes made to improve the programs, Mr. Metcalfe provided the Committee with a historical perspective relative to both the Commercial Automobile and Taxi Servicing Carrier Programs. He stated that the Committee should be prepared to have discussions on whether the two programs should be combined, the number of Servicing Carriers to service business from each program, and the existing Servicing Carrier compensation program which includes the physical redistribution of producer books of business to assure equitable distribution of commercial automobile written premium among Servicing Carriers.

Mr. John Olivieri stated that the Commercial Automobile Committee has been discussing the development of a consistent commission rate for commercial classes, with further discussion anticipated on whether to incorporate taxi, limousine and car service vehicles into the Commercial Automobile Program. He noted that it would be helpful to ascertain the Commercial Program Oversight Committee's

interest in merging the two programs, in order to determine whether the Commercial Automobile Committee should continue its review of the commission rate paid to agents on taxi, limousine and car service business.

MARIAN ADGATE
Corporate Documentation Specialist

Boston, Massachusetts
September 3, 2020

ATTACHMENT LISTING

Docket #CPOC20.02, Exhibit #3

Attendance Listing

**COMMERCIAL PROGRAM OVERSIGHT COMMITTEE MEETING
MEETING ATTENDEES
JULY 28, 2020**

Individual's Name

Company / Agency

PLEASE PRINT

William Cahill, Jr.	Vermont Mutual Insurance Company
Charles Boynton III	Boynton Insurance Agency, Inc.
Brian Hayes	Quincy Mutual Group
Bryan Hurwitz	The Norfolk & Dedham Group
M. John Olivieri, Jr.	J.K. Olivieri Insurance Agency, Inc.
Ben Hincks	TSH & D – CAR Counsel
Steve Torres	TSH & D – CAR Counsel
Natalie Hubley	CAR Staff
Wendy Browne	CAR Staff
John Metcalfe	CAR Staff
Marian Adgate	CAR Staff
Peter Barton	Safety Insurance Company
Peter Chung	The Norfolk & Dedham Group
Roberta Fitzpatrick	Arbella Insurance Group
Mary McConnell	Safety Insurance Company
Barry Tagen	Pilgrim Insurance Company
David Zawilinski	Arbella Insurance Group
Mary Ellen Thompson	Division of Insurance
Mark Alves	CAR Staff
Tim Costain	CAR Staff
Daniel Mason	CAR Staff
Lynne Rosenberg	CAR Staff
Robin Tigges	CAR Staff