



NATALIE A. HUBLEY
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ADDITIONAL INFORMATION

TO MEMBERS OF THE GOVERNING COMMITTEE REVIEW PANEL

FOR THE MEETING OF:

Wednesday, February 13, 2019 at 1:00 p.m.

GCRP

19.04 Shannon Insurance Agency, LLC/Commerce Insurance Company

Attached is additional information received from the Commerce Insurance Company relative to the Shannon Insurance Agency's appeal of the December 19, 2018 decision of the Market Review Committee denying its request for relief from the termination action of the Commerce Insurance Company. (Docket #GCRP19.04, Exhibit #2)

JOHN METCALFE
Director – Residual Market Services

Attachment

Boston, Massachusetts
February 7, 2019

February 6, 2019

VIA E-MAIL

Governing Committee Review Panel
Commonwealth Automobile Reinsurers
101 Arch Street, Suite 400
Boston, MA 02110

Attn: Mr. John Metcalfe

Re: Shannon Insurance LLC (the "ERP") – Request for Review of Notice of Termination of Limited Servicing Carrier Agreement

Governing Committee Review Panel Chair and Members:

The Commerce Insurance Company ("Commerce") submits this correspondence for the consideration of the Commonwealth Automobile Reinsurers ("CAR") Governing Committee Review Panel in connection with its review of the decision of the Market Review Committee denying the above-referenced ERP's petition for relief regarding the termination of its commercial automobile exclusive representative appointment to Commerce. This correspondence incorporates by reference the following documentation entered on the docket of the proceedings of the Market Review Committee regarding this matter (CAR Docket #MR18.05):

- Exhibit # 2 Notice of Termination of Limited Servicing Carrier Agreement (with Attachments), dated September 11, 2018
- Exhibit # 3 Letter from The Commerce Insurance Company to Market Review Committee, dated December 11, 2018, and Affidavit of John V. Kelly

The Market Review Committee's Denial of the ERP's Request for Relief was Proper

As set forth in its letter to the Market Review Committee, dated December 11, 2018 (Docket #MR18.05, Exhibit 3), it is Commerce's position that the ERP's Request for Review was submitted untimely and should be denied on that basis alone.¹ The Market Review Committee, however, voted to accept the late request and consider the termination on its merits despite the lateness of appeal. Without waiving its asserted position in this regard, Commerce submits that the ERP's request for relief, after full consideration of the request on its merits, was properly denied by the Market Review Committee.

¹ CAR Rule 16 - Terminations, in section B(2), provides that "[t]ermination of an ERP shall be governed by Rules 13 and 14." CAR Rule 14, in section F. Review/Relief of ERP Termination, provides in pertinent part as follows:

A completed "Request for Review/Relief" form must be received by CAR within 30 calendar days of the delivery of the termination notice.

(Emphasis Supplied). The Affidavit of John V. Kelly (Docket #MR18.05, Exhibit 3) demonstrates that the package was delivered to the ERP's business location - 429 S. Washington Street, North Attleboro, MA - on September 12, 2018.

The ERP's Request for Relief was received by CAR on December 5, 2018. Accordingly, the Request for Relief was not submitted within 30 calendar days of the delivery of the termination notice, as required by the express provisions of CAR Rule 14, and should have been rejected by the Market Review Committee.

CAR Governing Committee Review Panel

February 6, 2019

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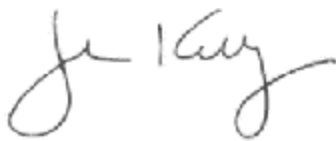
Commerce's Notice of Termination of Limited Servicing Carrier Agreement, with attachments (Docket #MR18.05, Exhibit 2), provides unambiguous documentation of the repeated violations of CAR Rules 13 and 14 that form the basis for the ERP's termination. It also demonstrates that the cited violations were not isolated events but, rather, a continuing pattern of non-compliant business practices on the part of the ERP - which Commerce attempted to remedy prior to issuing notice of the termination of the ERP's agreement. In correspondence sent to the ERP in June 2018, in an effort to help the ERP avoid the termination of its appointment, Commerce provided detailed notice to the ERP of repeated CAR Rule violations, demanded that the ERP conduct its future business with Commerce in accordance with CAR Rules, and offered to discuss the company's expectations for future business submissions. See, Docket #MR18.05, Exhibit 2, Attachment E.

The ERP did not change its business practices, however, or even discuss with Commerce its expectations regarding the compliant conduct of the ERP's business. Since the ERP's violations of CAR Rules continued, despite Commerce's warning and offer of assistance, Commerce properly issued the September 2018 Notice of Termination.

As clearly recognized by the members of the Market Review Committee in voting to uphold Commerce's termination of the Limited Servicing Carrier Agreement, the ERP has offered no defense to the violations cited in Commerce's September 2018 Notice of Termination. Instead, the ERP has attempted to deflect attention from its documented failure to conduct its business in compliance with CAR Rules with unsubstantiated and inaccurate allegations relating to Commerce's intent, which allegations are, in any event, wholly irrelevant to the subject matter of this review.

Based on the foregoing, Commerce submits that the Governing Committee Review Panel must uphold the Market Review Committee's decision to deny the ERP's petition for relief from the termination of its commercial automobile Exclusive Representative Producer appointment to Commerce.

Respectfully Submitted,



John V. Kelly
Executive Vice President, Northeast Region
The Commerce Insurance Company

cc: Mr. Paul Shannon, Shannon Insurance LLC