



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

COMMERCIAL AUTOMOBILE COMMITTEE – APRIL 2, 2018

Members Present

Mr. Thomas DePaulo – Chair	Cabot Risk Strategies, LLC
Ms. Elizabeth Brodeur ⁽¹⁾	Safety Insurance Company
Mr. Peter Chung	The Norfolk & Dedham Group
Ms. Sarah Clemens	MAPFRE U.S.A. Corporation
Ms. Sheila Doherty	Doherty Insurance Agency, Inc.
Ms. Mayre Hammond	Arbella Insurance Group
Mr. Coleman Johnson	The Hanover Insurance Company
Mr. John Olivieri, Jr.	J.K. Olivieri Insurance Agency, Inc.
Mr. Thomas Skelly, Jr.	Deland, Gibson Insurance Associates, Inc.
Mr. Barry Tagen	Pilgrim Insurance Company

Substituted for:

⁽¹⁾Mr. Brian Lam

Not in Attendance:

18.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Commercial Automobile Committee meeting of March 15, 2018. The Records have been distributed and are on file.

18.06 Commercial Automobile Residual Market Standards Subcommittee

Mr. John Olivieri, Chair of the Commercial Automobile Residual Market Standards Subcommittee provided the Committee with a summary of the Subcommittee's March 29, 2018 meeting. He noted that after each Subcommittee meeting, a prioritized list of issues impacting the commercial residual market will be updated by CAR staff to reflect the current status of the Subcommittee's deliberations. He stated that in light of the recently approved amendments to the Principal Place of Business definition in the CAR Rules, the Subcommittee had substantial discussion relative to Servicing Carrier and producer standards for determining and validating principal place of business, including expectations for producers to substantiate the principal place of business prior to binding coverage and Servicing Carriers to address questionable circumstances during the underwriting process. The Subcommittee agreed that an effective tool at point of application would be the requirement for a signed certification by a new business applicant of the location of its principal place of business and directed staff to update the producer standards to include this requirement.

Mr. Olivieri also noted that the Subcommittee has recommended to the Commercial Automobile Committee, approval of a commercial Focus Audit. Mr. Mark Alves provided the Committee with a brief overview of the audit. He noted that all Servicing Carriers will be audited with the objective of gathering information to support the development of underwriting standards to be used by Servicing Carriers to validate the eligibility, classification and rating of a commercial residual market risk and for the subsequent development of long term audit and oversight procedures. Initially, the audit will sample from five classes of business with Servicing Carriers providing a count of risks that have been declined, cancelled and non-renewed and an explanation for the action taken. CAR will produce a summarized report identifying both common and unique residual market practices and procedures used by the Servicing Carriers pertaining to these risks. CAR's approach to the audit and the audit findings will be consistent with the audits currently performed, as identified in the ARC Procedures Manual and Manual of Administrative Procedures, with the reports produced provided to both the Compliance and Operations Committee and the Commercial Automobile Committee.

The Committee unanimously voted to recommend to the Governing Committee approval of the commercial Focus Audit as proposed.

MARIAN ADGATE
Corporate Documentation Specialist

Boston, Massachusetts
April 6, 2018

ATTACHMENT LISTING

Docket #CAC18.02, Exhibit #3

Attendance Listing

