



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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NOTICE OF MEETING

GOVERNING COMMITTEE

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

WEDNESDAY, JUNE 19, 2019 AT 10:30 A.M.

MEMBERS OF THE COMMITTEE

Mr. Thomas C. DePaulo – Chair
Cabot Risk Strategies, LLC

Ms. Pamela L. Bodenstab-Krynicky	P.L. Krynicky Insurance Agency, Inc.
Ms. Elizabeth B. Brodeur	Safety Insurance Company
Mr. Christopher D. Dupill	EM Freedman Insurance Agency, Inc.
Ms. Paula W. Gold	Plymouth Rock Assurance Corporation
Mr. Thomas A. Harris	Quincy Mutual Group
Mr. James S. Hyatt	Arbella Insurance Group
Mr. John V. Kelly	MAPFRE U.S.A. Corporation
Mr. M. John Olivieri, Jr.	J.K. Olivieri Insurance Agency, Inc.
Ms. Kellie A. Thibodeau	The Hanover Insurance Company
Ms. Meredith M. Woodcock	Liberty Mutual Group

AGENDA

GC

19.01 Transcript of Previous Meeting

The Transcript of the Governing Committee meeting of April 17, 2019 should be read and approved.

GC

19.03 CAR Conflict of Interest Policy

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

GC

19.04 President's Report

Commonwealth Automobile Reinsurers' President will report on matters affecting CAR.

GC

19.05 Counsel's Report

Commonwealth Automobile Reinsurers' counsel will report on pending litigation, CAR Rule changes and any other matters relevant to legal issues at CAR.

GC

19.06 Commercial Program Oversight Committee

The Governing Committee will hear the report of the Commercial Program Oversight Committee meeting of June 6, 2019.

The Records of the Commercial Program Oversight Committee meeting of June 6, 2019 will be distributed as additional information prior to the meeting.

GC

19.07 Commercial Automobile Committee

The Governing Committee will hear the report of the Commercial Automobile Committee meeting of May 23, 2019.

The Records of the Commercial Automobile Committee meeting of May 23, 2019 have been distributed and are on file. (Docket #GC19.07, Exhibit #4)

GC

19.11 Financial Audit Committee

The Governing Committee will hear the report of the Financial Audit Committee meeting of June 12, 2019.

The Records of the Financial Audit Committee meeting of June 12, 2019 will be distributed as additional information prior to the meeting.

GC

19.12 Loss Reserving Committee

The Governing Committee will hear the report of the Loss Reserving Committee meeting of June 5, 2019.

A Summary of the Loss Reserving Committee meeting of June 5, 2019 will be distributed as additional information prior to the meeting.

GC

19.15 MAIP Steering Committee

The Governing Committee will hear the reports of the MAIP Steering Committee meetings of April 23, 2019 and June 6, 2019.

The Records of the MAIP Steering Committee meeting of April 23, 2019 have been distributed and are on file. (Docket #GC19.15, Exhibit #1)

The Records of the MAIP Steering Committee meeting of June 6, 2019 will be distributed as additional information prior to the meeting.

GC

19.16 Reinsurance Committee

The Governing Committee will hear the report of the Reinsurance Committee meeting of May 16, 2019.

The Records of the Reinsurance Committee meeting of May 16, 2019 have been distributed and are on file. (Docket #GC19.16, Exhibit #1)

GC

19.17 Joint Actuarial Commercial Lines Committee

The Governing Committee will hear the report of the Joint Actuarial Commercial Lines Committee meeting of May 23, 2019.

The Records of the Joint Actuarial Commercial Lines Committee meeting of May 23, 2019 will be distributed as additional information prior to the meeting.

GC

19.18 IT Advisory Committee

The Governing Committee will hear the report of the IT Advisory Committee meeting of June 13, 2019.

The Records of the IT Advisory Committee meeting of June 13, 2019 will be distributed as additional information prior to the meeting.

Other Business

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

Executive Session

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

NATALIE A. HUBLEY
President

Attachments

Boston, Massachusetts
June 6, 2019



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PRESIDENT

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RECORDS OF MEETING

COMMERCIAL AUTOMOBILE COMMITTEE – MAY 23, 2019

Members Present

Mr. John Olivieri, Jr. – Chair	J.K. Olivieri Insurance Agency, Inc.
Mr. Peter Chung	The Norfolk & Dedham Group
Ms. Lisa Hatch ⁽¹⁾	MAPFRE U.S.A. Corporation
Mr. Coleman Johnson	The Hanover Insurance Company
Mr. Brian Lam	Safety Insurance Company
Ms. Sharon Pontes	Acadia Insurance Company
Mr. Thomas Skelly, Jr.	Deland, Gibson Insurance Associates, Inc.
Mr. Barry Tagen	Pilgrim Insurance Company
Mr. David Zawilinski ⁽²⁾	Arbella Insurance Group

Substituted for:

⁽¹⁾Mr. Paul Drennan

⁽²⁾Ms. Mona McCowen

Not in Attendance:

Ms. Sheila Doherty

Doherty Insurance Agency, Inc.

19.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Commercial Automobile Committee meeting of April 4, 2019. The Records have been distributed and are on file.

19.05 Commercial Residual Market Issues

Ms. Wendy Browne reported that the list of issues impacting the commercial residual market has been updated to reflect the current status of the Committee's deliberations. For today's meeting, she stated that the Committee will discuss the verification of applicant drivers' licenses, including revised amendments to the Eligible Risk definition in Rule 2 – Definition of CAR's Rules of Operation, Rule 31 – Operator Exclusion Form of the Commercial Automobile Insurance Manual and the Standards for the Verification of Applicant Drivers' Licenses. Additionally, the Committee will discuss amendments to Rules 52 and 72 of the Commercial Automobile Insurance Manual relative to the determination of zone combination for zone rated risks, and the appropriateness of the Additional Insured, Waiver of Subrogation and Primary and Non-Contributory endorsements in the residual market. She also noted that staff is continuing its research on the non-ownership liability coverage issue and that the vehicle operations outside of Massachusetts issue will be included in the rate study overseen by the Joint Actuarial and Commercial Lines Committee. Also, it is anticipated that the development of CAR's website application for the pre-

notification of large losses will be completed in the summer of 2019. Finally, Ms. Browne indicated that added to the list of commercial residual market issues is an item for incorporating each of the standards previously approved by CAR's committees into the Manual of Administrative Procedures (MAP). It is anticipated that the updates to the MAP will be provided to the Committee for its review and approval in the fall of 2019.

19.06 Standards for the Verification of Applicant Drivers' Licenses

Ms. Natalie Hubley reviewed with the Committee proposed amendments to Rule 2 – Definitions of CAR's Rules of Operation. The amendments to the definition of Eligible Risk have been modified to provide that the applicant must establish that any person who usually drives the motor vehicle holds or is eligible to obtain a valid operator's license. Ms. Hubley advised that the revised amendments mirror the language in CAR's enabling statute in order to address concerns raised by the Commissioner of Insurance in his decision disapproving CAR's original proposal.

Ms. Hubley also presented corresponding amendments to Rule 31- Operator Exclusion Form of CAR's Commercial Automobile Manual and changes to the Standards for the Verification of Applicant Drivers' Licenses (the Standards) to also incorporate the language contained in the enabling statute. She advised that, because the Standards set forth the eligibility for placement in the residual market pursuant to Registry of Motor Vehicle policies and procedures, the language modifications do not alter the standard procedures to be employed by Servicing Carriers in confirming eligibility for placement in CAR, as originally developed by the Committee.

The Committee unanimously voted to approve the proposed amendments to Rule 2, Rule 31 and the Standards, as presented, and recommended their approval to the Governing Committee.

19.08 Radius of Operation and Rating Territory

Ms. Hubley stated that at the Committee's last meeting, staff reported that proposed amendments to Rules 52 and 72 of the Commercial Automobile Manual that were intended to clarify the determination of zone combination for zone rated risks, were withdrawn from Division of Insurance consideration. Staff has revisited those Rules in order to assure that any modifications proposed clarify the rating procedures without changing the existing methodology. Accordingly, a new proposal has been presented for Committee consideration. She stated that staff has researched how zone combination is assigned in other state residual market plans, as compared to how it is assigned in Massachusetts and noted that it is important that the Massachusetts plan to be in sync with other states, since CAR adopts relativities and rating factors from the ISO rating plan. The proposed changes to Rules 52 and 72 clarify how zone combination is to be assigned.

Ms. Hubley distributed an exhibit explaining how the assignment procedure works in other states, how zone rating and multi-state risks are handled in other state plans and the impact to Massachusetts. She explained that in other plans, a multi-state risk is included in the residual market where automobile's principal place of business is located and the Servicing Carrier is directed to use the rates on file in the state where the vehicle is principally garaged. However, in the Massachusetts Manual, all risks whose principal place of business is in Massachusetts, regardless of where the auto is garaged, are rated from the Massachusetts manual. CAR's objectives in clarifying the Rule language are to assure that the Massachusetts Plan is consistent with other plans and that the language provide for a rate to be calculated for every risk, while assuring that Servicing Carriers will not be subject to any system changes, as long as they are already applying the rating procedure properly.

She stated that at this point, the proposed amendments are only providing clarification to the Rule language. Other issues, such as dealing with operations outside of Massachusetts, will be dealt with by another CAR committee. In order for Massachusetts to work similarly with other plans, there are two rate pages to be used based upon whether the automobile's principal place of garaging is in a metropolitan or a regional zone. If principal place of garaging is in a metropolitan zone, the metropolitan zone rate page would be used and if garaged in a regional zone, the regional zone page would be used. The proposed changes will assure that an appropriate rate is selected based upon the proper rate page and the correct combination of metropolitan and regional zones.

The Committee unanimously voted to approve the proposed amendments to Rules 52 and 72 and the Zone Rating Tables of the Commercial Automobile Insurance, and recommend their approval to the Governing Committee.

19.09 Review of Additional Insureds

Ms. Browne informed the Committee that based on previous discussion at the Committee's last meeting and additional research performed by CAR staff, discussion points relative to the additional insured, waiver of subrogation, and primary and noncontributory endorsements have been prepared for the Committee. The Committee agreed that the waiver of subrogation and primary and noncontributory endorsements should be discussed separately from the additional insured endorsements.

At its last meeting the Committee agreed that in order for additional insured coverage to be provided in the residual market, a copy of the contract or the insurance related portion of the contract to substantiate the relationship between the named insured and the requested additional insured must be obtained by the producer and submitted with the application to the Servicing Carrier. However, in further discussion of this issue, the Committee expressed concern that requiring a physical copy of the contract in order to issue the endorsement would create more paperwork for both the producer and the company.

To assure consistency among Servicing Carriers, members questioned whether it would be possible to build language into the endorsement stating that in order for the endorsement to be issued, a written contract must be in place, eliminating the need for the paperwork to be submitted. Members also discussed the development of a blanket additional insured endorsement, similar to that provided in the voluntary market, which would cover anyone with an executed contract with the policyholder. This type of endorsement would automatically afford coverage to those entities, as long as the contract was executed prior to the occurrence of a loss. Additionally, if requested, a specific entity could be specifically named in the endorsement. Discussion ensued on whether there would be a premium charge for the endorsement and the requirements for notifying the additional insureds in the instance when a policy is cancelled for non-payment of premium. It was noted that in the voluntary market, an additional insured can request to be specifically notified upon policy cancellation.

Ms. Hubley stated that staff will research the development of both blanket and specific additional insured endorsements with consideration of an appropriate rate to be referred to another committee for review. Additionally, a special notice of policy cancellation to notify additional insureds of policy cancellation will be considered. The Committee directed staff to prepare additional information for review at its next meeting.

The Committee also agreed with staff's recommendation not to adopt the waiver of subrogation and primary and noncontributory endorsements for use in the residual market, as the use of either would have a negative impact to the pool.

19.11 Annual Evaluation of Market Need for ERP Appointments

Mr. John Metcalfe provided the Committee with background information relative to this issue, noting that the Committee had previously approved the market need criteria developed by the Commercial Automobile Residual Market Standards Subcommittee. Additionally, he noted that modifications to the eligibility requirements in Rule 14 – Exclusive Representative Producer Requirements which require that an ERP must meet the conditions for addressing a market need as determined by the established criteria, were recently approved by the Division of Insurance.

For today's meeting, Mr. Metcalfe stated that the Committee should focus on determining whether there exists a market need for the appointment of an ERP without a voluntary commercial automobile contract and to develop a recommendation for the annual determination of market need. If, after reviewing the provided data, the Committee determines that a market need exists, the conditions for appointment should also be determined. If the Committee determines that a market need does not exist, then CAR will not appoint any producer not having a current voluntary commercial contract to a Servicing Carrier. However, under the established criteria, the applicant may still petition for a review of the application by a Committee but must demonstrate that a market need exists that will be uniquely satisfied by the appointment of the applicant.

The Commercial Automobile Residual Market Standards Subcommittee had previously reviewed policy year 2017 data reports, displayed by class type and territory for producers both with and without voluntary contracts, and concluded that there did not appear to be a market need for any new ERP appointments at that time. In review of similar reports updated with policy year 2018 data, the Commercial Automobile Committee determined that there exists ample access to the residual market through qualified producers throughout the Commonwealth with experience servicing complex commercial risks. Accordingly, the Committee unanimously voted to recommend to the Governing Committee that a market need does not exist for appointment of new non-voluntary contracted ERPs at this time. Additionally, the Committee recommends that the restriction on appointments be implemented for any application received subsequent to approval of its recommendation by the Governing Committee.

MARIAN ADGATE
Corporate Documentation Specialist

Boston, Massachusetts
June 5, 2019

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.

CAR | **Commercial Automobile Insurance Manual**
Section III | **Trucks, Tractors and Trailers**
Effective Date | **2019.06.01**
Page | **6 of 17**

2. Truckers – Automobiles used to haul or transport goods, materials, or commodities for another, other than automobiles used in moving operations.
3. Food Delivery – Automobiles used by food manufacturers to transport raw and finished products or used in wholesale distribution of food.
4. Specialized Delivery – Automobiles used in deliveries subject to time and similar constraints.
5. Waste Disposal – Automobiles transporting salvage and waste material for disposal or resale.
6. Farmers – Automobiles owned by a farmer, used in connection with the operation of his own farm occasionally used to haul commodities for other farmers.
7. Dump and Transit Mix Trucks and Trailers
8. Contractors (Other than Dump Trucks)
9. Logging and Lumbering
10. Petroleum Business – Automobiles used to transport petroleum and petroleum products such as gasoline and fuel oil.

Refer to the Secondary Classification table in the Rate Section to determine rating factors and statistical codes.

D. Geographic Classification

An automobile classified under this rule is subject to zone rating if the automobile is regularly operated beyond a 200 mile radius from the street address of principal garaging. Any risk that does not satisfy the conditions for zone rating, including all risks comprised of light trucks and trailers used with light trucks, are not subject to zone rating.

1. [Non-Zone Rated Automobiles – Determination of Rating Territory](#)

For risks that are not subject to zone rating, rating territory is determined based upon the street address of principal garaging, in accordance with Rule 21 – Residence and Location of Section II – Common Coverages of this Manual.

CAR | **Commercial Automobile Insurance Manual**
Section III | **Trucks, Tractors and Trailers**
Effective Date | **2019.06.01**
Page | **7 of 17**

2. Zone Rated Automobiles – Determination of Zone, Zone of Principal Garaging, Zone Combination, and Zone Combination Code

For risks that are subject to zone rating, determine the zone, ~~or zone of principal garaging,~~ zone combination, and zone combination code for each automobile as follows:

a. Zone

Use the Long Distance Zone Definitions tables in the Rate Section to identify the metropolitan and/or regional zones that will be used for determining zone combination as described in Section D.2.c. of this Rule and zone combination code as described in Section D.2.d. of this Rule.

b. Zone of Principal Garaging

1) If the automobile is principally garaged in any of the metropolitan zones identified in the Long Distance Zone Definitions table (either zone 03 (Boston) or any other metropolitan zone outside of Massachusetts), assign zone 03 as the zone of the automobile's principal garaging.

2) If the automobile is principally garaged in any of the regional zones identified in the Long Distance Zone Definitions table (either zone 49 (New England) or any other regional zone), assign zone 49 as the zone of the automobile's principal garaging.

ca. Zone Combination

1) When an automobile is principally garaged in a regional zone and operates from terminals in that zone and in one or more metropolitan zones, the zone combination is the regional zone and the metropolitan zone ~~that is~~ farthest away from the automobile's principal garaging.

~~b.~~ 2) In all other situations, the zone combination is the zone of principal garaging and the zone of the terminal (included in the automobile's operations) that is farthest away from the automobile's principal garaging. ~~that point.~~

CAR | **Commercial Automobile Insurance Manual**
Section III | **Trucks, Tractors and Trailers**
Effective Date | **2019.06.01**
Page | **8 of 17**

e. A terminal is any point at which an automobile regularly loads or unloads. It is not limited to a terminal facility which the insured owns and operates.

d. Zone Combination Code

To identify the zone combination code that will be used for statistical reporting purposes, refer to the applicable Zone Rating Table in the Rate Section based upon whether the automobile's zone of principal garaging, as determined in Section D.2.b., is zone 03 (zone combination codes 2XX) or zone 49 (zone combination codes 9XX). The tables provide liability base premiums and physical damage factors for each zone combination and identify the applicable zone combination codes.

Refer to the following examples for determining zone combination and zone combination code:

Examples:

1a. The automobile is principally garaged in Worcester, Massachusetts- (regional zone 49 – New England) and its operations include terminals in Utica, New York (regional zone 48 – Eastern) and Hartford, Connecticut (metropolitan zone 12 – Hartford). In accordance with Sections D.2.b.2) and D.2.c.1) of this Rule, the proper zone combination is 49 (the automobile is principally garaged in a regional zone) and 12 (the metropolitan zone that is farthest from the automobile's principal garaging).

To identify the zone combination code, refer to the Zone Rating Table (Zone of Principal Garaging is Zone 49 (New England) or Other Regional Zones). According to this table and based upon the determined zone combination, the zone combination to be used for statistical reporting purposes is 912.

2. The automobile is principally garaged in Albany, New York (regional zone 48 – Eastern) and its operations include terminals in Boston, Massachusetts (metropolitan zone 03 – Boston) and Hartford, Connecticut (metropolitan zone 12 – Hartford). In accordance with Sections D.2.b.2) and D.2.c.1) of this Rule, the proper zone combination is 49 (the automobile is principally garaged in a regional zone) and 03

CAR | **Commercial Automobile Insurance Manual**
Section III | **Trucks, Tractors and Trailers**
Effective Date | **2019.06.01**
Page | **9 of 17**

(the metropolitan zone that is farthest from the automobile's principal garaging).

To identify the zone combination code, refer to the Zone Rating Table (Zone of Principal Garaging is Zone 49). According to this table and based upon the determined zone combination, the zone combination to be used for statistical reporting purposes is 903.

- 3b. The automobile is principally garaged in Springfield, Massachusetts- (regional zone 49 – New England) and its operations include a terminal in Bangor, Maine (regional zone 49 – New England). In accordance with Sections D.2.b.2) and D.2.c.2) of this Rule, ¶the proper zone combination is 49 (the zone in which the automobile is principally garaged is a regional zone) and 49 (the zone of the terminal included in the automobile's operations that is farthest from the automobile's principal garaging).

To identify the zone combination code, refer to the Zone Rating Table (Zone of Principal Garaging is Zone 49 (New England) or Other Regional Zone). According to this table and based upon the determined zone combination, the zone combination code to be used for statistical reporting purposes is 949.

- 4e. The automobile is principally garaged in Boston, Massachusetts- (metropolitan zone 03 – Boston) and its operations include has terminals in New York City (metropolitan zone 26 – New York City) and Utica, New York (regional zone 48 – Eastern). In accordance with Sections D.2.b.1) and D.2.c.2) of this Rule, ¶the proper zone combination is 03 (the zone in which the automobile is principally garaged is a metropolitan zone) and 48 (the zone of the terminal included in the automobile's operations that is farthest from the automobile's principal garaging).

To identify the zone combination code, refer to the Zone Rating Table (Zone of Principal Garaging is Zone 03 (Boston) or Other Metropolitan Zone). According to this table and based upon the determined zone combination, the zone combination code to be used for statistical reporting purposes is 248.

CAR | **Commercial Automobile Insurance Manual**
Section III | **Trucks, Tractors and Trailers**
Effective Date | **2019.06.01**
Page | **10 of 17**

5. The automobile is principally garaged in New York City (metropolitan zone 26 – New York City) and operates in Atlanta, Georgia (metropolitan zone 01 – Atlanta) and in Tallahassee, Florida (regional zone 47 – Southeast). In accordance with Sections D.2.b.1) and D.2.c.2) of this Rule, the proper zone combination is 03 (the zone in which the automobile is principally garaged is a metropolitan zone) and 47 (the zone of the terminal included in the automobile’s operations that is farthest from the automobile’s principal garaging).

To determine the zone combination code, refer to the Zone Rating Table (Zone of Principal Garaging is in a Metropolitan Zone). According to this table and based upon the established zone combination, the zone combination code to be used for statistical reporting purposes is 247.

~~Refer to the Long Distance Zone Definitions and the Zone Rating Tables in the Rate Section.~~

E. Special Provisions for Certain Risks

1. Truckers. If the business of the insured involves transporting materials or commodities for another, Rule 55 – Premium Development Options for Truckers also applies.
2. Transporters of Liquid Products. A policy that covers an automobile used for the bulk transportation of liquid products must exclude accidents resulting from the erroneous delivery of one liquid product for another, or the delivery of any liquid product into the wrong receptacle if the accident occurs after the operations have been completed. Use Wrong Delivery of Liquid Products Endorsement CA 23 05.
3. Amusement Devices. A policy written to cover a commercial automobile, trailer or semitrailer on which an amusement device has been mounted does not provide coverage for the operation of the amusement device. Refer to the General Liability Manual for operations coverage. Use Commercial Automobiles Equipped with Amusement Devices Endorsement MM 23 03.
4. Transporters of Explosives. A policy that covers an automobile used for transporting explosives must exclude coverage for the explosion hazard. Use Explosives Endorsement MM 23 04.

CAR | **Commercial Automobile Insurance Manual**
Section V | **Public Transportation**
Effective Date | **2019.06.01**
Page | **8 of 18**

(2) Automobiles that are owned or leased for one year or more by a person or organization who is in the business of transporting employees of one or more employers shall be classified and rated in accordance with Rule 72 – Public Automobile Classifications and Rule 73 – Premium Development – Other than Zone Rated Automobiles for automobiles described as a Bus Not Otherwise Classified in Section B.1.f.(8) of this Rule.

2. Radius Class

Determine radius on a straight line from the street address of the automobile’s principal garaging.

- a. Local – up to 50 miles – the automobile is not operated beyond a radius of 50 miles from the street address where such automobile is principally garaged.
- b. Intermediate – 51-200 miles – the automobile is operated beyond a radius of 50 miles but not beyond a radius of 200 miles from the street address where such automobile is principally garaged.
- c. Long distance – over 200 miles – the automobile is operated beyond a 200 mile radius from the street address where such automobile is principally garaged.

C. Geographic Classification

Automobiles with a primary classification of Other Buses described in Section B.1.f.(1), or Sections B.1.f.(3) – (8) of this Rule are subject to zone rating if the automobile is regularly operated beyond a 200 mile radius from the street address of principal garaging.

- 1. Zone Rated Automobiles – Determination of Zone, or Zone of Principal Garaging, Zone Combination, and Zone Combination Code for Zone Rated Risks

For risks that are subject to zone rating, Determine the zone, or zone of principal garaging, zone combination, and zone combination code for each automobile as follows:

CAR | **Commercial Automobile Insurance Manual**
Section V | **Public Transportation**
Effective Date 2019.06.01
Page 9 of 18

a. Zone

~~a.~~ Use the Long Distance Zone Definitions tables in the Rate Section to identify ~~determine~~ the appropriate metropolitan and/or regional zones that will be used for determining zone combination as described in Sections ~~C.1.b.~~ and C.1.c. of this Rule and zone combination code as described in Section C.1.d. of this Rule.

b. Zone of Principal Garaging

1) If the automobile is principally garaged in any of the metropolitan zones identified in the Long Distance Zone Definitions table (either zone 03 (Boston) or any other metropolitan zone outside of Massachusetts), assign zone 03 as the zone of the automobile's principal garaging.

2) If the automobile is principally garaged in any of the regional zones identified in the Long Distance Zone Definitions table (either zone 49 (New England) or any other regional zone), assign zone 49 as the zone of the automobile's principal garaging.

c. Zone Combination

~~b.~~ 1) When an automobile is principally garaged in a regional zone and operates in that zone and in one or more metropolitan zones, the zone combination is the regional zone and the metropolitan zone that is farthest away from the automobile's principal garaging.

~~e.~~ 2) In all other situations, the zone combination is the zone of the automobile's ~~registration~~ principal garaging and the zone included in the automobile's operations that is farthest away from the automobile's principal garaging. ~~that point.~~

d. Zone Combination Code

To identify the zone combination code that will be used for statistical reporting purposes, refer to the applicable Zone Rating Table in the Rate Section based upon whether the automobile's zone of principal garaging, as determined in Section C.1.b., is zone 03 (zone combination codes 2XX), or zone 49 (zone combination codes 9XX). The tables provide liability base premiums and physical damage factors for each

CAR | **Commercial Automobile Insurance Manual**
Section V | **Public Transportation**
Effective Date | **2019.06.01**
Page | **10 of 18**

zone combination and identify the applicable zone combination codes.

Refer to the following examples for determining zone combination and zone combination code:

Examples:

1.a. The automobile is ~~registered~~ principally garaged in Worcester, Massachusetts (regional zone 49 – New England) and operates in Utica, New York (regional zone 48 – Eastern) and Hartford, Connecticut (metropolitan zone 12 – Hartford). In accordance with Sections C.1.b.2) and C.1.c.1) of this Rule, the proper zone combination is 49 (the automobile is principally garaged in a regional zone) and 12 (the metropolitan zone that is farthest from the automobile’s principal garaging).

To identify the zone combination code, refer to the Zone Rating Table (Zone of Principal Garaging is Zone 49 (New England) or Other Regional Zones). According to this table and based upon the determined zone combination, the zone combination code to be used for statistical reporting purposes is 912.

2. The automobile is principally garaged in Albany, New York (regional zone 48 – Eastern) and operates in Boston, Massachusetts (metropolitan zone 03 – Boston) and Hartford, Connecticut (metropolitan zone 12 – Hartford). In accordance with Sections C.1.b.2) and C.1.c.1) of this Rule, the proper zone combination is 49 (the automobile is principally garaged in a regional zone) and 03 (the metropolitan zone that is farthest from the automobile’s principal garaging).

To identify the zone combination code, refer to the Zone Rating Table (Zone of Principal Garaging is Zone 49 (New England) or Other Regional Zone). According to this table and based upon the determined zone combination, the zone combination code to be used for statistical reporting purposes is 903.

3.b. The automobile is ~~registered~~ principally garaged in Springfield, Massachusetts (regional zone 49 – New England) and operates in Bangor, Maine (regional zone 49 – New England). In accordance with Sections C.1.b.2) and C.1.c.2) of this Rule, the proper zone combination is 49 (the zone in which the

CAR | **Commercial Automobile Insurance Manual**
Section V | **Public Transportation**
Effective Date | **2019.06.01**
Page | **11 of 18**

automobile is principally garaged is a regional zone) and 49 (the zone included in the automobile's operations that is farthest from the automobile's principal garaging.

To identify the zone combination code, refer to the Zone Rating Table (Zone of Principal Garaging is Zone 49 (New England) or Other Regional Zone). According to this table and based upon the determined zone combination, the zone combination code to be used for statistical reporting purposes is 949.

- 4.e. The automobile is ~~registered~~ principally garaged in Boston, Massachusetts (metropolitan zone 03 – Boston) and operates in New York City (metropolitan zone 26 – New York City) and Utica, New York (regional zone 48 – Eastern). In accordance with Sections C.1.b.1) and C.1.c.2) of this Rule, ~~the~~ proper zone combination is 03 (the zone in which the automobile is principally garaged is a metropolitan zone) and 48 (the zone included in the automobile's operations that is farthest from the automobile's principal garaging.

To identify the zone combination code, refer to the Zone Rating Table (Zone of Principal Garaging is Zone 03 (Boston) or Other Metropolitan Zone). According to this table and based upon the determined zone combination, the zone combination code to be used for statistical reporting purposes is 248.

5. The automobile is principally garaged in New York City (metropolitan zone 26 – New York City) and operates in Atlanta, Georgia (metropolitan zone 01 – Atlanta) and in Tallahassee, Florida (regional zone 47 – Southeast). In accordance with Sections C.1.b.1) and C.1.c.2) of this Rule, the proper zone combination is 03 (the zone in which the automobile is principally garaged is a metropolitan zone) and 47 (the zone included in the automobile's operations that is farthest from the automobile's principal garaging.

To determine the zone combination code, refer to the Zone Rating Table (Zone of Principal Garaging is Zone 03 (Boston) or Other Metropolitan Zone). According to this table and based upon the established zone combination, the zone combination code to be used for statistical reporting purposes is 247.

CAR | **Commercial Automobile Insurance Manual**
Section V | **Public Transportation**
Effective Date | **2019.06.01**
Page | **12 of 18**

~~Refer to the Long Distance Zone Definitions and the Zone Rating Tables in the Rate Section.~~

2. Non-Zone Rated Automobiles – Determination of Rating Territory

For automobiles classified under this rule that are not subject to zone rating, the rating territory shall be determined by the highest rated territory through which or in which the public automobile operates. The highest rated territory is the territory with the highest manual premiums for compulsory and optional bodily injury liability at \$20,000 per person, \$40,000 per accident and \$5,000 property damage as shown on the Public Automobiles Liability rate pages in the Rate Section. A rating territory other than the highest rated territory may apply if the risk supplies credible documentation that 80% or more of the public automobile's operation is outside the highest rated territory. In that case, assign the territory of the automobile's highest percentage of operation. If the automobile's highest percentage of operation is outside of Massachusetts, assign the highest rated Massachusetts territory, regardless of the automobile's Massachusetts operations.

Refer to the Territory Schedule in the Rate Section.

D. Secondary Classifications

A secondary classification is assigned to automobiles with a primary classification of Other Buses and described in Section B.1.f. of this Rule that do not qualify for zone rating, and to automobiles with a primary classification of School Bus as described in Section B.1.d. or Church Bus as described in Section B.1.e. of this Rule. The secondary classification is based on the seating capacity of the automobile.

Apply the following criteria to determine the seating capacity of the automobile:

1. Use the seating capacity specified by the manufacturer of the automobile unless a public authority rules otherwise.
2. Do not include the driver's seat when determining seating capacity.
3. If a truck, tractor or trailer is classified as a public automobile, determine the seating capacity from the size class as follows:

Commonwealth Automobile Reinsurers

Commercial Automobile Insurance Manual

ZONE RATING TABLES

For liability, the following Zone Rating Tables ~~include~~ identify the base premiums for each zone or and zone combination, zone base premiums, and for physical damage they tables include identify, for each the zone or and zone combination, zone the factors to be applied to the premiums displayed in the Long Distance Physical Damage Base Premium Table. The Zone Rating Tables also identify applicable zone combination codes to be used for statistical reporting purposes.

KEY TO ZONE RATING TABLES			
The liability premiums are displayed as follows:			The physical damage factors are displayed as follows:
Bodily Injury (\$20,000/40,000)	\$2,227	1.82	Comprehensive
Property Damage (\$5,000)	1,011	1.13	Fire, Theft and CAC (incl. MM&V)
		4.00	Collision (All Deductibles)
12345 2XX or 9XX			
Zone Combination Code			

To separate the Bodily Injury premiums for zone rated risks, the following percentages shall be applied to the \$20,000/40,000 Bodily Injury premium determined from the Zone Rating Tables for the appropriate zone ~~rating~~ combination.

Compulsory Bodily Injury	86% of the 20/40 B.I. Premium
Personal Injury Protection	4% of the 20/40 B.I. Premium
Optional Bodily Injury (20/40)	10% of the 20/40 B.I. Premium

Medical Payments –

Use the Medical Payments rates for trucks, tractors and trailers.

Commonwealth Automobile Reinsurers

Commercial Automobile Insurance Manual

LONG DISTANCE ZONE DEFINITIONS

REGIONAL METROPOLITAN ZONES

01	ATLANTA Zone includes Clayton and Cobb Counties and Atlanta, Georgia territories.
02	BALTIMORE – WASHINGTON Zone includes Baltimore, Baltimore Suburban and Outer Suburban, Montgomery County Suburban and Outer Suburban, and Prince Georges County Suburban and Outer Suburban, Maryland territories, the entire District of Columbia, and Alexandria City, Arlington, Falls Church City and Arlington-Alexandria Suburban, Virginia territories.
03	BOSTON Zone includes all of Essex, Middlesex, Norfolk and Suffolk, Massachusetts Counties.
04	BUFFALO Zone includes Erie County (Balance), Buffalo, Buffalo Semi-Suburban, Buffalo Suburban, Niagara Falls and Niagara Falls Suburban, New York territories.
05	CHARLOTTE Zone includes Charlotte and all of Mecklenburg County, North Carolina territories.
06	CHICAGO Zone includes all of Cook and DuPage County territories. Lake County (Balance), Waukegan-North Chicago and all Chicago, Illinois territories; and East Chicago, Indiana territory.
07	CINCINNATI Zone includes Cincinnati, Dayton and Hamilton-Middletown, Ohio; and Covington-Newport, Kentucky territories.
08	CLEVELAND Zone includes all of Geauga, Lorain and Medina County territories, Portage County (excluding the village of Mogadore), all Cleveland and Painesville, Ohio territories.
09	DALLAS – FORT WORTH Zone includes all of Dallas and Tarrant, Texas Counties.
10	DENVER Zone includes Denver and North Central, Colorado territories.
11	DETROIT Zone includes all Detroit, Dearborn and Pontiac, Michigan territories.
12	HARTFORD Zone includes all of Hartford and New Haven Counties, and Bridgeport and Fairfield-Stratford, Connecticut territories.
13	HOUSTON Zone includes all of Chambers, Galveston and Harris, Texas Counties.
14	INDIANAPOLIS Zone includes all of Marion County, Indiana territory.
15	JACKSONVILLE Zone includes all of Jacksonville, Florida territory.
16	KANSAS CITY Zone includes all of Kansas City, Kansas; and Independence and all Kansas City, Missouri territories.
17	LITTLE ROCK Zone includes all of Pulaski County, Arkansas territory.
18	LOS ANGELES Zone includes all of Los Angeles and Orange Counties and also Riverside and San Bernardino, California territories.
19	LOUISVILLE Zone includes all of Jefferson County, Kentucky and New Albany and Jeffersonville, Indiana territories.
20	MEMPHIS Zone includes all of Shelby County, Tennessee territory.
21	MIAMI Zone includes Miami and Miami Beach, Florida territories.
22	MILWAUKEE Zone includes Kenosha, Milwaukee Metropolitan, Semi-Suburban and Suburban and Racine, Wisconsin territories.
23	MINNEAPOLIS – ST. PAUL Zone includes Minneapolis Metropolitan and Suburban, St. Paul Metropolitan and Suburban, Minnesota territories.
24	NASHVILLE Zone includes all of Davidson County, Tennessee territory.
25	NEW ORLEANS Zone includes all of New Orleans, Louisiana territory.
26	NEW YORK CITY Zone includes all of New York City, Nassau and Westchester, New York Counties, all of Bergen, Essex and Hudson Counties, Elizabeth, New Brunswick, Perth Amboy and Plainfield, New Jersey territories; and Darien-Greenwich and Stamford, Connecticut territories.
27	OKLAHOMA CITY Zone includes all of Oklahoma County, Oklahoma territory.
28	OMAHA Zone includes all of Douglas and Sarpy, Nebraska Counties and Council Bluffs, Iowa territory.
29	PHOENIX Zone includes Mesa-Tempe and Phoenix, Arizona territories.

Commonwealth Automobile Reinsurers

Commercial Automobile Insurance Manual

LONG DISTANCE ZONE DEFINITIONS

REGIONAL-METROPOLITAN ZONES

(Continued)

30	PHILADELPHIA Zone includes Bucks County (Balance), Chester County (Balance), Delaware 24 (Balance), Montgomery County (Balance), Allentown-Bethlehem and all Philadelphia, Pennsylvania territories, Wilmington, Delaware and Camden, Camden Suburban and Trenton, New Jersey territories.
31	PITTSBURGH Zone includes all of Allegheny and Beaver Counties, Pennsylvania territories.
32	PORTLAND Zone includes all of Portland, Portland Semi-Suburban, Portland Suburban, Oregon and Vancouver, Washington territories.
33	RICHMOND Zone includes all of Richmond, Virginia territory.
34	ST. LOUIS Zone includes all of St. Louis County, Missouri, and East St. Louis, Illinois territories.
35	SALT LAKE CITY Zone includes all of Salt Lake City County, Utah territory.
36	SAN FRANCISCO Zone includes all of Alameda, Contra Costa, Marin, San Francisco, San Mateo and Santa Clara, California Counties.
37	TULSA Zone includes all of Tulsa, Oklahoma territory.

REGIONAL ZONES

40	PACIFIC COAST Zone includes the States of California (excluding Los Angeles and San Francisco Zones), Oregon (excluding Portland Zone), and Washington (excluding Portland Zone).
41	MOUNTAIN Zone includes the States of Arizona (excluding Phoenix Zone), Colorado (excluding Denver Zone), Idaho, Montana, Nevada, New Mexico, Utah (excluding Salt Lake City Zone) and Wyoming.
42	MIDWEST Zone includes the States of Iowa (excluding Omaha Zone), Kansas (excluding Kansas City Zone), Missouri (excluding Kansas City and St. Louis Zones), Minnesota (excluding Minneapolis-St. Paul Zone), Nebraska (excluding Omaha Zone), North Dakota, South Dakota and Wisconsin (excluding Milwaukee Zone).
43	SOUTHWEST Zone includes the States of Arkansas (excluding Little Rock Zone), Oklahoma (excluding Oklahoma City and Tulsa Zones) and Texas (excluding Dallas-Fort Worth and Houston Zones).
44	NORTH CENTRAL Zone includes the States of Illinois (excluding Chicago and St. Louis Zones), Indiana (excluding Chicago, Indianapolis and Louisville Zones), Ohio (excluding Cincinnati and Cleveland Zones) and Michigan (excluding Detroit Zone).
45	MIDEAST Zone includes the States of Kentucky (excluding Cincinnati and Louisville Zones), Tennessee (excluding Memphis and Nashville Zones) and West Virginia.
46	GULF Zone includes the States of Alabama, Louisiana (excluding New Orleans Zone) and Mississippi.
47	SOUTHEAST Zone includes the States of Florida (excluding Jacksonville and Miami Zones), Georgia (excluding Atlanta Zone), North Carolina (excluding Charlotte Zone), South Carolina and Virginia (excluding Baltimore/Washington and Richmond Zones).
48	EASTERN Zone includes the States of Delaware (excluding Philadelphia Zone), Maryland (excluding Baltimore/Washington Zone), New York (excluding Buffalo and New York City Zones), New Jersey (excluding New York City and Philadelphia Zones) and Pennsylvania (excluding Philadelphia and Pittsburgh Zones).
49	NEW ENGLAND Zone includes the States of Connecticut (excluding Hartford and New York City Zones), Maine, Massachusetts (excluding Boston Zone), New Hampshire, Rhode Island and Vermont.
50	ALASKA Zone includes all of the State of Alaska (refer to company).

R-58
C.A.R.
3/1/2019

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Massachusetts Commercial Automobile

ZONE RATING TABLE

Zone of Principal Garaging is Zone 03 (Boston) or Other Metropolitan Zones Combinations
Zone Combination Codes 2XX

Insert the state code of the state of principal garaging as the first two digits of the zone combinations code-

Zone	Liability	Phys Dam.	Zone	Liability	Phys Dam.	Zone	Liability	Phys Dam.	Zone	Liability	Phys Dam.
01 Atlanta	2026	1.82	13 Houston	1656	2.75	25 New Orleans	1656	2.33	37 Tulsa	1656	2.11
	920	1.13		753	1.30		753	1.13		753	1.16
	--- 201			--- 213			--- 225			--- 237	
02 Balt.- Wash	2026	2.45	14 Indian-apolis	1656	1.76	26 N.Y. City	1963	1.83	40 Pacific	1656	1.92
	920	0.95		753	1.01		889	0.98		753	0.97
	--- 202			--- 214			--- 226			--- 240	
03 Boston	1656	1.60	15 Jackson-ville	2026	1.73	27 Okla. City	1656	2.11	41 Mountain	1656	2.08
	753	0.90		920	1.06		753	1.16		753	1.01
	--- 203			--- 215			--- 227			--- 241	
04 Buffalo	1656	1.83	16 Kansas City	1534	2.14	28 Omaha	1656	1.89	42 Midwest	1656	2.03
	753	0.98		697	1.21		753	1.01		753	1.06
	--- 204			--- 216			--- 228			--- 242	
05 Charlotte	2026	1.53	17 Little Rock	1534	2.51	29 Phoenix	1656	2.24	43 Southwest	1656	2.73
	920	0.93		697	1.03		753	0.97		753	1.27
	--- 205			--- 217			--- 229			--- 243	
06 Chicago	1656	1.98	18 Los Angeles	1534	1.93	30 Phila-delphia	2026	1.60	44 North Central	1656	1.77
	753	1.08		697	1.08		920	0.95		753	1.01
	--- 206			--- 218			--- 230			--- 244	
07 Cincinnati	1656	1.84	19 Louisville	1656	1.62	31 Pitts-burgh	1656	1.60	45 Mid-east	1656	1.76
	753	0.99		753	0.99		753	0.95		753	1.11
	--- 207			--- 219			--- 231			--- 245	
08 Cleveland	1656	1.84	20 Memphis	1534	1.95	32 Portland	1656	1.87	46 Gulf	1656	2.28
	753	0.99		697	1.25		753	0.92		753	1.08
	--- 208			--- 220			--- 232			--- 246	
09 Dallas Fort Worth	1656	2.80	21 Miami	2026	1.73	33 Richmond	2026	1.81	47 South East	2026	1.72
	753	1.35		920	1.06		920	1.03		920	1.04
	--- 209			--- 221			--- 233			--- 247	
10 Denver	1656	2.04	22 Milwau-kee	1656	1.63	34 St. Louis	1656	2.14	48 Eastern	1656	1.79
	753	1.09		753	0.98		753	1.22		753	0.97
	--- 210			--- 222			--- 234			--- 248	
11 Detroit	1656	1.76	23 Minn- St. Paul	1656	1.89	35 Salt Lake City	1656	2.26	49 New England	1656	1.60
	753	1.01		753	0.99		753	0.91		753	0.90
	--- 211			--- 223			--- 235			--- 249	
12 Hartford	2026	1.72	24 Nashville	1656	1.95	36 San. Fran	2026	1.93			
	920	0.99		753	1.25		920	0.98			
	--- 212			--- 224			--- 236				

R-59
C.A.R.
3/1/2019

COMMONWEALTH AUTOMOBILE REINSURERS
Massachusetts Commercial Automobile

ZONE RATING TABLE

Zone of Principal Garaging is Zone 49 (New England) or Other Regional Zones (Other than Boston) Combinations
Zone Combination Codes 9XX

Insert the state code of the state of principal garaging as the first two digits of the zone combinations code.

Zone	Liability	Phys Dam.	Zone	Liability	Phys Dam.	Zone	Liability	Phys Dam.	Zone	Liability	Phys Dam.
01	2026	1.61	13	2026	2.63	25	1476	2.13	37	1476	1.90
Atlanta	920	1.05	Houston	920	1.23	New Orleans	666	1.05	Tulsa	666	1.08
	---	4.00		---	3.70		---	3.38		---	3.39
	---	901		---	913		---	925		---	937
02	2026	2.24	14	1476	1.56	26	1963	1.63	40	1476	1.72
Balt.- Wash	920	0.87	Indian-apolis	666	0.93	N.Y. City	889	0.90	Pacific	666	0.89
	---	3.32		---	3.16		---	3.32		---	3.55
	---	902		---	914		---	926		---	940
03	1656	1.81	15	2026	1.53	27	1476	1.90	41	1291	1.87
Boston	753	0.98	Jackson-ville	920	0.98	Okla. City	666	1.08	Mountain	583	0.93
	---	3.32		---	3.90		---	3.39		---	3.38
	---	903		---	915		---	927		---	941
04	1476	1.63	16	1534	1.94	28	1656	1.68	42	1291	1.83
Buffalo	666	0.90	Kansas City	697	1.14	Omaha	753	0.93	Midwest	583	0.98
	---	3.32		---	3.16		---	3.16		---	3.38
	---	904		---	916		---	928		---	942
05	2026	1.33	17	1534	2.30	29	1476	2.04	43	1291	2.53
Charlotte	920	0.85	Little Rock	697	0.95	Phoenix	666	0.89	Southwest	583	1.19
	---	3.71		---	4.00		---	3.55		---	3.69
	---	905		---	917		---	929		---	943
06	1476	1.78	18	1534	1.73	30	2026	1.39	44	1534	1.56
Chicago	666	1.00	Los Angeles	697	1.00	Phila-delphia	920	0.87	North Central	697	0.93
	---	3.16		---	3.55		---	3.32		---	3.22
	---	906		---	918		---	930		---	944
07	1476	1.63	19	1656	1.41	31	1476	1.39	45	1476	1.56
Cincinnati	666	0.91	Louisville	753	0.91	Pitts-burgh	666	0.87	Mid-east	666	1.03
	---	3.16		---	3.16		---	3.55		---	3.28
	---	907		---	919		---	931		---	945
08	1476	1.63	20	1534	2.00	32	1476	1.66	46	1656	2.07
Cleveland	666	0.91	Memphis	697	1.00	Portland	666	0.84	Gulf	753	1.00
	---	3.16		---	3.37		---	3.55		---	3.46
	---	908		---	920		---	932		---	946
09	1476	2.63	21	2026	1.53	33	2026	1.60	47	1476	1.51
Dallas Fort Worth	666	1.23	Miami	920	0.98	Richmond	920	0.95	South East	666	0.96
	---	3.70		---	3.90		---	3.17		---	3.75
	---	909		---	921		---	933		---	947
10	1656	1.83	22	1476	1.43	34	1476	1.94	48	1656	1.59
Denver	753	1.01	Milwau-kee	666	0.90	St. Louis	666	1.14	Eastern	753	0.89
	---	3.16		---	3.16		---	3.16		---	3.32
	---	910		---	922		---	934		---	948
11	1656	1.56	23	1476	1.69	35	1656	2.05	49	1476	1.60
Detroit	753	0.93	Minn-St. Paul	666	0.91	Salt Lake City	753	0.83	New England	666	0.90
	---	3.46		---	3.16		---	3.55		---	3.32
	---	911		---	923		---	935		---	949
12	2026	1.51	24	1476	1.74	36	2026	1.73			
Hartford	920	0.91	Nashville	666	1.17	San. Fran	920	0.90			
	---	3.32		---	3.37		---	3.55			
	---	912		---	924		---	936			



NATALIE A. HUBLEY
PRESIDENT

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RECORDS OF MEETING

MAIP STEERING COMMITTEE – APRIL 23, 2019

Members Present

Mr. John Kelly – Chair
Mr. Allen Chaves
Mr. Joshua Damico
Ms. Jean Downey
Mr. Brian Lam⁽¹⁾
Mr. John Olivieri, Jr.
Mr. Henry Risman
Mr. Barry Tagen
Mr. Christopher Taylor
Ms. Marie-Armel Theodat
Mr. Mark Winiker

MAPFRE U.S.A. Corporation
Arbella Insurance Group
GEICO
The Norfolk & Dedham Group
Safety Insurance Company
J.K. Olivieri Insurance Agency, Inc.
Risman Insurance Agency, Inc.
Pilgrim Insurance Company
The Hanover Insurance Company
R. Theodat Insurance Agency, Inc.
A-Affordable Insurance Agency, Inc.

Substituted for:

⁽¹⁾Ms. Elizabeth Brodeur

Not in Attendance:

N/A

18.01 Records of Meeting

The Committee unanimously voted to approve the Records of the MAIP Steering Committee meeting of January 11, 2018. The Records have been distributed and are on file.

19.04 Updates to the MAIP Rules and Procedures Manual

The MAIP Steering Committee is being requested to assure that the Rules and procedures presently in place in the MAIP manuals are in accordance with current practices. Ms. Marian Adgate stated that CAR staff has reviewed Rules 21 through 40 of CAR's Rules of Operation in their entirety and has updated the Rules to reflect current practices, eliminate obsolete procedures and date references, and provide a general clean-up of language. She identified the more significant Rule modifications made, including the elimination of references to the phase-in of and transition to the MAIP, and all references to Clean-in-Three Risks. She noted the majority of the redlined changes are editorial in nature.

Mr. John Kelly expressed concern that current Rule language may not be consistent with Division of Insurance bulletins issued relative to the requirements and procedures for group marketing plans and requested staff to further review that bulletin in conjunction with Rule 26 – Policyholder Rights and Responsibilities as it pertains to insurance obtained through a group marketing plan and eligibility for MAIP coverage. The Committee agreed to postpone voting on CAR’s proposed Rule modifications until the next meeting in order for staff to review those Rule references and to further clarify language, if necessary, with an anticipated recommendation provided to the Governing Committee at its June meeting.

Ms. Adgate further indicated that staff will next review and propose updates to the Assigned Risk Company Procedures and Assigned Risk Producer Procedures Manuals, with the anticipation of a recommendation to the Governing Committee at its September meeting.

19.05 Updates to Private Passenger Residual Market Rating Manual

Ms. Wendy Browne identified potential modifications to the Private Passenger Residual Market Rating Manual. She requested that the Committee consider whether on a renewal policy, the timeframe for an insurer to provide the coverage selections page to the insured should be amended from “not less than thirty days” to “not less than twenty days” prior to policy expiration. Members agreed that twenty days is reasonable as it is in line with current industry standards and therefore the Committee unanimously approved a motion to recommend to the Governing Committee that Rule 4 – Standard Procedures be updated accordingly.

Ms. Browne also requested the Committee to consider whether the reference to the issuance of policies with terms of less than one year should be eliminated from Rule 7 – Policy Period. Currently, the Rule states that at the option of the insured, policies insuring motorcycles, trailers and other recreational-type vehicles may be issued for a period of less than one year with policy expiration coterminous with the registration. Members stated that in most cases the policy and registration expiration dates do not match, and therefore changing the Rule would have little impact. The Committee agreed that policies assigned through MAIP should be set at a standard one year term and unanimously approved a motion to recommend to the Governing Committee that Rule 7 be amended accordingly.

Relative to the assignment of operators to vehicles, Ms. Browne requested the Committee to consider the elimination of the exception for active military service and classification requirements of private passenger automobiles owned by the clergy. Committee members agreed that no unique processing exists when an operator in active military service is listed on a policy, as companies typically just exclude the driver from the policy. However, the Committee discussed several noted concerns including, the method for obtaining a signature on the exclusion form from a deployed individual, how the exclusion would work if the individual is the only operator on the policy, and the repercussions relative to cancelling a policy in the situation where a lienholder exists. The Committee recommended that staff enhance the language in Rule 28 – Assignment of Operators to be more reflective of how companies manage this type of situation and to address other noted concerns, with specific reference to the exclusion form and under what circumstances it may apply.

The Committee further discussed the requirements for automobiles owned by clergy. Members agreed that in the assignment process, these operators are currently not treated any differently than other operators on the policy and the Committee unanimously approved a motion to recommend to the Governing Committee that Rule 28 be amended to eliminate the reference to clergy use. Finally, the Committee agreed that Rule 31 – Transportation of Fellow Employees should be maintained as it specifies the distinction between personal and commercial policies, and currently the Rule is not presenting any issues.

The Committee agreed that all recommended Rule amendments should be incorporated with the next private passenger rate and manual filing.

19.06 MAIP Compliance System

Mr. Richard Dalton provided the Committee with an historical overview of the MAIP Compliance Program, including CAR's procedures for the review of submitted ARC violations and ARP complaints and the disciplinary action to be taken for non-compliance. He also reviewed the data exhibits identifying historical complaint and violation activity experienced since the inception of MAIP, that were provided to the Committee with the Additional Information Notice.

The Committee's discussion focused on the violation types relating to payment issuance complaints, including the failure to remit payment on a timely basis, and the failure to return unearned commission. Several producers noted that while adherence to the Rule requirements with respect to payment submissions must be maintained, it might be helpful and more productive if, prior to the filing of a formal violation, companies would first make an effort to contact the agency in an attempt to resolve the situation. Additionally, members discussed the ability of carriers to offer agents the opportunity for electronic transmission of payments and agreed that this feature may improve the efficiency of payment transfers and eliminate many of the concerns raised.

Accordingly, the Committee requested staff to review the rules regarding payments and agreed to continue its discussions on allowing the transfer and receipt of electronic payments from agent offices at its next meeting.

19.07 Commissions Owed by Assigned Risk Producers

In order to reduce the amount of owed premium and/or commissions that can accumulate from an Assigned Risk Producer, the Committee was requested to consider potential alternative payment options. The Committee agreed to table discussion on this topic until after its deliberations relative to the use of electronic transmission opportunities.

19.08 MAIP Policy Application System

Ms. Browne informed the Committee that the Registry has implemented the Operator phase of its new ATLAS system. As a result of the system's available opportunities, CAR is proposing to update the MAIP Policy Application System to access Registry data in order to improve the accuracy of operator information in the MAIP Policy Application System, and to increase efficiency in obtaining this information. It is anticipated that upon input of operator(s) license number and state information into the MAIP Policy Application System, the application will access Registry operator data, and operator information and experience will be pre-filled. The Committee agreed that this would be a worthwhile endeavor.

To assist CAR in the implementation of this system enhancement, Ms. Browne requested the Committee to consider several specifics. In the situation where the prefill does not return a match based upon the license number, such as when the operator's license state is not Massachusetts or the system is unavailable, the producer will be prompted to input operator information manually. The Committee agreed that companies should be notified when the initial prefill has been unsuccessful.

Additionally, the Committee discussed whether the producer should be able to update the prefill directly or, alternatively, provide a note to the company in the comment section of the application. The Committee expressed concern relative to overwriting Registry information, as CAR audits Company reported data against Registry data. Accordingly, staff was requested to review each field of the prefill and provide a recommendation relative to each for the Committee's next meeting.

Finally, Ms. Browne questioned the Committee regarding out-of-state driving history, which is not available at the Massachusetts Registry. If the agent is able to obtain out-of-state information, CAR would need to develop a method for providing the history to companies. Staff agreed to provide more information on this topic at a future meeting.

Ms. Browne noted that implementation of these enhancement in the policy application system would be in early 2020, after the second phase of the ATLAS system has been implemented and evaluated.

MARIAN ADGATE
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Boston, Massachusetts
May 15, 2019



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RECORDS OF MEETING

REINSURANCE COMMITTEE – MAY 16, 2019

Members Present

Mr. James Hyatt – Chair
Mr. Douglas Briggs
Ms. Kellie Thibodeau

Arbella Insurance Group
Quincy Mutual Group
The Hanover Insurance Company

Substituted for:
N/A

Not in Attendance:
N/A

19.04 Commercial Residual Market Reinsurance Arrangement

The Chair, Mr. James Hyatt, opened the meeting with remarks on the initial direction of the Committee. He advised that the Committee is tasked with investigating the feasibility of entering into a reinsurance treaty for CAR as a temporary solution to address the growing commercial deficit while measures are implemented to improve consistency of procedures among Servicing Carriers, strengthen program oversight, and achieve rate adequacy. He also suggested that the Committee may consider whether a longer term relationship may be beneficial to protect the pool against large loss activity that is difficult to address with pricing alone. According to his preliminary research, Mr. Hyatt advised that only one state, Maryland, has employed a reinsurance arrangement for its automobile residual market, and that North Carolina had considered but rejected such an approach. Further, he noted that he has reached out to a couple of reinsurance brokers to inquire as to the information that may be required to design a program.

The Committee considered the general idea of a reinsurance arrangement, recognizing that with the current level of rate inadequacy and the continued growth in the size of the residual market, it may be difficult to find a cost effective solution. However, the Committee also noted that efforts have been put in place over the past year to improve the financial results in the commercial residual market. The reinsurer should be made aware of these specific efforts and the areas where improvement is expected, even if the current data is not yet reflective of these enhancements. The Committee also felt that a broader slice of the program may be more attractive to potential reinsurers, rather than focusing on only the vehicle types with the worst results.

Mr. Hyatt recommended reviewing the current residual market data by segment and by class to identify areas on which to concentrate in order to challenge brokers and their actuaries to define options for a reinsurance treaty. Staff presented several exhibits reflecting results by vehicle type, including underwriting results, cession rates, severity and frequency, and loss ratio. Staff advised that the data presented reflects reported statistics, and does not project results to ultimate. Using these exhibits, the Committee identified a number of vehicle types generating the worst results over the past several years.

These vehicle types included Zone Rated Buses and TTTs, Commercial Buses, Limousines – Fleet, PPT Non-Fleet, and Non-Owned.

After discussion, the Committee requested additional information for review at its next meeting including:

- On-level underwriting results, loss frequency and severity, where premiums and losses are projected and trended consistent with pricing methodologies
- Large loss exhibit by vehicle type
- Underwriting results exhibit updated to remove large losses
- Claim count triangles for large losses
- Description of the data exhibits requested by the broker

The Committee noted that other issues to consider will include limitations, if any, on incorporating reinsurance costs into the residual market rates, as well as financial reporting, and deficit sharing. The Committee agreed to meet again prior to the September Governing Committee meeting to continue discussion and review the additional data exhibits.

Shannon Chiu
Actuarial/Statistical Analyst

Boston, Massachusetts
June 6, 2019