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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
Corporate Documentation Specialist

Boston, Massachusetts
May 15, 2019

ATTACHMENT LISTING

Docket #MSC19.02, Exhibit #1

Attendance Listing

