



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

COMMERCIAL AUTOMOBILE COMMITTEE – MARCH 16, 2021

Members Present

Mr. Thomas DePaulo – Chair	Cabot Risk Strategies, LLC
Ms. Kristina Broskey	MAPFRE U.S.A. Corporation
Ms. Annmarie Castonguay	The Hanover Insurance Company
Ms. Sheila Doherty	Doherty Insurance Agency, Inc.
Mr. Bryan Hurwitz	The Norfolk & Dedham Group
Ms. Mary McConnell	Safety Insurance Company
Ms. Sharon Murphy	Acadia 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
Mr. Mark Winiker	A-Affordable Insurance Agency, Inc.
Mr. David Zawilinski	Arbella Insurance Group

Substituted for:

N/A

Not in Attendance:

N/A

20.01 Records of Previous Meeting

On a roll call vote, the Committee unanimously voted to approve the Records of the Commercial Automobile Committee meeting of February 17, 2021. The Records have been distributed and are on file.

19.05 Commercial Residual Market Issues

Ms. Wendy Browne reviewed the commercial issues under consideration by the Committee, providing a current status of activities to address those issues. She noted that at today's meeting the Committee will continue to discuss Transportation Network Company coverage and continue its discussions relative to agent commissions for taxi, limousine, and car service classes.

19.08 Radius of Operation and Rating Territory

Ms. Browne presented the Committee with a status report relative to staff's review of the RadiusCheck software program for use as an information sharing tool to assist Servicing Carriers in validating radius and geographic classification. She reported that CAR has signed off on a trial licensing agreement and a test data file has been prepared. It is anticipated that more detailed information relative to staff's review of the test results will be provided to the Committee at its next meeting.

19.14 Agent Commissions

The Committee had previously recommended to the Governing Committee that, beginning with CAR's next rate filing, an agent commission rate of 8.34% of premium be filed for all classes except for the taxi, limousine, and car service classes. Additionally, at its January 19, 2021 meeting, the Commercial Program Oversight Committee recommended that the Taxi/Limousine/Car Service Program be combined with the full Commercial Servicing Carrier Program. At the Committee's February 17, 2021 meeting, the members favored a consistent rate for the taxi, limousine, and car service classes, but requested further analysis to evaluate an appropriate rate. At today's meeting, the Committee should continue to consider the commission rate for the taxi, limousine, and car service classes of business.

Mr. Timothy Galligan stated that distributed as Additional Information was an exhibit to assist the Committee in its development of a consistent commission rate for the taxi, limousine, and car service classes. He stated that the exhibit provides written premium/exposures and relevant commission information for policy years 2014 to 2020, separately for taxi, limousine, and car service business and on a combined basis for the three classifications. Additionally, based upon policy year 2020 written premium, the exhibit displays alternative commission rates varying from 4.0% to 8.0% and identifies the impact to the rates that were approved as of July 1, 2020. As an example, Mr. Galligan pointed out that at a 6.0% commission rate, taxis would be provided with a \$382 commission per exposure which is a decrease of 24% from \$504 per exposure in policy year 2020. However, he noted that the exhibit displays significant increases for limousine and car service classes, resulting in a 33% increase for all three classes combined, and a combined premium impact of approximately \$182,000. While the increase to premium is small when compared to the overall market, Mr. Galligan noted that the commission rates are filed by classification and would impact the taxi, limo, and car service classes directly.

Mr. Nick Fytrilakis stated that the data presented for policy years 2014 to 2020 provide an historical perspective of the Program, and that aside from taxis, which has a slight increase in commission percentage from 2014, there has been a significant decrease in the limousine and car service commission percentages, and a decrease in commission dollars as well. He opined that from an agent's perspective, it is important to have consistency along with a reasonable rate that is set for a period of time going forward. He stated that similar to the broader commercial program, the commission percentage should be fixed and should move along with the overall premium. He opined that considering the significant workload and effort that goes into servicing the limousine and car service business, the commission rates for those classifications are quite low, and the decline in commission percentage over the years in both the limousine and car service categories, speaks to the fact that the procedure needs to be modified. He therefore would advocate for a fixed percentage for all three classes going forward.

Ms. Hubley provided the Committee with further historical information to explain the significant decrease in the taxi commission percentage over the years, and the significant variance in the limousine and car service commission rates from the taxi commission rate. She noted that the Taxi Program was introduced first, and a commission rate was established at that time. After the initial appointment period, limousine and car service classes were added to the Program. However, little discussion took place on the

commission rate for those classifications, rather the commissions for the limousine and car service classifications were calculated in the rate filings using consistent rating procedures.

Mr. John Olivieri agreed with Mr. Fyntrilakis and stated that from an agency standpoint, he would prefer consistency. He requested Committee members to opine on whether, from a processing perspective, it makes sense to have a single consistent commission rate for all commercial business, including taxi, limousine and car service business, or whether a separate commission rate for the taxi, limousine and car service classes be established. It was pointed out that the approved commission rate for commercial business is 8.34%. All four Servicing Carriers commented that although they could accommodate a separate commission rate for the taxi, limousine, and car service classes, it would be easier from a processing perspective to implement one commission rate for all classes.

Mr. Olivieri further noted that although establishing a consistent commission rate among the taxi, limousine and car service classes may have a significant impact to the limousine and car service commission rates, this is a shrinking segment of the market that went from approximately \$20 million to under \$5 million and will continue to get smaller. Therefore, he opined that providing a similar commission rate to line up with rest of program may not have that significant of an impact on the overall rates but would be important and relevant to the impacted agents.

Ms. Hubley advised that, while the overall impact to the commercial rate would be immaterial as noted, changes to commission dollars are filed by classification and the rate impact would be passed directly to the taxi, limousine and car service classes. She suggested that the Committee consider an appropriate transition in the filing process.

After discussion, on a roll call vote, the Committee unanimously voted to recommend to the Governing Committee that the commission rate for the taxi, limousine and car service classifications be set to 8.34% of premium, consistent with the rate previously recommended for the other commercial classifications, with CAR staff handling the filing transition in a manner that they see fit.

20.05 Transportation Network Services Coverage (TNC)

Ms. Hubley stated that based upon the Committee's recommendations at its last meeting, staff prepared a package of draft TNC endorsements and associated amendments to the Commercial Automobile Manual. The exhibit, which was distributed as Additional Information, included: 1) an exclusion endorsement intended to be applicable to private passenger type classes, and potentially short term leasing and rental concerns, 2) a vehicle sharing exclusion endorsement for all classifications and 3) an endorsement for other conditions to address excess and primary coverage as it relates to coverage available through TNC services.

Ms. Hubley noted that the private passenger type class, as defined in the commercial manual, excludes those vehicles involved in public livery or conveyance and Servicing Carriers are advised that if any private passenger type vehicle is engaged in TNC activity, that risk should be classified as car service. As a policy allows for multiple classes on one policy, the exclusion was drafted to apply in the instance where there is a combination of public and private passenger type classifications on a single policy. She further stated that the exclusion specifically defines that coverage would be excluded for the private passenger type risk in the event the risk was involved in TNC activity, without prohibiting the public classes from engaging in those activities.

Ms. Hubley stated that upon review of the draft endorsements, CAR counsel advised that this approach is unusual in that endorsements generally do not apply to a specific classification but are applicable policy wide. She asked whether Committee members have had any experience with specific

class endorsements for their voluntary market, and, if so, to provide that information to CAR. She further indicated that counsel's research relative to this concern continues and it is anticipated that a recommendation will be provided to the Committee at the next meeting.

Mr. Steve Torres elaborated on CAR counsel's concerns. He stated that in determining coverage, a policyholder would typically look to the terms of the coverage form, as it may be amended by an endorsement. His concern was that proposing changes on a class specific basis would add another level of review that could potentially become problematic from a coverage standpoint. He noted that in CAR's experience this is not something typically seen, but he would be interested in hearing from Committee members that may offer coverage changes for specific classifications by endorsement.

Ms. Mary McConnell noted that Safety has exclusion endorsements for various vehicle types such as snowmobiles and motor homes and agreed to provide staff with copies of those endorsements. Mr. David Zawilinski questioned whether instead of applying the endorsement at the policy level, if consideration could be given to application of the endorsement at the vehicle level. Ms. Hubley indicated that staff could look at that option as well, but as that option would add a significant amount of work on the Servicing Carrier's part, it may be an issue to discuss further.

Ms. Hubley stated that if it is determined that adding this type of endorsement is not viable, staff will provide the Committee with other recommended options at the next meeting. These may include the addition of questions to the supplemental application to determine whether the risk expects to be involved in TNC activities, or the introduction of a certification form for the risk to affirm that he/she understands that vehicle should not be used for TNC activity purposes.

Ms. Marian Adgate described for the Committee, proposed modifications to the Commercial Automobile Insurance Manual that address TNC activities in the commercial residual market and reflect usage of the new TNC endorsements, distributed as Additional Information. She identified the following proposed Rule amendments:

- Rule 20 in Section II – Common Coverages and Rating Procedures of the Manual has been modified to indicate that vehicles engaging in TNC activities are to be classified and rated in accordance with Section V – Public Transportation of the Manual. Ms. Roberta Fitzpatrick, representing Arbella, questioned whether Rule 20.D. should be further updated to specify both the transporting of people as well as the delivery of services and property. Staff agreed to review the Rule to determine if further modification is necessary.
- Rule 43 – Vehicle Sharing Program Exclusion Endorsement has been added to Section II of the Manual to specify that the Vehicle Sharing Program Exclusion Endorsement (CR 99 05) must be attached to all commercial residual market policies.
- Rule 61 – Eligibility in Section IV – Private Passenger Types of the Manual has been modified to specify that vehicles engaged in public or livery passenger conveyance and on-demand delivery services through a transportation or delivery network services company are not eligible for the PPT classification. Rather, Section V of the Manual should be referenced. This Rule will be impacted by what the Committee determines relative to the exclusion endorsement.
- Rule 75 – Public or Livery Passenger Conveyance and On-Demand Delivery Services – Other Insurance Condition Endorsement has been added to Section V – Public Transportation of the Manual to specify that the Public or Livery Passenger Conveyance and On-Demand Delivery Services – Other Insurance Condition Exclusion (CR 99 04) must be attached to all residual market policies that provide coverage for vehicles classified as public transportation.
- Rule 120 – Leasing and Rental Concerns in Section VII – Special Types and Operations has been amended to indicate that autos leased or rented on a short-term basis for use as a public or livery passenger conveyance, including those engaging in TNC activities, are not eligible

under this Rule. This Rule will also be impacted by what the Committee determines relative to the exclusion endorsement.

Ms. Adgate noted that based upon the Committee's determination relative to the exclusion endorsement, appropriate updates will be made to the Rules and staff will bring a final package back to the Committee at its next meeting.

21.04 Impacts to Program Requirements Under a Combined Commercial Servicing Carrier Program

Ms. Browne stated that an outline that summarizes the requirements unique to the current Taxi, Limousine and Car Service Program (Taxi Program) was distributed as Additional Information. She requested the Committee to consider whether any of the requirement should be amended to ensure consistency among all classifications upon combining the Taxi Program and the Commercial Servicing Carrier Program.

The Committee discussed the requirements outlined in the exhibit and agreed upon the following:

- The billing plan requirements of the Commercial Servicing Carrier Program should be implemented for the combined program. As the taxi, limousine, and car service classifications are being merged into the full commercial program, including the recommendation for a consistent commission rate, the deposit payment, installment payment plan, and finance charge requirements for the combined program should also be consistent.
- The taxi application should continue to be used for taxi, limousine, and car service business. Additionally, the supplemental application should continue to be used where applicable.
- As the Request for Proposal requires Servicing Carriers to offer loss control services for all commercial classes, it is not specific to the taxi, limousine and car service risks. However, Mr. Tagen stated that the current vehicle inspection requirement for taxi, limousine, and car service risks has proven to be a valuable part of the taxi loss control program and would recommend that this requirement be maintained.

Ms. Browne stated that updates to the Manual of Administrative Procedures to reflect the Committee's consensus, as well as the clean-up of references to the separate programs will be provided to the Committee at its next meeting. Additionally, recommendations relative to the cession reporting requirements, backdate procedures and determination of penalties impacted by the combining of the two programs will be referred to the Compliance and Operations Committee for its review and approval.

MARIAN ADGATE
Corporate Documentation Specialist

Boston, Massachusetts
April 8, 2021

ATTACHMENT LISTING

Docket #CAC21.02, Exhibit #2

Attendance Listing

**COMMERCIAL AUTOMOBILE COMMITTEE MEETING
MEETING ATTENDEES
MARCH 16, 2021**

Individual's Name

Company / Agency

PLEASE PRINT

Thomas DePaulo	Cabot Risk Strategies, LLC
Kristina Broskey	MAPFRE U.S.A. Corporation
Anmarie Castonguay	The Hanover Insurance Company
Sheila Doherty	Doherty Insurance Agency, Inc.
Bryan Hurwitz	The Norfolk & Dedham Group
Mary McConnell	Safety Insurance Company
Sharon Murphy	Acadia Insurance Company
John Olivieri, Jr.	J.K. Olivieri Insurance Agency, Inc.
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Barry Tagen	Pilgrim Insurance Company
Mark Winiker	A-Affordable Insurance Agency, Inc.
David Zawilinski	Arbella Insurance Group
Monique Miller	AIB
William Scully	AIB
Roberta Fitzpatrick	Arbella Insurance Group
John Magadieue	Arbella Insurance Group
Mary Ellen Thompson	Division of Insurance
Nick Fyntrilakis	MAIA
Pete Barton	Safety Insurance Company
Benjamin Hincks	TSH & D – CAR Counsel
Steve Torres	TSH & D – CAR Counsel
Marian Adgate	CAR Staff
Mark Alves	CAR Staff
Wendy Browne	CAR Staff
Shannon Chiu	CAR Staff
Richard Dalton	CAR Staff

**COMMERCIAL AUTOMOBILE COMMITTEE MEETING
MEETING ATTENDEES
MARCH 16, 2021**

Individual's Name

Company / Agency

PLEASE PRINT

Timothy Galligan	CAR Staff
Matt Hirsh	CAR Staff
Natalie Hubley	CAR Staff
Cheryl Kopas	CAR Staff
Daniel Mason	CAR Staff
John Metcalfe	CAR Staff
Lynne Rosenburg	CAR Staff
Robin Tigges	CAR Staff