



NATALIE A. HUBLEY
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NOTICE OF MEETING

COMMERCIAL AUTOMOBILE COMMITTEE

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

THURSDAY, MAY 23, 2019 AT 10:30 A.M.

MEMBERS OF THE COMMITTEE

Mr. John Olivieri, Jr – Chair
J.K. Olivieri Insurance Agency, Inc.

Mr. Peter Chung
Ms. Sheila Doherty
Mr. Paul Drennan
Mr. Coleman Johnson
Mr. Brian Lam
Ms. Mona McCowen
Ms. Sharon Pontes
Mr. Thomas Skelly, Jr.
Mr. Barry Tagen

The Norfolk & Dedham Group
Doherty Insurance Agency, Inc.
MAPFRE U.S.A. Corporation
The Hanover Insurance Company
Safety Insurance Company
Arbella Insurance Group
Acadia Insurance Company
Deland, Gibson Insurance Associates, Inc.
Pilgrim Insurance Company

AGENDA

CAC

19.01 Records of Previous Meeting

The Records of the Commercial Automobile Committee meeting of April 4, 2019 should be read and approved.

CAC

19.03 CAR Conflict of Interest Policy

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

CAC

19.05 Commercial Residual Market Issues

Attached is an updated status report of the current commercial issues under consideration by the Committee. (Docket #CAC19.05, Exhibit #4)

CAC

19.06 Standards for the Verification of Applicant Drivers' Licenses

As reported at the previous meeting, the Division of Insurance disapproved the proposed amendments to the Eligibility Risk definition of Rule 2. Revisions to Rule 2 of the Rules of Operation, Rule 31 of the Commercial Automobile Insurance Manual, and the Standards for the Verification of Applicant Drivers' Licenses are attached for the Committee's consideration. (Docket #19.06, Exhibit #2)

CAC

19.08 Radius of Operation and Rating Territory

Amendments to Rules 52 and 72 of CAR's Commercial Auto Manual were approved by the Commercial Automobile Committee at its January meeting and by the Governing Committee at its February meeting. The amendments were intended, in part, to clarify the assignment of zone combination for zone rated risk. In light of questions raised subsequent to the filing relative to the rating impact of the proposed changes, the pertinent portion of the filing was withdrawn for further review by the Committee. Revised amendments will be distributed as additional information prior to the meeting.

CAC

19.09 Review of Additional Insureds

The Committee should be prepared to continue its discussion relative to the requirements and appropriateness of the Additional Insured, Waiver of Subrogation, and Primary and Non-Contributory endorsements on ceded policies. An overview of the committee discussions and considerations is attached. (Docket #CAC19.09, Exhibit #3)

CAC

19.11 Annual Evaluation of Market Need for ERP Appointments

The eligibility requirements in Rule 14 – Exclusive Representative Producer Requirements include a stipulation that an applicant for ERP appointment must meet the conditions for addressing a market need as determined by criteria established by CAR's Governing Committee. The Committee should review the market need criteria and policy year 2018 residual market data reports in order to evaluate accessibility to the residual market throughout the Commonwealth through producers experienced in servicing all classes of commercial risk. Policy year 2017 data reports from the December 18, 2018 Commercial Automobile Residual Market Standards Subcommittee are also attached for comparison purposes. Based on its conclusion, the Committee will make a recommendation to the Governing Committee as to whether a market need exists for additional appointments in the residual market. (Docket #19.11, Exhibit #1)

Other Business

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

Executive Session

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

WENDY BROWNE
Vice President – Business Operations

Attachments

Boston, Massachusetts
May 9, 2019

**Commonwealth Automobile Reinsurers
Commercial Automobile Committee – Market Issues
Status as of May 9, 2019**

IN PROCESS

I. Issue: Verification of Applicant Driver's Licenses

Category: Residual Market Growth – Eligibility for Placement in the Massachusetts Commercial Automobile Residual Market

Priority: High

Committee Focus: Development of Rule Language and/or Standards for Underwriting and Processing Risks involving Foreign or Out of State Licenses

Committee Action to Date: At its February 2019 meeting, the Governing Committee approved changes to the Eligible Risk definition in Rule 2 – Definitions of CAR's Rules of Operations, Rule 31 – Operator Exclusion Form of the Commercial Automobile Insurance Manual and Standards for Verification of Applicant's Licensing. The proposed changes to the Rules of Operation were disapproved by the Division of Insurance.

Status: A revised amendment to Rule 2 will be reviewed by the Committee at the May meeting.

II. Issue: Radius of Operation and Rating Territory

Category: Classification and Rating

Priority: High

Committee Focus: Development of consistent classification and rating standards to be employed by all Servicing Carriers

Committee Action to Date: At its February 2019 meeting, the Governing Committee approved changes to Section III – Trucks, Tractors and Trailers, Rule 72 in Section V – Public Automobile Classifications, and the Zone Rating Tables of the Commercial Automobile Insurance Manual, as well as Standards for Determining and Validating Radius and Geographic Classification. The proposed changes were filed with the Division of Insurance for approval. It was later determined that further clarification of the procedures for the assignment of zone combinations was needed and consequently this portion of the filing was withdrawn.

Status: Amendments relative to the radius classification and the determination of rating territory for non-zone rated risks were placed on file by the Division of Insurance on March 19, 2019. Servicing Carriers have been notified that the procedures outlined in the standards must be implemented by June 1, 2019.

The Committee will discuss and review a new proposal for zone rated TTTs and buses at the May meeting.

III. Issue: Procedures for the Review of Large Ceded Losses

Category: Servicing Carrier Consistency – Loss Reporting

Priority: Medium

Committee Focus: Ensure consistency among Servicing Carriers relative to timely notification of large loss occurrences

Committee Action to Date: The Governing Committee approved the recommendation of the Commercial Auto Committee to implement procedures to address notification and disclosure aspects of the large loss reserving process.

Status: Large Loss Summary reports will be available on CAR's website and provided to the Loss Reserving Committee every quarter. Staff is in the process of developing the website application to allow companies to comply with the pre-reporting notification requirements of a potential large loss. Finally, Staff will begin monitoring claim reporting patterns to identify industry trends and Servicing Carrier anomalies and notify the appropriate company or committee.

IV. Issue: Policy Endorsements

Category: Residual Market Loss/Cost Control

Priority: Medium

Committee Focus: Eligibility of Additional Insureds, Waiver of Subrogation, and Primary and Non-Contributory endorsements on ceded policies

Committee Action to Date: The Commercial Automobile Committee began discussing this issue at its March 5, 2019 meeting.

Status: The Committee should continue its discussions relative to the requirements and appropriateness of these endorsements in the residual market.

V. Issue: Non-Ownership Liability Coverage

Category: Residual Market Growth - Loss Experience

Priority: Medium

Committee Focus: Improvement of underwriting results – non-ownership liability classifications

Committee Action to Date: The Commercial Automobile Committee was provided with background information at its March 5, 2019 meeting. Staff noted that a high volume of coverage is provided on a stand-alone basis and is exploring rating alternatives.

Status: Staff will provide the Committee with an updated status report when available.

VI. Issue: Vehicle Operations Outside of Massachusetts

Category: Residual Market Eligibility

Priority: Medium

Committee Focus: Discussion has taken place as to whether a risk should be required to have a vehicle operations in Massachusetts in order to be eligible for placement in the residual market.

Action to Date: Information regarding other state's handling of multi-state risks was distributed to the Committee at its September 2018 meeting, noting that requirements for MA residual market risks are reciprocal with other states' plans.

Status: This issue will be included in the rate study being overseen by the Joint Actuarial and Commercial Lines Committee in order to evaluate whether a more appropriate remedy would be to address this issue from a rating perspective.

VII. Issue: MAP Updates – Inclusion of Standards

Category: All

Priority: Medium

Committee Focus: Review amendments to the Manual of Administrative Procedures as drafted by Staff to include language reflective of all the new standards implemented during the past year.

Committee Action to Date: None

Status: In the fall, staff anticipates providing proposed updates to the Manual of Administrative Procedures for the Committee's review and approval.

VIII. Issue: Supplemental/Renewal Application

Category: Risk Evaluation

Priority: Medium

Committee Focus: Determination of whether there is a need for a supplemental and/or renewal application to collect additional information for the evaluation of a risk.

Committee Action to Date: None

Status: At a future meeting, staff will provide information relative to possible issues for consideration in a supplemental or renewal application.

IX. Issue: Producer Management

Category: Residual Market Growth

Priority: Medium

Committee Focus: Consider opportunities to enhance producer oversight programs

Committee Action to Date: None

Status: At a future meeting, staff will provide information about monitoring programs that will assist in identifying trends in producers' books of business.

X. Issue: Miscellaneous Risk Classifications

Category: Classification and Rating

Priority: Medium

Committee Focus: Ensuring consistency among Servicing Carriers in the classification of certain risks

Committee Action to Date: None

Status: At a future meeting, the Committee will discuss whether the language in the rating manual should be clarified to ensure consistency among Servicing Carriers in classification of risks. Examples raised to date include:

- Buses – Social Service vs. School vs. NOC
- Garage – Dealer Risk with some Repair vs. Repair Risk with some Dealer
- Others as may be determined (Multi use vehicles, etc.)

XI. Issue: Cancelled Risks - Premium Avoidance

Category: Residual Market Premium Collection

Priority: Medium

Committee Focus: Premium collection regarding risks that have been cancelled being placed on other policies to avoid owed premium

Committee Action to Date: None

Status: The Committee should further discuss this issue to determine whether strengthened controls are feasible and beneficial to the residual market.

XII. Issue: Coverage Limits

Category: Residual Market Loss/Cost Control – Review of Maximum Cedable Limits

Priority: Low

Committee Focus: Review of the current limits and whether a change is warranted

Committee Action to Date: At its June 2018 meeting, the Governing Committee requested that the Subcommittee revisit the issues related to the cedable limits available in Massachusetts, whether they present an incentive to seek coverage in the Massachusetts residual market and/or whether a change in the limits are warranted. The CRMS Subcommittee subsequently agreed to table consideration of the cedable limits until the impact of the reforms recently adopted and currently under consideration can be evaluated.

Status: Tabled

COMPLETED

XIII. Issue: Principal Place of Business – Out of State Risks

Category: Residual Market Growth - Eligibility for Placement in the Massachusetts Commercial Automobile Residual Market

Priority: High

Subcommittee Focus: Development of Standards for Determining and Substantiating Principal Place of Business

Subcommittee Action to Date: The changes to Rule 2 – Definitions, to include the nerve center test, were approved by the Division of Insurance on March 29, 2018. At the May 9, 2018 meeting, the Subcommittee voted to recommend approval of the standards, including the certification form, for use by the Servicing Carriers and Exclusive Representative Producers in determining and substantiating Principal Place of Business. The Commercial Automobile and Governing Committees approved the recommendations of the Subcommittee at the June 2018 meetings. The Certification Form has been placed on file by the Division of Insurance and the Standards were published to the industry in Bulletin No. 1055. Standards, forms and procedures have been implemented.

Status: Complete

XIV. Issue: Non-Fleet Private Passenger Types – Validation of Business Entity and Vehicle Operators

Category: Residual Market Growth – Eligibility for Placement in the Massachusetts Commercial Automobile Residual Market

Priority: High

Subcommittee Focus: Development of Standards for Determining and Substantiating Eligibility of Risks Relative to Validating the Business Entity and Vehicle Operator Information

Subcommittee Action to Date: Standards, including a certification form, an operator exclusion endorsement, and proposed changes to the rating manual were developed and recommended for use by the Servicing Carriers and Exclusive Representative Producers in verifying eligibility for all NF-PPT risks. The Commercial Automobile and Governing Committees approved the recommendations of the Subcommittee at the June 2018 meetings. The Certification Form, Endorsement and Rating Rule change have been placed on file by the Division of Insurance and the Standards were published to the industry in Bulletin No. 1058. Additionally, Chapter V- Premium of the Manual of Administrative Procedures has been updated to include the new certification and endorsement exclusion forms. Standards, forms and procedures have been implemented.

Status: Complete

XV. Issue: Producer Requirements – ERP Applicant – Previous Massachusetts Commercial Auto Insurance Experience

Category: Residual Market Growth – Exclusive Representative Producer Eligibility for Appointment to a Servicing Carrier

Priority: High

Subcommittee Focus: Enhancement of the prior work experience requirement for an appointment of an applicant to a Commercial Automobile Servicing Carrier

Subcommittee Action to Date: A proposed amendment to Rule 14 – Exclusive Representative Producer Requirements increased an applicant's required prior work experience in the Massachusetts commercial automobile insurance market from 6 out of the previous 12 months to 12 out of the previous 24 months. The amendment was approved by the Commercial Auto and Governing Committees at the June 2018 meetings. The proposed change was approved by the Division of Insurance, and published to the industry in Bulletin No. 1057

Status: Complete

XVI. Issue: Covered Automobiles

Category: Residual Market Loss/Cost Control

Priority: Medium

Subcommittee Focus: Consideration as to whether “Any Auto” coverage Symbol 1 should be eliminated requiring any residual market insured vehicle to be specified on the policy for coverage

Subcommittee Action to Date: Changes to the Rules of Operations and Commercial Automobile Insurance Manual were approved by the Division of Insurance and published to the industry in Bulletin No. 1056 and 1059, respectively. The corresponding updates to Chapter V – Premium of the Manual of Administrative Procedures was published to the industry via Bulletin No. 1060.

Status: Complete

XVII. Issue: Program Oversight - Servicing Carrier Audits

Category: Servicing Carrier Performance - Reviews

Priority: Medium

Subcommittee Focus: Implementation of Servicing Carrier Focus Audits

Subcommittee Action to Date: At its March 29, 2018 meeting, the Subcommittee recommended approval of CAR's Focus Audit plan that will gather information to assist in the development of underwriting standards for use by Servicing Carriers to determine eligibility, classification, and rating of commercial residual market risks. This was approved by the Commercial Automobile and Governing Committees at the April 2018 meetings. Individual company reports were provided to each Servicing Carrier in early 2019.

Status: Complete

XVIII. Issue: Information Sharing

Category: Servicing Carrier Consistency in Handling of Risks

Priority: Medium

Subcommittee Focus: Development of a communication mechanism to assist Servicing Carriers in the consistent writing and servicing of residual market commercial automobile business

Subcommittee Action to Date: The Subcommittee has discussed opportunities to share information that may not be proprietary in nature or in conflict with statute and/or regulation, but that would be beneficial to the administration of the program. Staff proposed developing a web-based online system for this function, which was unanimously accepted by the Subcommittee at its May 9, 2018 meeting.

Status: Complete

XIX. Issue: Producer Requirements – Market Need

Category: Residual Market Growth – Exclusive Representative Producer Eligibility for Appointment to a Servicing Carrier

Priority: High

Committee Focus: Determination of commercial automobile residual market access for the consumer with regard to the appointment of Exclusive Representative Producers

Committee Action to Date: At its February 2019 meeting, the Governing Committee approved changes to the Eligibility Requirements in Rule 14 to require that a new ERP applicant meets the conditions for addressing market need. The proposed changes were approved by the Division of Insurance and distributed to the industry via Bulletin No. 1077.

Status: Complete; however, the Commercial Automobile Committee will perform an annual review of the criteria in order to determine if a market need exists each year.

CAR | **Rules of Operation**
Rule 2 | **Definitions**
Revision Date | **2018.03.29**
Page | **1 of 3**

When used in Rules 1 through 20, the following terms shall have the stated meanings:

CAR means Commonwealth Automobile Reinsurers.

COMMERCIAL MOTOR VEHICLE means any insurable motor vehicle not included in the definition of Private Passenger Motor Vehicle contained in Rule 22.

COMMISSIONER means the Commissioner of Insurance of Massachusetts.

ELIGIBLE RISK means any Person who qualifies for a Motor Vehicle Insurance policy pursuant to G.L. c. 175, § 113H and which has its Principal Place of Business within the Commonwealth of Massachusetts and which is required by a financial responsibility law as enacted by the legislature of any state or of the United States or by any valid regulation of the Interstate Commerce Commission, United States Department of Transportation, or the Massachusetts Department of Public Utilities to maintain Motor Vehicle Insurance with respect to vehicles owned or leased by it, and registered within or outside of the Commonwealth of Massachusetts provided that the applicant establishes that any person who usually drives the motor vehicle(s) holds or is eligible to obtain a valid operator's license. Ordinances or Bylaws, as enacted by any political subdivision of any state, shall not for the purposes of determining eligibility be considered as financial responsibility laws.

Pursuant to G.L. c. 175, § 113U, a Person seeking to insure Antique Vehicles does not qualify as an Eligible Risk.

EXCLUSIVE REPRESENTATIVE PRODUCER (ERP) means a Person licensed as a property and casualty insurance producer pursuant to G.L. c. 175, § 162H through § 162X inclusive, who (a) has a place of business (i) in Massachusetts or (ii) in any state contiguous to Massachusetts, and (b) has been appointed by the Governing Committee or its designee to a Servicing Carrier to immediately certify commercial Motor Vehicle Insurance policies.

CAR | **Commercial Automobile Insurance Manual**
Section II | **Common Coverages and Rating Procedures**
Effective Date | **2018.09.01**
Page | **5 of 14**

- B. For zone rated risks, refer to Zone Rating Tables.
- C. For garage risks, refer to Rule 89 – Medical Payments Insurance in Section VI – Garage Dealers of this Manual.

No charge shall be made for service or utility trailers.

RULE 31. OPERATOR EXCLUSION FORM

The Servicing Carrier will attach the Operator Exclusion Form, CR 99 01 08 18, to the policy in regard to any owner of the business who is not listed as an operator on the application and does not have a valid license, any listed operator who does not hold or is not eligible to obtain a valid license, or in other circumstances as requested by the insured. A separate endorsement should be completed for each excluded operator.

RULE 32. PARTNERSHIP AS THE NAMED INSURED – NON-OWNERSHIP LIABILITY (CLASS CODE 70000)

- A. When Non-Ownership Liability is afforded, the Business Auto Coverage Form provides coverage to a partnership for the use of automobiles owned by individual partners which are used in the business of the partnership.
- B. Multiply the private passenger type rates by .10 for each active or inactive partner for the territory in which the partnership is located. Apply this rating base regardless of the type of automobile being used.

RULE 33. RENTAL REIMBURSEMENT (COVERAGE CODE 083)

- A. Do not write Rental Reimbursement Coverage for less than 30 days or for a limit of less than \$15 per vehicle per day.
- B. Refer to the Rate Section for premium development.

RULE 34. INDIVIDUAL AS THE NAMED INSURED

Endorse a Business Auto Coverage Form covering an individually owned private passenger automobile with the appropriate individual named insured endorsement.

- A. Drive Other Car Coverage is provided at no additional charge if the policy covers:
 - 1. A private passenger automobile not used for public transportation or rented to others without a driver.

Servicing Carrier and Exclusive Representative Producer Standards for Verification of Applicant Drivers' Licenses

Standards for the Verification of Applicant Drivers' Licenses: In determining whether an applicant is eligible for placement in the commercial automobile residual market, Servicing Carriers and Exclusive Representative Producers are required for all new business to verify that the applicant establishes that any person who regularly usually drives the motor vehicle(s) holds or is eligible to obtain a valid operator's license. In addition, with respect to all non-fleet private passenger type business, Servicing Carriers and Exclusive Representative Producers are required to verify for all new and renewal business, that the applicant establishes that any person who regularly usually drives the motor vehicles holds or is eligible to obtain a valid operator's license.

Foreign Licensed Drivers: Foreign drivers may be eligible for placement for one year in the commercial automobile residual market with a valid foreign driver's license and, if their foreign driver's license is not in English, either a valid International Driving Permit or a completed Registry of Motor Vehicles Translation into English of a Foreign Driver License form before obtaining a Massachusetts driver's license. The year begins on the driver's most recent date of arrival in the United States. Note: An International Driver's License is not considered a valid driver's license and will not be accepted as a valid form of license.

Domestic Licensed Drivers: Any person who holds a valid operator's license from a state other than Massachusetts, must obtain a Massachusetts license in accordance with the standards of the Massachusetts Registry of Motor Vehicles. This requirement does not apply to anyone who regularly usually drives a motor vehicle owned by a named insured if the applicant can establish that said person is employed by a named insured whose Principal Place of Business is located in Massachusetts but resides in another state which has issued him or her a valid license.

Required Documentation: Servicing Carriers will require on the application the license number and state of any licensed member of the named insured's household, and/or as well as any other licensed individuals who regularly usually drive the insured vehicle(s) and who hold a valid Massachusetts or domestic license. In addition, Servicing Carriers shall require the following documentation with the application for any licensed member of the named insured's household and/or any other licensed individuals who regularly usually drives the insured vehicle(s), and who lack a valid Massachusetts or domestic license:

1. A copy of a valid foreign driver's license,
2. If that foreign driver's license is not in English, either a corresponding International Driving Permit or a completed Registry of Motor Vehicles Translation into English of a Foreign Driver License form, and
3. A copy of one of the following documents:
 - A valid passport from the country of origin
 - A valid alien registration receipt card (green card)
 - A valid employment authorization card issued by the United States Department of Homeland Security
 - Valid proof of nonimmigrant classification provided by the United States Department of Homeland Security

Documentation providing proof of the arrival date in the United States is required to validate eligibility for new and renewal business (i.e. passport entry date, dated airline ticket, etc.).

An application submitted without the above information and documents shall be considered incomplete and will result in cancellation or nonrenewal based on the procedures set forth in Rule 4 – Standard Procedures of CAR's Commercial Automobile Insurance Manual. The cancellation/nonrenewal notice must contain the following statement: "If the insured furnishes the necessary item(s) prior to the effective date of the cancellation, the cancellation shall be rescinded."

Exclusion of Listed Operators Not Holding or Not Eligible to Obtain a Valid License: Pursuant to Rule 31 – Operator Exclusion Form of CAR's Commercial Automobile Insurance Manual, Servicing Carriers will attach the Operator Exclusion Form, CR 99 01 08 18, to the policy for each operator listed on the application who does not hold or is not eligible to obtain a valid license.

Servicing Carrier/Exclusive Representative Producer Validation Tools:

For renewal business, the Servicing Carrier will rely on the information provided on the insured's new business application unless the insured or the Exclusive Representative Producer provides documentation updating the licensing or most recent date of arrival in the United States for operators with foreign licenses.

Servicing Carriers and Exclusive Representative Producers will utilize the appropriate resources (i.e. Massachusetts Registry of Motor Vehicles system, Non-Massachusetts driver's license reporting systems, etc.) to verify information regarding registration and/or insured/driver information to ascertain a presence in Massachusetts as it may pertain to the operation of a motor vehicle with a foreign or out of state license.

Servicing Carriers should utilize the CAR Ineligible Risk Database for review of previous actions taken pursuant to insured and/or operator driver's licensing cancellation and/or non-renewal actions by other Servicing Carriers.

Definition of Terms: For purposes of this standard, the following definitions shall apply:

"Foreign driver's license" is a valid driver's license obtained in a foreign country. A valid foreign driver's license may be used for up to one year after entry to the United States if the country of issuance is a party to either the 1949 Convention on Road Traffic (T.I.A.S. No. 2487) or the 1943 Convention on the Regulation of Inter-American Automotive Traffic (T.I.A.S. No. 1567). Validity of a foreign driver's license is to be determined according to Appendix A of the Massachusetts Driver's Manual published by the Registry of Motor Vehicles.

"Domestic driver's license" is a driver's license issued by any state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Mariana Islands or any other territory or possession of the United States.

"Foreign driver" is an individual who holds a foreign driver's license but does not hold a valid domestic driver's license.

"International Driving Permit" is a document to be used in conjunction with a valid foreign driver's license obtained in the driver's home country, as authorized by the 1949 Convention on Road Traffic or the 1943 Convention on the Regulation of Inter-American Automotive Traffic. It is a translation of the foreign driver's license into various languages, including English.

"International Driver's License" is an unofficial document purporting to be a valid driver's license. It is usually sold on the internet or through storefronts with claims that it: 1) authorizes consumers to drive legally in the United states, even if they don't have state-issued licenses or if their state-issued licenses have been suspended or revoked; 2) can be used to avoid points or fines affecting state-issued driver's licenses; and 3) can be used as a photo identification in the United States.



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COMMERCIAL AUTOMOBILE COMMITTEE

ADDITIONAL INSURED COVERAGE

DISCUSSION POINTS

Additional Insured Endorsements

Based on previous Committee discussions:

- Requests for Additional Insured coverage are commonplace in the voluntary market and are acceptable in the residual market.
- A copy of the contract or insurance related portion of the contract is required to substantiate the relationship between the named insured and the requested additional insured.
 - The contract or insurance related portion of the contract shall be obtained by the producer and submitted to the company for all additional insured endorsement requests, beginning with policies effective August 1, 2019 and subsequent.
 - Servicing Carriers will review the contract status of any additional insured on a policy annually, to confirm the continued relationship.
 - For existing renewal business beginning with October 1, 2019 effective dates, the Servicing Carrier shall notify the producer of record that an insured contract, or the insurance related portion of the contract, is required to continue an additional insured endorsement for the upcoming policy term.

Waiver of Subrogation Endorsement

- A waiver of subrogation is a policy endorsement that prohibits an insurance carrier from recovering the money it paid on a claim from a negligent third party. An additional insured might request this endorsement from its vendors to avoid being held liable for claims occurring on their property.
- This endorsement is currently not available for ceded risks as it would eliminate the ability of the Servicing Carrier to seek subrogation on ceded risks, which in turn, would negatively impact the financial results of the residual market pool.
- The recommendation is to not adopt the waiver of subrogation endorsement.

Primary and Noncontributory Endorsement

- A primary and noncontributory endorsement stipulates the order in which multiple policies triggered by the same loss are to respond. It identifies which policy must pay before other applicable policies (primary) and without seeking contribution from other policies that also claim to be a primary (noncontributory).
- This endorsement is currently not available for ceded risks as it would limit the ability of the Servicing Carrier to seek reimbursement of claim payments made which otherwise may have been subject to recoupment, which, in turn, would have a negative financial impact to the residual market pool.
- The recommendation is to not adopt the primary and noncontributory endorsement.

Market Need Criteria

New Exclusive Representative Producer (ERP) appointments will be made to a commercial Servicing Carrier as described below:

A. Applicant with a Voluntary Commercial Automobile Contract

An applicant who has a current voluntary commercial automobile agency contract with an active Massachusetts commercial automobile insurer will be appointed to a Servicing Carrier when s/he has satisfied the eligibility requirements of Rule 14.A.4. For purposes of this section, brokerage agreements and memberships in a group does not constitute a voluntary contract with an active Massachusetts commercial automobile insurer.

B. Applicant without a Voluntary Commercial Automobile Contract

1. Annual Market Need Assessment

The Governing Committee, or its designee, will take an annual assessment of whether a market need exists for new ERP appointments to service the commercial residual market. The determination will be made following a review of current residual market data and the committee's evaluation of access throughout the Commonwealth to producers with experience servicing all classes of commercial automobile risk.

2. Market Need Exists

If the committee determines that a market need exists for access to the residual market that is not currently served by producers with existing ERP appointments, the committee will determine the conditions for new appointments that will be made to applicants without a voluntary commercial automobile contract, e.g. the number of available appointments, schedule under which re-evaluation of market access is anticipated.

3. Market Need Does Not Exist

If the committee determines that a market need does not exist for new appointments to applicants without a current voluntary contract, no such new appointments will be made. However, the applicant may petition for a review of its application before a CAR committee during which the applicant will demonstrate that a market need exists that will be uniquely satisfied by the appointment of the applicant.

C. Applicant Who Purchased of a Book of Business

Notwithstanding an existing voluntary commercial automobile contract with an active Massachusetts commercial automobile insurer, an applicant purchasing the book of business of an ERP or former ERP who has been terminated pursuant to CAR Rules, or has withdrawn from an appointment where grounds for termination were previously issued, must petition the committee for a Servicing Carrier appointment. The applicant must satisfy the committee that the conditions for termination are not present in the purchase and must demonstrate that a market need exists that would be uniquely served by the appointment of the applicant.

D. CAR Committee Review of Applicants

Committee reviews of applicants petitioning for an appointment will be held on a quarterly basis depending upon the need for such reviews.

Commonwealth Automobile Reinsurers Policy Year 2018 Written Premium Through December, 2018 Total Market

Primary Office Location (Territory)	Class Type Group								Total
	TTT	PPT Fleet	PPT Non-Fleet	Buses	Van Pools	Garages	Special Types & Motorcycles	Non-Owned & Operations	
01-10	20,931,255	2,152,874	6,329,599	11,924,073	237,056	1,157,228	1,273,330	16,033,565	60,038,980
11	30,524,897	2,091,835	3,239,052	4,215,141	19,682	1,574,735	5,705,131	2,913,012	50,283,485
12	23,884,243	1,417,752	2,834,787	2,792,809	12,659	2,325,065	1,597,854	2,343,894	37,209,063
13	29,126,927	2,448,494	5,223,105	3,643,060	40,444	2,397,772	2,063,018	2,540,749	47,483,569
14	37,305,280	2,322,215	4,093,944	2,206,450	135,389	2,819,013	1,972,566	8,213,072	59,067,929
15	43,523,481	4,599,001	5,437,480	3,007,664	47,143	3,130,512	1,586,660	10,785,446	72,117,387
16	43,050,731	3,828,305	8,372,324	7,240,036	32,256	3,962,850	2,774,284	19,991,816	89,252,602
17	66,499,193	6,147,035	10,920,159	16,218,722	111,204	5,316,012	3,973,066	13,292,811	122,478,202
18	65,451,058	5,943,606	12,778,352	6,014,896	156,742	5,642,198	5,555,271	7,183,564	108,725,687
19	23,119,629	2,397,097	4,863,347	3,458,836	34,219	1,776,653	1,267,307	3,940,917	40,858,005
20	12,302,156	805,714	2,937,802	1,185,114	94,804	1,220,334	1,212,547	530,052	20,288,523
99	54,373,453	7,860,441	6,537,117	21,748,612	79,100	5,499,712	7,206,535	35,927,807	139,232,777
Total	450,092,303	42,014,369	73,567,068	83,655,413	1,000,698	36,822,084	36,187,569	123,696,705	847,036,209

	Percent of Statewide Premium by Class Type Group								
01-10	4.7%	5.1%	8.6%	14.3%	23.7%	3.1%	3.5%	13.0%	7.1%
11	6.8%	5.0%	4.4%	5.0%	2.0%	4.3%	15.8%	2.4%	5.9%
12	5.3%	3.4%	3.9%	3.3%	1.3%	6.3%	4.4%	1.9%	4.4%
13	6.5%	5.8%	7.1%	4.4%	4.0%	6.5%	5.7%	2.1%	5.6%
14	8.3%	5.5%	5.6%	2.6%	13.5%	7.7%	5.5%	6.6%	7.0%
15	9.7%	10.9%	7.4%	3.6%	4.7%	8.5%	4.4%	8.7%	8.5%
16	9.6%	9.1%	11.4%	8.7%	3.2%	10.8%	7.7%	16.2%	10.5%
17	14.8%	14.6%	14.8%	19.4%	11.1%	14.4%	11.0%	10.7%	14.5%
18	14.5%	14.1%	17.4%	7.2%	15.7%	15.3%	15.4%	5.8%	12.8%
19	5.1%	5.7%	6.6%	4.1%	3.4%	4.8%	3.5%	3.2%	4.8%
20	2.7%	1.9%	4.0%	1.4%	9.5%	3.3%	3.4%	0.4%	2.4%
99	12.1%	18.7%	8.9%	26.0%	7.9%	14.9%	19.9%	29.0%	16.4%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: 1. Excludes Taxi, Limo and Car Service
2. Excludes Producers with no premium

Commonwealth Automobile Reinsurers
Market Producer Data By Primary Office Location - Average Book Size
SERVICING CARRIER APPOINTMENTS

Primary Office Location	Voluntary Contract ERP Appointment					No Voluntary Contract ERP Appointments				
	ERP Count	PY18 Written Premium	Policy Count			ERP Count	PY18 Written Premium	Policy Count		
			PY2018	PY2017	PY2016			PY2018	PY2017	PY2016
01	5	714,236	173	167	159	-	-	-	-	-
02	3	547,782	129	164	173	2	22,133	6	2	3
03	1	69,660	21	14	15	1	3,133	1	1	1
04	3	457,935	75	88	87	-	-	-	-	-
05	13	2,207,680	481	483	455	5	372,750	51	62	55
06	1	51,259	7	3						
07	43	31,170,137	4,060	4,894	9,229	2	50,176	15	16	18
08	14	11,879,582	1,801	1,874	1,963	2	846,012	112	103	109
09	2	137,982	29	33	34	1	591,402	51	52	45
10	4	746,841	152	285	143	-	-	-	-	-
11	79	48,776,224	10,426	10,674	10,679	4	366,914	71	44	51
12	84	36,935,684	9,208	9,379	9,416	-	-	-	-	-
13	94	46,783,469	11,034	10,383	9,833	3	279,497	62	12	120
14	98	51,145,337	10,518	10,430	10,223	1	2,618	1	1	3
15	92	69,922,248	10,765	11,406	11,112	3	1,610,983	22	16	20
16	129	69,920,865	12,151	12,972	11,912	2	224,266	34	44	36
17	172	122,191,479	18,948	19,720	19,282	7	1,117,540	340	435	244
18	213	101,606,402	18,825	19,606	19,180	9	1,418,428	431	557	213
19	77	37,243,068	6,729	7,036	6,142	3	287,924	85	393	393
20	51	19,607,254	4,772	4,935	4,669	3	629,043	108	116	121
99	43	25,341,920	3,018	2,926	2,826	-	-	-	-	-
Total	1,221	677,457,044	123,322	127,472	127,532	48	7,822,819	1,390	1,854	1,432
Ave Pol (WP/ERP)		5,493	101	104	104		5,628	29	39	30

Voluntary Producer without Servicing Carrier Appointment				
Producer Count	PY18 Written Premium	Policy Count		
		PY2018	PY2017	PY2016
270	160,275,750	20,649	20,990	21,165

Note: 1. Excludes Taxi, Limo and Car Service
2. Excludes Producers with no premium

Ave Pol (WP/ERP)	7,762	76	78	78
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Voluntary Producer Combined					No Voluntary Contract ERP Combined				
Producer Count	PY18 Written Premium	Policy Count			Producer Count	PY18 Written Premium	Policy Count		
		PY2018	PY2017	PY2016			PY2018	PY2017	PY2016
1,491	837,732,794	143,971	148,462	148,697	48	7,822,819	1,390	1,854	1,432
Ave Pol (WP/ERP)	5,819	97	100	100		5,628	29	39	30

**Commonwealth Automobile Reinsurers
Ceded Market Producer Data By Primary Office Location**

Primary Office Location	ERP Count	Voluntary Producer with Servicing Carrier Appointment						ERP Count	No Vol Producer with Servicing Carrier Appointment					
		Writing ERPs	No Ceded WP	PY18 Written Premium	Policy Count				Writing ERPs	No Ceded WP	PY18 Written Premium	Policy Count		
					PY2018	PY2017	PY2016					PY2018	PY2017	PY2016
01-10	89	78	11	25,729,982	3,526	4,288	8,810	13	12	1	1,788,994	214	214	203
11	79	75	4	8,622,871	1,240	1,238	1,121	4	4	-	306,511	38	13	17
12	84	73	11	8,599,397	1,154	1,092	1,063	-	-	-	-	-	-	-
13	94	86	8	13,819,887	2,463	1,837	1,689	3	3	-	267,665	59	13	129
14	98	94	4	15,634,910	1,717	1,509	1,344	1	1	-	2,618	1	1	3
15	92	82	10	8,792,306	1,218	1,304	1,250	3	3	-	1,605,084	20	13	19
16	129	115	14	16,384,548	2,609	3,333	2,178	2	2	-	222,496	39	44	40
17	172	154	18	31,941,011	2,967	2,983	3,501	7	6	1	1,048,689	337	423	231
18	213	195	18	29,803,468	4,545	4,933	4,588	9	9	-	1,358,575	516	561	196
19	77	68	9	8,484,490	1,295	1,243	1,147	3	3	-	287,924	98	420	398
20	51	46	5	7,153,252	1,310	1,299	1,159	3	3	-	567,310	95	87	83
99	43	26	17	6,556,637	443	384	351	-	-	-	-	-	-	-
Total	1,221	1,092	129	181,522,759	24,487	25,443	28,201	48	46	2	7,455,866	1,417	1,789	1,319
Ave Pol (WP/ERP)				7,413	22	23	26	5,262						

Voluntary Producer without Servicing Carrier Appointment				
Producer Count	PY18 Written Premium	Policy Count		
		PY2018	PY2017	PY2016
270	160,275,750	20,649	20,990	21,165

Note: 1. Excludes Taxi, Limo and Car Service
2. Excludes Producers with no premium

as of: April 29, 2019

Ave WP Per Pol

7,762

Commonwealth Automobile Reinsurers Policy Year 2017 Written Premium Through September, 2018 Total Market

Primary Office Location (Territory)	Class Type Group								Total
	TTT	PPT Fleet	PPT Non-Fleet	Buses	Van Pools	Garages	Special Types & Motorcycles	Non-Owned & Operations	
01-10	19,792,991	2,181,338	6,734,389	10,000,469	235,360	892,764	1,401,185	15,826,161	57,064,657
11	28,196,932	1,928,120	4,165,189	3,856,803	19,420	1,509,737	5,365,805	3,428,543	48,470,549
12	24,405,738	1,507,815	2,897,862	2,802,521	9,796	2,566,012	1,748,668	2,467,160	38,405,572
13	24,738,394	2,358,493	3,806,106	3,225,769	22,916	2,286,791	1,956,444	1,890,889	40,285,802
14	31,494,397	2,142,349	3,766,717	2,246,522	142,200	2,721,878	1,739,842	9,815,040	54,068,945
15	40,104,203	3,809,691	5,096,791	1,737,985	49,616	1,578,696	1,720,743	10,847,061	64,944,786
16	42,373,140	3,693,603	8,802,697	7,581,297	44,085	4,188,434	2,688,874	21,195,685	90,567,815
17	61,491,315	5,748,635	10,867,377	15,263,625	38,002	5,504,677	3,708,498	12,391,415	115,013,544
18	65,979,791	6,088,279	12,051,366	6,467,430	140,435	6,776,917	5,208,404	7,718,347	110,430,969
19	20,827,792	2,174,043	5,076,112	3,674,210	34,096	2,060,573	1,431,140	3,580,032	38,857,998
20	10,601,172	632,076	2,661,056	1,114,250	87,650	792,684	1,056,511	415,376	17,360,775
99	49,740,493	7,501,691	5,526,493	20,541,746	87,692	8,465,026	7,061,197	43,045,159	141,969,497
Total	419,746,358	39,766,133	71,452,155	78,512,627	911,268	39,344,189	35,087,311	132,620,868	817,440,909

	Percent of Statewide Premium by Class Type Group								
01-10	4.7%	5.5%	9.4%	12.7%	25.8%	2.3%	4.0%	11.9%	7.0%
11	6.7%	4.8%	5.8%	4.9%	2.1%	3.8%	15.3%	2.6%	5.9%
12	5.8%	3.8%	4.1%	3.6%	1.1%	6.5%	5.0%	1.9%	4.7%
13	5.9%	5.9%	5.3%	4.1%	2.5%	5.8%	5.6%	1.4%	4.9%
14	7.5%	5.4%	5.3%	2.9%	15.6%	6.9%	5.0%	7.4%	6.6%
15	9.6%	9.6%	7.1%	2.2%	5.4%	4.0%	4.9%	8.2%	7.9%
16	10.1%	9.3%	12.3%	9.7%	4.8%	10.6%	7.7%	16.0%	11.1%
17	14.6%	14.5%	15.2%	19.4%	4.2%	14.0%	10.6%	9.3%	14.1%
18	15.7%	15.3%	16.9%	8.2%	15.4%	17.2%	14.8%	5.8%	13.5%
19	5.0%	5.5%	7.1%	4.7%	3.7%	5.2%	4.1%	2.7%	4.8%
20	2.5%	1.6%	3.7%	1.4%	9.6%	2.0%	3.0%	0.3%	2.1%
99	11.9%	18.9%	7.7%	26.2%	9.6%	21.5%	20.1%	32.5%	17.4%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: 1. Excludes Taxi, Limo and Car Service
2. Excludes Producers with no premium

Commonwealth Automobile Reinsurers
Market Producer Data By Primary Office Location - Average Book Size
SERVICING CARRIER APPOINTMENTS

Primary Office Location	Voluntary Contract ERP Appointment					No Voluntary Contract ERP Appointments				
	ERP Count	PY17 Written Premium	Policy Count			ERP Count	PY17 Written Premium	Policy Count		
			PY2017	PY2016	PY2015			PY2017	PY2016	PY2015
01	7	1,065,577	266	255	258	-	-	-	-	-
02	2	197,143	61	59	55	1	5,991	3	3	4
03	1	65,435	14	15	8	1	952	1	1	2
04	3	414,835	88	87	81	-	-	-	-	-
05	13	1,863,074	483	455	411	5	387,698	68	61	61
06	1	36,690	3	-	-	1	7,025	5	6	7
07	43	34,173,463	5,600	9,896	3,487	2	52,894	18	20	19
08	14	10,296,600	1,998	2,022	1,875	2	545,956	122	123	103
09	2	144,845	33	27	31	1	407,045	55	48	42
10	4	844,483	287	146	125	-	-	-	-	-
11	82	45,845,796	10,758	10,799	10,407	3	105,416	47	52	59
12	84	35,296,151	9,391	9,377	9,242	-	-	-	-	-
13	94	39,072,003	9,750	9,334	8,967	2	976,285	387	129	164
14	98	44,759,083	10,337	10,215	9,915	1	2,173	1	3	3
15	93	68,240,151	11,499	10,702	10,557	4	671,230	17	21	14
16	128	69,353,579	13,153	12,550	11,780	3	112,818	44	40	25
17	177	114,429,401	19,566	18,947	18,581	6	1,292,944	463	261	156
18	220	104,142,110	20,194	19,719	18,359	8	1,421,211	592	223	83
19	78	36,055,460	7,018	6,113	5,804	4	2,075,444	1,281	399	59
20	53	18,673,950	4,980	4,762	4,607	3	763,108	132	134	131
99	43	23,399,845	2,769	2,673	2,717	-	-	-	-	-
Total	1,240	648,369,674	128,248	128,153	117,267	47	8,828,190	3,236	1,524	932
Ave Pol (WP/ERP)		5,056	103	103	95		2,728	69	32	20

Voluntary Producer without Servicing Carrier Appointment				
Producer Count	PY17 Written Premium	Policy Count		
		PY2017	PY2016	PY2015
267	161,261,017	21,398	21,842	21,087
Ave Pol (WP/ERP)	7,536	80	82	79

Note: 1. Excludes Taxi, Limo and Car Service
2. Excludes Producers with no premium

Voluntary Producer Combined					No Voluntary Contract ERP Combined				
Producer Count	PY17 Written Premium	Policy Count			Producer Count	PY17 Written Premium	Policy Count		
		PY2017	PY2016	PY2015			PY2017	PY2016	PY2015
1,507	809,630,691	149,646	149,995	138,354	47	8,828,190	3,236	1,524	932
Ave Pol (WP/ERP)	5,410	99	100	92		2,728	69	32	20

**Commonwealth Automobile Reinsurers
Ceded Market Producer Data By Primary Office Location**

Primary Office Location	ERP Count	Voluntary Producer with Servicing Carrier Appointment						ERP Count	No Vol Producer with Servicing Carrier Appointment					
		Writing ERPs	No Ceded WP	PY17 Written Premium	Policy Count				Writing ERPs	No Ceded WP	PY17 Written Premium	Policy Count		
					PY2017	PY2016	PY2015					PY2017	PY2016	PY2015
01-10	90	77	13	23,713,591	4,235	8,744	2,200	13	13	-	1,287,688	217	208	183
11	82	75	7	6,879,360	1,269	1,186	1,150	3	3	-	53,914	13	17	18
12	84	70	14	8,009,220	1,091	1,048	994	0	-	-	-	-	-	-
13	94	87	7	8,523,081	1,194	1,197	1,194	2	2	-	964,939	381	129	164
14	98	91	7	10,812,932	1,401	1,325	1,256	1	1	-	2,173	1	3	3
15	93	79	14	8,581,227	1,403	1,218	1,232	4	3	1	664,739	13	19	13
16	128	112	16	17,203,195	3,400	2,606	1,899	3	3	-	112,818	44	40	25
17	177	160	17	27,844,864	3,025	3,598	3,309	6	5	1	1,197,639	423	231	132
18	220	196	24	27,640,300	5,076	4,747	3,819	8	8	-	1,350,228	561	196	62
19	78	71	7	7,460,669	1,242	1,144	1,091	4	4	-	2,059,056	1,271	398	59
20	53	48	5	6,433,017	1,344	1,225	1,149	3	3	-	614,022	87	83	78
99	43	25	18	6,331,252	367	341	317	0	-	-	-	-	-	-
Total	1,240	1,091	149	159,432,708	25,047	28,379	19,610	47	45	2	8,307,216	3,011	1,324	737
Ave Pol (WP/ERP)				6,365	23	26	18	2,759						

Voluntary Producer without Servicing Carrier Appointment				
Producer Count	PY17 Written Premium	Policy Count		
		PY2017	PY2016	PY2015
267	161,261,017	21,327	22,264	21,377

Note: 1. Excludes Taxi, Limo and Car Service
2. Excludes Producers with no premium

as of: December 11, 2018

Ave WP Per Pol

7,561