



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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NOTICE OF MEETING

COMPLIANCE AND OPERATIONS COMMITTEE

A meeting of the Compliance and Operations Committee will be held virtually via Zoom video conferencing software, on

WEDNESDAY, APRIL 7, 2021 AT 10:00 A.M.

If you plan to attend this meeting and are not a member of this Committee, please RSVP by completing the Visitor Security Form located in the Contact Us/Visitor Information section of CAR's website. CAR will then forward to you, via email, meeting access information. Please do not share access information provided by CAR, but refer others wishing to attend the meeting to CAR's Visitor Security Form.

MEMBERS OF THE COMMITTEE

Mr. Jerry Sleeper – Chair
Safety Insurance Company

Ms. Kara Boehm
Ms. Erin Cummings
Mr. Thomas Harris
Mr. Robert Littlewood
Ms. Sharon Murphy
Mr. Kenneth Olivieri
Mr. Henry Risman
Mr. Barry Tagen
Mr. Christopher Taylor
Ms. Brenda Williams

Allstate Insurance Group
Norfolk & Dedham Group
Quincy Mutual Group
Arbella Insurance Group
Acadia Insurance Company
J.K. Olivieri Insurance Agency, Inc.
Risman Insurance Agency, Inc.
Pilgrim Insurance Company
The Hanover Insurance Company
MAPFRE U.S.A. Corporation

AGENDA

COPC

20.01 Records of Previous Meeting

The Records of the Compliance and Operations Committee meeting of November 5, 2020 should be read and approved.

COPC

21.03 CAR Conflict of Interest Policy

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

COPC

21.04 Informational Items

The Chair will report on any Governing Committee actions that impact the Compliance and Operations Committee.

COPC

21.05 Compliance Audit Program

Staff will present an overview of the most recent private passenger Hybrid Audit, Focus Audit, and commercial Claims Performance Standards and SIU evaluation results conducted in accordance with the Compliance Audit Program.

COPC

21.06 Operational Reports

The 3rd and 4th Quarter 2020 Operational Reports were posted to CAR's website in late December 2020 and March 2021, respectively. Questions or comments relative to these reports will be discussed at the meeting.

COPC

20.07 CAR Accounting System Rewrite

Staff will provide a status report on the system development efforts related to the CAR Accounting System rewrite.

COPC

21.07 Updates to the Manual of Administrative Procedures

An update to Chapter V – Premium of the Manual of Administrative Procedures to identify commercial automobile endorsement and certification forms recently placed on file will be presented to the Committee. (Docket #COPC21.07, Exhibit #1)

COPC

21.08 Impacts to Reporting Requirements Under a Combined Commercial Servicing Carrier Program

At its February 10, 2021 meeting, the Governing Committee voted to combine the Taxi/Limousine/Car Service Program and the Commercial Servicing Carrier Program into a single program servicing all classes of ceded commercial business. An outline that identifies the changes to statistical and

cession reporting requirements resulting from the combined programs is attached for the Committee's review and consideration. (Docket #COPC21.08, Exhibit #1)

Other Business

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

Executive Session

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

MATTHEW HIRSH
Compliance Audit Supervisor

Attachments

Boston, Massachusetts
March 24, 2021

March 24, 2021

Manual of Administrative Procedures Updates

Memorandum of Changes

The following modifications to the Manual of Administrative Procedures are proposed:

Chapter V – Premium

Sections A.7.b.(5) and (6) of Chapter V have been updated to identify commercial automobile endorsement and certification forms recently placed on file.

These include Specialty and Classic Auto – Massachusetts endorsement form CR 99 03 04 21 and the Non-Fleet Private Passenger Type Certification Form CR 00 02 01 21.

CAR | **Manual of Administrative Procedures**
Chapter V | **Premium**
Revision Date | **2020.12.04**
Page | **9 of 30**

(5) Common Coverages Endorsements (continued)

Endorsement Title	Endorsement Number
Covered Auto Designation Symbol	CA 99 54 07 97
Drive Other Car Coverage – Broadened Coverage for Named Individuals	MM 99 22 09 98
Employees as Insureds	CA 99 33 02 99
Employee as Lessor	CA 99 47 07 97
Fire, Fire and Theft, Fire, Theft and Windstorm and Limited Specified Causes of Loss Coverages	MM 99 47 09 98
Garagekeepers Coverage	CA 99 37 03 06
Garagekeepers Coverage – Customers’ Sound Receiving Equipment	CA 99 59 03 06
Glass Breakage – \$100 Deductible	MM 99 51 09 98
Hired Autos Specified as Covered Autos You Own	CA 99 16 12 93
Individual Named Insured	CA 99 17 10 01
Liability Insurance – Deductible	MM 99 19 09 98
Limited Collision Coverage	MM 99 16 09 98
Loss of Use / Rental Reimbursement Coverage	MM 99 39 09 98
Loss Payable Clause – Audio, Visual and Data Electronic Equipment	CA 99 61 12 93
Massachusetts Changes	MM 99 67 09 98
Massachusetts Mandatory Endorsement	MM 99 11 10 11
Operator Exclusion	CR 99 01 08 18
Personal Injury Protection Coverage	MM 99 35 09 98
Pollution Liability – Broadened Coverage for Covered Autos	MM 99 55 10 06
Premium Adjustment and Coverage Endorsement - Massachusetts	MM 99 68 09 98
Rate Modification	MM 99 23 09 98
Restriction of PIP for Employers Subject to the Massachusetts Workers’ Compensation Act	MM 99 20 09 98
Social Service Agencies – Volunteers as Insureds	CA 99 34 12 93
<u>Specialty and Classic Auto – Massachusetts</u>	<u>CR 99 03 04 21</u>
Split Liability Limits - Massachusetts	MM 99 18 09 98
Stated Amount Insurance - Massachusetts	MM 99 56 09 02
Underinsured Motorists Coverage - Massachusetts	MM 99 54 09 98
Uninsured Motorists Coverage - Massachusetts	MM 99 28 09 98
Waiver of Deductible	MM 99 17 09 98

CAR | **Manual of Administrative Procedures**
Chapter V | **Premium**
Revision Date | **2020.12.04**
Page | **10 of 30**

(6) Certifications

Form Title	Form Number
Non-Fleet Private Passenger Type	CR 00 02 08 18 <u>01 21</u>
Principal Place of Business	CR 00 01 08 18

B. Premium Reporting

1. General

Servicing Carriers shall statistically report premium on ceded policies in accordance with the reporting instructions contained in the Massachusetts Commercial Automobile Statistical Plan which is available on CAR's website under the Manuals tab.

2. Reporting Policies with Non-Cedeable Limits or Coverages

For policies written with limits or coverages which exceed the cedeable limits or coverages identified in Section A. of this Chapter, a separate premium record must be reported to identify the portion of the premium applicable to the excess limits or coverage. This record must be reported with classification code 800000 (Non-Cedeable Limits) and a voluntary CAR Identification code. Refer to the Decision Table of the Massachusetts Commercial Automobile Statistical Plan for additional coding requirements for this classification code. The portion of the premium applicable to the cedeable limits or coverage must be reported on another record with a ceded CAR Identification Code in accordance with the statistical reporting requirements specified in the Massachusetts Commercial Automobile Statistical Plan. The Plan is available on CAR's website under the Manuals tab.

3. Monitoring the Reporting of Premium

Each policy with an active in-force cession is edited to ensure that positive policy premium has been reported. The Cession/No Premium Warning and Penalty Listings identify those policies for which either no premium exists or negative premium has been reported. The Cession/No Premium penalty program and write-off procedure assure that premium for ceded policies is reported to CAR in a timely manner. For additional information, refer to Section C of this Chapter and CAR's Policy Edit Package which is available on CAR's website under the Manuals tab.

4. Mid-Term Cession of a Policy to CAR

A policy originally written as voluntary by a Servicing Carrier may be ceded to CAR subsequent to the policy effective date. The Servicing Carrier's responsi-



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Commercial Automobile Program – All Classes Combined Impacts to Reporting Requirements

Below is a summary of those reporting requirements impacted by the combining of the Commercial Automobile and Taxi/Limousine/Car Service Programs. CAR staff has identified and evaluated three issues and provided the following recommendations. These recommendations require review and approval by the Compliance and Operations Committee. Members should be prepared to discuss these issues at the meeting.

1. Cession Reporting Requirements (MAP Chapter IV.A.)

Cessions are reported with different Risk Indicator values

- Value 1 = Taxi, Limousine, or Car Service policy
- Value 2 = Other Commercial Policy (not Taxi, Limousine or Car Service)

Staff recommends that beginning with policies effective January 1, 2022, Value 2 be reported on all cession records. The definition of the Value 2 will be changed to Commercial Policy and CAR will convert any cession reported with a value of 1 to a value of 2.

2. Cession Backdate Procedures (MAP Chapter IV.A.2.a.)

Servicing Carriers have the option under the Commercial Program to designate a specific producer for automatic backdating of cessions. However, all new business cessions for the taxi, limousine, and car service classes are automatically backdated if reported outside the 23 day reporting window.

Staff recommends that beginning with policies effective January 1, 2022, taxi, limousine, and car service policies no longer be automatically backdated if reported late. However, if a Servicing Carrier has concerns relative to a specific producer's ability to submit new business applications in a timely basis, Servicing Carriers may continue to elect automatic backdating on a producer level.

3. Cession/No Premium Write-Off (MAP Chapter V.C.3.)

The annual Cession/No Premium Write-Off amount is determined separately for the taxi/limousine/car service classes and for all other commercial policies combined.

Staff recommends that, beginning with effective year 2022, one overall commercial cession/no premium write-off amount be calculated. Using effective year 2019 as an example, the impact of this change would be:

Current:

<u>Type of Business</u>	<u>Policy Count</u>	<u>Written Premium</u>	<u>Ceded Average Premium</u>	<u>Penalty Amount</u>
Commercial	19,960	\$190,016,086	\$9,519	\$9,500
Taxi/Limo/CS	883	\$ 7,978,594	\$9,035	\$9,000

Combined:

<u>Type of Business</u>	<u>Policy Count</u>	<u>Written Premium</u>	<u>Ceded Average Premium</u>	<u>Penalty Amount</u>
Commercial	20,843	\$197,994,680	\$9,499	\$9,500