



NATALIE A. HUBLEY  
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110

[www.commauto.com](http://www.commauto.com)

617-338-4000

## RECORDS OF MEETING

### COMMERCIAL PROGRAM OVERSIGHT COMMITTEE – APRIL 8, 2021

#### Members Present

Mr. John Olivieri, Jr. – Chair  
Mr. Charles Boynton, III  
Mr. Brian Hayes  
Mr. Bryan Hurwitz  
Ms. Sharon Murphy

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

Substituted for:  
N/A

Not in Attendance:  
N/A

#### **20.01 Records of Previous Meeting**

On a roll call vote, the Committee voted to approve the Records of the Commercial Program Oversight Committee meeting of February 3, 2021. The Records have been distributed and are on file.

#### **20.06 Commercial Program Evaluation - 2021 Request for Proposal**

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

Mr. John Metcalfe stated that an updated draft of the RFP was attached to the Notice of Meeting. He pointed out that the RFP has been updated to include the modified schedule of events as approved by the Committee at its last meeting, and that the updated schedule retains the ability to maintain a January 1, 2022 implementation date. The updated dates include distribution of the RFP by April 30, 2021, evaluation of proposals by this Committee in mid to late-July 2021, and a Special Governing Committee meeting on August 5, 2021 to finalize Servicing Carrier selection. Servicing Carriers and impacted ERPs would be notified of any changes in assignments no later than September 1, 2021, and Servicing Carriers would have until the end of October to contract with ERPs.

Mr. Metcalfe further noted that an identified minor editorial update to Section 7 – Proposal Information of the RFP will be made by staff.

On a roll call vote, the Committee unanimously voted to approve the RFP, as updated, and recommend that the Governing Committee authorize its distribution.

#### **21.04 Ad Hoc Redistribution Committee**

Mr. John Olivieri stated that the Ad Hoc Redistribution Committee met on February 24, 2021, March 18, 2021 and April 8, 2021 and recommended to this Committee a Statement of Intent to be used as guidance for future redistribution of ceded books of business.

Ms. Natalie Hubley stated that the Ad Hoc Redistribution Committee, in recognizing the disruptive impacts to producers and insureds when inequity in the distribution of the ceded books of business among Servicing Carriers results in a need for a redistribution, is recommending that the Commercial Program Oversight Committee adopt the attached Statement of Intent that addresses and prioritizes certain considerations. The Statement of Intent seeks to minimize redistributions to the extent possible but maintains the safe harbor provision provided in the Rules of Operation that enables Servicing Carriers to request a redistribution if an undue burden associated with continued or renewed inequity is demonstrated. Further, the Ad Hoc Redistribution Committee is recommending the use of a threshold approach for considering a redistribution based upon the financial impact to a Servicing Carrier. The Committee is also recommending the development of a procedure that would address producer concerns expressed by reassigned agencies with specific issues being referred for Committee consideration.

Specific to the threshold approach, Ms. Hubley stated that the Ad Hoc Redistribution Committee recommends a process to evaluate Servicing Carrier redistribution requests if a +/- 3% inequity threshold has been exceeded. Subsequent to the threshold being exceeded a petitioning carrier must be able to demonstrate to the Commercial Program Oversight Committee hardship resulting from the inequity and identify the carrier's positive performance in addressing the commercial automobile residual market prior to warranting a rebalancing of ceded business. The Commercial Program Oversight Committee would then evaluate the request and consider any action to be taken.

The Committee questioned how the Statement of Intent might be integrated into the RFP process. Mr. Stephen Torres, CAR counsel, stated that if the Statement of Intent is intended to be provided as guidance, it is important that it be published or disseminated in some manner, so that all potential participants in the Program are aware of its content. If the Statement of Intent is not included as part of the RFP, either as a corollary or addendum, it would need to be distributed in some other fashion so that any bidders are aware of the intention of the Committee overseeing the RFP process, as adopted by the Governing Committee.

Mr. Metcalfe noted that at the pre-response meeting, upon identification of the carriers interested in bidding, CAR distributes to those the companies a package of informational data. He suggested that the Statement of Intent be included in that distribution to each potential bidder. In doing so, it would address any notification concerns without having to change the RFP document itself.

On a roll call vote, the Committee unanimously recommended to the Governing Committee the adoption of the Statement of Intent and that it be distributed in the RFP process as part of the package of data materials provided by CAR staff to all potential bidders.

## **21.05 2020 Servicing Carrier Annual Reports**

Ms. Wendy Browne advised the Committee that this is the time of year when CAR would typically be working on developing the template for the 2020 Servicing Carrier Annual Reports. She stated that presumably many of the current Servicing Carriers will be participating in the RFP process for the new cycle, and as Committee members would be involved in the evaluation of the responses, it may be appropriate for the Committee to consider whether the Servicing Carrier Annual Report evaluation process should be suspended for this year.

Mr. Metcalfe noted that the current RFP incorporated topics contained in the 2019 Annual Report relative to the standards that were put in place over the course of the past few years, and therefore it could be expected that the proposals would address the content that CAR would receive via the Annual Reports.

Mr. Tagen agreed that the blending of the two processes makes sense. However, he noted that the Supplemental Data documents that will be distributed to bidders only contain industry data and requested that company data also be provide to current Servicing Carriers, should they choose to bid, similar to that which CAR provided for the Annual Reports.

It was the Committee's consensus that the 2020 Servicing Carrier Annual Report process be suspended.

MARIAN ADGATE  
Corporate Documentation Specialist

Boston, Massachusetts  
April 13, 2021

**ATTACHMENT LISTING**

Docket #CPOC21.02, Exhibit #3

Attendance Listing

Docket #CPOC21.04, Exhibit #3

Redistribution Statement of Intent

**COMMERCIAL PROGRAM OVERSIGHT COMMITTEE MEETING  
 MEETING ATTENDEES  
 APRIL 8, 2021**

Individual's Name

Company / Agency

PLEASE PRINT

John Olivieri, Jr.	J.K. Olivieri Insurance Agency Inc.
Charles Boynton III	Boynton Insurance Agency, Inc.
Brian Hayes	Quincy Mutual Group
Bryan Hurwitz	The Norfolk & Dedham Group
Sharon Murphy	Acadia Insurance Company
Roberta Fitzpatrick	Arbella Insurance Group
William Hughes	Arbella Insurance Group
John Magadieu	Arbella Insurance Group
David Zawilinski	Arbella Insurance Group
Mary Ellen Thompson	Division of Insurance
Kathy Cormier	MAIA
Lisa Hatch	MAPFRE U.S.A. Corporation
John Kelly	MAPFRE U.S.A. Corporation
Barry Tagen	Pilgrim Insurance Company
Pete Barton	Safety Insurance Company
Mary McConnell	Safety Insurance Company
Marian Adgate	CAR Staff
Mark Alves	CAR Staff
Wendy Browne	CAR Staff
Shannon Chiu	CAR Staff
Tim Costain	CAR Staff
Richard Dalton	CAR Staff
Timothy Galligan	CAR Staff
Natalie Hubley	CAR Staff
Cheryl Kopas	CAR Staff
Daniel Mason	CAR Staff
John Metcalfe	CAR Staff
Katy Proctor	CAR Staff
Lynne Rosenburg	CAR Staff
Robin Tigges	CAR Staff
Ben Hincks	TSH & D – CAR Counsel
Steve Torres	TSH & D – CAR Counsel

Ad Hoc Redistribution Committee  
Recommendation to Commercial Program Oversight Committee  
Minimize Impacts of Ceded Book of Business Redistributions

Statement of Intent

The Ad Hoc Redistribution Committee recognizes the disruptive impact to producers and insureds when the need for equity among Servicing Carriers results in a need to redistribute the ceded books of business. In order to maintain reasonable equity with the objective to minimize the disruptive impacts of a redistribution, the Ad Hoc Redistribution Committee recommends that the Commercial Program Oversight Committee adopt a Statement of Intent that addresses and prioritizes the following considerations, for recommendation to the Governing Committee:

- Minimize redistributions to the extent possible
- Maintain the safe harbor provision enabling a Servicing Carrier to demonstrate undue burden associated with continued or renewed inequity
- Employ a threshold approach to consider redistribution based on the financial impact to a Servicing Carrier
- Address producer concerns with reassignment  
Staff to develop a reporting procedure to advise the Commercial Program Oversight Committee subsequent to a redistribution of concerns expressed by reassigned agencies with specific issues that may be addressed or referred for Committee consideration

The Ad Hoc Redistribution Committee recommends a process to evaluate Servicing Carrier requests for redistribution:

1. Servicing Carrier redistribution requests
  - a. +/-3% threshold has been exceeded
  - b. Demonstrate hardship resulting from inequity
  - c. Demonstrate positive performance warranting rebalancing
2. Committee evaluation of request
  - a. Cause of imbalance
  - b. Scope of required redistribution