



NATALIE A. HUBLEY  
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110  
www.commauto.com 617-338-4000

## **ADDITIONAL INFORMATION**

### **TO MEMBERS OF THE COMMERCIAL AUTOMOBILE RESIDUAL MARKET STANDARDS SUBCOMMITTEE**

#### **FOR THE MEETING OF:**

**Tuesday, August 14, 2018 at 10:30 a.m.**

#### **CRMS**

##### **18.04 Commercial Residual Market Issues**

Attached is an updated status report of the Subcommittee's current efforts. Additionally, attached are modifications to Chapter V – Premium of the Manual of Administrative Procedures to reflect certification forms and endorsements recently placed on file by the Division of Insurance. (Docket #CRMS18.04, Exhibits #9 and #10)

#### **CRMS**

##### **18.08 Standards for Validating Non-Fleet Private Passenger Type Risks**

To assist the Subcommittee in its continued discussion relative to foreign licensing requirements, attached is eligibility information from the New Jersey Commercial Automobile Insurance Plan. (Docket #CRMS18.08, Exhibit #5)

#### **CRMS**

##### **18.09 Producer Requirements**

To assist the Subcommittee in its discussion relative to the development of a market need concept for new commercial residual market Exclusive Representative Producer appointments, attached is a description of the criteria used under the private passenger pooling mechanism. Also included is demographic data with respect to the availability of market access by class and territory. (Docket #CRMS18.09, Exhibits #5 and #6)

Finally, staff has updated the application for producer appointment/certification, based upon discussion at the last Subcommittee meeting. (Docket #18.09, Exhibit #7)

**CRMS**

**18.12 Radius of Operation and Rating Territory**

Attached are exhibits to assist the Subcommittee in its continued discussions relative to enhancing consistency in the determination of radius of operation and rating territory for public automobiles. These include:

- The submission previously provided by Pilgrim Insurance Company relative to the determination of rating territory by garaging or operation depending upon vehicle use classification. The Subcommittee should be prepared to discuss each use class to finalize a recommended rating territory definition for each. (Docket #CRMS18.12, Exhibit #3)
- Proposed amendments to Rule 72 – Public Automobile Classifications of the Commercial Automobile Insurance Manual, updated to reflect the determination of rating territory for non-zone rated automobiles according to Pilgrim’s suggestions. (Docket #CRMS18.12, Exhibit #4)
- Pages from the Zone Rating Table section of the Commercial Automobile Insurance Manual. Staff will review these pages in the context of the example that has been added to Section C.1. of Rule 72 relative to the determination of zone combination. (Docket #CRMS18.12, Exhibit #5)

**CRMS**

**18.13 Review of Coverage Limits**

To assist the Subcommittee in its continued discussions relative to coverage limits, attached is a summary of prior committee discussions relative to cedeable coverage limits available in Massachusetts. (Docket #CRMS18.13, Exhibit #3)

WENDY BROWNE  
Vice President – Business Operations

Attachments

Boston, Massachusetts  
August 9, 2018

## Commonwealth Automobile Reinsurers

### Commercial Automobile Residual Market Standards Subcommittee

#### Commercial Residual Market Issues – Status as of August 9, 2018

The Subcommittee has compiled and prioritized a list of issues identified in its deliberations for continued discussion. The Subcommittee will formulate recommendations to the Commercial Automobile Committee for each item.

#### 1. Standards for Determining and Substantiating Principal Place of Business

The changes to Rule 2 – Definitions, to include the nerve center test, were approved by the Division of Insurance on March 29, 2018. At the May 9, 2018 meeting, the Subcommittee voted to recommend approval of the standards, including the certification form, for use by the Servicing Carriers and Exclusive Representative Producers in determining and substantiating Principal Place of Business.

**STATUS:** The Commercial Automobile and Governing Committees approved the recommendations of the Subcommittee at the June 2018 meetings. The Certification Form has been placed on file by the Division of Insurance and the Standards were published to the industry in Bulletin No. 1055.

#### 2. Non-Fleet Private Passenger Types

The Subcommittee has discussed difficulties in confirming eligibility for risks classified as non-fleet private passenger types. At the May 30, 2018 meeting, the Subcommittee voted to recommend approval of standards, including a certification form, an operator exclusion endorsement, and proposed changes to the rating manual for use by the Servicing Carriers and Exclusive Representative Producers in verifying eligibility for these risks.

**STATUS:** The Commercial Automobile and Governing Committees approved the recommendations of the Subcommittee at the June 2018 meetings. The Certification Form, Endorsement and Rating Rule change have been placed on file by the Division of Insurance and the Standards were published to the industry in Bulletin No. 1058. Additionally, at the August 14, 2018 meeting, the Subcommittee will review updates to Chapter V – Premium of the Manual of Administrative Procedures to reflect the inclusion of the new certification and operator exclusion endorsement forms.

The Subcommittee will continue its discussions relative to the eligibility of operators with foreign licenses. Information from another state's plan addressing this issue is included with the Additional Information.

#### 3. Producer Requirements

At the May 2018 meetings, the Subcommittee discussed potential changes to the requirements for Exclusive Representative Producers. The Subcommittee initially recommended changes to the experience requirements, but indicated that it will continue its review of other areas of concern.

**STATUS:** Proposed changes to Rule 14 – Exclusive Representative Producer Requirements that reflect updated requirements relative to prior work experience as well as requirements related to certification forms were approved by the Commercial Auto and Governing Committees at the June

2018 meetings. The proposed changes were approved by the Division of Insurance, and published to the industry in Bulletin No. 1057. The Subcommittee will continue its discussions of additional potential enhancements to the existing requirements at the meeting, including the option of the development of a market need concept for new appointments.

#### 4. Program Oversight and Auditing

At its March 29, 2018 meeting, the Subcommittee recommended approval of CAR's Focus Audit plan that will gather information to assist in the development of underwriting standards for use by Servicing Carriers to determine eligibility, classification, and rating of commercial residual market risks. This was approved by the Commercial Automobile and Governing Committees at the April 2018 meetings.

**STATUS:** CAR had distributed the sample of policies to be reviewed to each Servicing Carrier in late May and the audit process is currently underway. The review of policy information for all four Servicing Carriers is expected to progress throughout the summer. Upon completion, the results of the focus audit will be provided to the Commercial Program Oversight and Compliance and Operations Committees.

#### 5. Radius of Operation and Rating Territory

The Subcommittee noted that the determination of radius of operation for truck and bus classes is not consistent. Pursuant to Rules 52 and 72 of CAR's Commercial Automobile Manual, radius for trucks is determined using the street address of principal garaging, and for buses using the motor vehicle's registration.

Furthermore, the Subcommittee noted that language in Rule 72.C.2. defining the determination of non-zone rated risks could be clarified to enhance consistency among Servicing Carriers.

**STATUS:** Staff will distribute updated changes to the proposed language in Rule 72 to ensure consistency in determining radius of operation and to better define the process for determining rating territory.

#### 6. Information Sharing

The Subcommittee has discussed opportunities to share information that may not be proprietary in nature or in conflict with statute and/or regulation, but that would be beneficial to the administration of the program, particularly as related to declinations, non-renewal, and cancellation for ineligibility. Staff had proposed developing a web-based online system for this function, which was unanimously accepted by the Subcommittee at its May 9, 2018 meeting.

**STATUS:** The Commercial Automobile and Governing Committees approved the recommendation to develop the Ineligible Risk Database at the June 2018 meetings. Proposed changes to Chapter III - Servicing Carrier Responsibilities of the Manual of Administrative Procedures were also approved at the same time. Staff has begun developing the new system and anticipates an October implementation date. Detailed reporting instructions will be published in a Bulletin in conjunction with the implementation.

## 7. Covered Automobiles

At the May 2018 meetings, the Subcommittee approved a proposal to limit ceded risks to policies written on a specified car basis only, including modifications to the Rules of Operations, the Commercial Automobile Insurance Manual and the Manual of Administrative Procedures.

**STATUS:** The Commercial Automobile and Governing Committees accepted the recommendations at the June 2018 meetings. The proposed changes to the Rules of Operation were approved by the Division of Insurance and published to the industry in Bulletin No. 1056. Proposed changes to the Commercial Automobile Insurance Manual were filed and approved by the Division, and then published to the industry in Bulletin No. 1059. The corresponding updates to Chapter V – Premium of the Manual of Administrative Procedures was published to the industry via Bulletin No. 1060.

## 8. Review of Coverage Limits

At its June 2018 meeting, the Governing Committee requested that the Subcommittee revisit the issues related to the cedable limits available in Massachusetts.

**STATUS:** The Subcommittee will continue its discussions at the meeting. Previously, Staff had provided information relative to the limits available in other states. For this meeting, a chronology of prior committee discussions is included with the Additional Information.

## 9. Non-Ownership Liability Coverage

Staff has observed consistently high loss ratios for the non-ownership liability classifications. The Subcommittee will be asked to review different approaches to improve the residual market results for these risks at a future meeting.

## 10. Miscellaneous Risk Classification Issues

At a future meeting, the Subcommittee will discuss whether the language in the rating manual should be clarified to ensure consistency among Servicing Carriers in classification of risks. Examples raised to date include:

- Buses – Social Service vs. School vs. NOC
- Garage – Dealer Risk with some Repair vs. Repair Risk with some Dealer

## 11. Cancelled Risks being placed on other policies to avoid owed premium

At a future meeting, the Subcommittee should further discuss this issue to determine whether strengthened controls are feasible and beneficial to the residual market.

## 12. Supplemental Application

The Subcommittee has discussed the possibility of developing a supplemental application that will incorporate the different certifications, as well as address the need for any other necessary information not presently captured in the policy application. Accordingly, the Subcommittee will discuss at a future meeting, the need for a supplemental application after the various issues have been discussed and concluded.

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Non-cedeable coverages may also include but are not limited to the following:

Physical Damage only policies

Physical Damage on Repossessed Automobiles

Physical Damage on Non-Ownership or Hired Automobiles policy

7. Massachusetts Commercial Automobile Policy Forms, ~~and~~ Endorsements and Certifications

In addition to the cedeable coverage and limits outlined in Sections A.4., A.5., and A.6. of this Chapter, the following policy forms, endorsements and certifications are also cedeable for a commercial policy:

a. Massachusetts Garage Insurance Policy

(1) Policy Forms

Form Title	Form Number
Garage Declarations – Massachusetts	MM 00 94 10 06
Massachusetts Garage Insurance Policy	MM 00 95 10 11

(2) Garage Endorsements

Endorsement Title	Endorsement Number
Additional Insured – Municipalities	MM 25 98 09 98
Automobile Dealers – “Drive-Away” Collision or Limited Collision	CA 25 02 12 93
False Pretense Coverage	CA 25 03 03 06
Franchise Products Endorsement	MM 25 97 09 98
Garage Coverage Form – Other Than Covered Autos Exposure – Total Pollution Exclusion With a Building Heating Equipment Exception and a Hostile Fire Exception	CA 25 36 03 06
Garage Locations and Operations Medical Payments Coverage	CA 25 05 03 06
Locations and Operations Not Covered	CA 25 07 12 93
Named Driver Collision Coverage	CA 25 11 12 93
Pollution Liability – Broadened Coverage For Covered Autos	MM 25 96 10 06

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b. Massachusetts Commercial Automobile Insurance Policy

(1) Policy Forms

<b>Form Title</b>	<b>Form Number</b>
Business Auto Coverage Form	CA 00 01 03 06
Business Auto Declarations	CA DS 03 03 06
Common Policy Conditions	IL 00 17 11 98
Declarations – Massachusetts Business Auto Coverage Form	MM 00 97 10 06
Nuclear Energy Liability Exclusion Endorsement	IL 00 21 04 98
Truckers Coverage Form	CA 00 12 03 06
Truckers Declarations	CA DS 14 03 06
Truckers Declarations – Massachusetts	MM 00 96 10 06

(2) Special Types Endorsements

<b>Endorsement Title</b>	<b>Endorsement Number</b>
Additional Insured – Lessor of Leased Equipment	CA 20 47 07 97
Additional Insured – Owner of Leased Vehicle	MM 20 25 09 98
Driving Schools	CA 20 06 12 93
Emergency Vehicles – Volunteer Firefighters and Workers Injuries Excluded	CA 20 30 12 93
Farm Tractors and Farm Tractors Equipment	CA 20 08 12 93
Guest Occupants Exclusion	MM 20 06 09 98
Leasing or Rental Concerns – Contingent Coverage	CA 20 09 07 97
Leasing or Rental Concerns – Conversion, Embezzlement, or Secretion Coverage	CA 20 10 12 93
Leasing or Rental Concerns – Exclusion of Certain Leased Autos	CA 20 11 03 06
Leasing or Rental Concerns – Rent-it-There/Leave-it-Here Autos	CA 20 12 10 01
Leasing or Rental Concerns – Schedule of Limits for Owned Autos	CA 20 13 10 01
Leasing or Rental Concerns – Second Level Coverage	CA 20 14 07 97
Lessor – Additional Insured and Loss Payee - Massachusetts	MM 20 26 10 06
Mobile Equipment	MM 20 11 10 06
Mobile Home Contents Not Covered	CA 20 17 12 93
Physical Damage Coverage – Autos Held for Sale by Non-Dealers	MM 20 27 10 06

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(2) Special Types Endorsements (continued)

Endorsement Title	Endorsement Number
Professional Services Not Covered	CA 20 18 12 93
Registration Plates Not Issued for a Specific Auto	MM 20 10 01 04
Sound Receiving Equipment Coverage – Fire, Police and Emergency Vehicles	CA 20 02 12 93

(3) Truck, Tractor, Trailer Endorsements

Endorsement Title	Endorsement Number
Commercial Automobiles Equipped with Amusement Devices	MM 23 03 09 98
Coverage for Injury to Leased Workers	CA 23 25 07 97
Explosives	MM 23 04 09 98
Multi-Purpose Equipment	CA 23 03 12 93
Rolling Stores	CA 23 04 10 01
Trailer Interchange – Fire and Fire and Theft Coverage	CA 23 13 12 93
Truckers Endorsement	CA 23 20 03 06
Truckers – Excess Coverage for the Named Insured and Named Lessors for Leased Autos	CA 23 08 12 93
Truckers – Insurance for Non-Trucking Use	MM 23 07 09 98
Truckers – Uniform Intermodal Interchange Endorsement (Form UIIE-1)	CA 23 17 03 06
Truckers – Named Lessee as Insured	CA 23 12 12 93
Wrong Delivery of Liquid Products	CA 23 05 12 93

(4) Public Transportation Endorsements

Endorsement Title	Endorsement Number
Public Transportation Autos	CA 24 02 12 93

(5) Common Coverages Endorsements

Endorsement Title	Endorsement Number
Additional Insured	MM 99 50 09 98
Agreed Value Insurance	MM 99 66 09 98
Auto Medical Payments Coverage	MM 99 13 10 06



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(5) Common Coverages Endorsements (continued)

<b>Endorsement Title</b>	<b>Endorsement Number</b>
Audio, Visual and Data Electronic Equipment Coverage	CA 99 60 03 06
Covered Auto Designation Symbol	CA 99 54 07 97
Drive Other Car Coverage – Broadened Coverage for Named Individuals	MM 99 22 09 98
Employees as Insureds	CA 99 33 02 99
Employee as Lessor	CA 99 47 07 97
Fire, Fire and Theft, Fire, Theft and Windstorm and Limited Specified Causes of Loss Coverages	MM 99 47 09 98
Garagekeepers Coverage	CA 99 37 03 06
Garagekeepers Coverage – Customers’ Sound Receiving Equipment	CA 99 59 03 06
Glass Breakage – \$100 Deductible	MM 99 51 09 98
Hired Autos Specified as Covered Autos You Own	CA 99 16 12 93
Individual Named Insured	CA 99 17 10 01
Liability Insurance – Deductible	MM 99 19 09 98
Limited Collision Coverage	MM 99 16 09 98
Loss of Use / Rental Reimbursement Coverage	MM 99 39 09 98
Loss Payable Clause – Audio, Visual and Data Electronic Equipment	CA 99 61 12 93
Massachusetts Changes	MM 99 67 09 98
Massachusetts Mandatory Endorsement	MM 99 11 10 11
<u>Operator Exclusion</u>	<u>CR 99 01 08 18</u>
Personal Injury Protection Coverage	MM 99 35 09 98
Pollution Liability – Broadened Coverage for Covered Autos	MM 99 55 10 06
Premium Adjustment and Coverage Endorsement - Massachusetts	MM 99 68 09 98
Rate Modification	MM 99 23 09 98
Restriction of PIP for Employers Subject to the Massachusetts Workers’ Compensation Act	MM 99 20 09 98
Social Service Agencies – Volunteers as Insureds	CA 99 34 12 93
Split Liability Limits - Massachusetts	MM 99 18 09 98
Stated Amount Insurance - Massachusetts	MM 99 56 09 02
Underinsured Motorists Coverage - Massachusetts	MM 99 54 09 98
Uninsured Motorists Coverage - Massachusetts	MM 99 28 09 98
Waiver of Deductible	MM 99 17 09 98

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(6) Certifications

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

**B. Premium Reporting**

1. General

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

2. Reporting Policies with Non-Cedeable Limits or Coverages

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

3. Monitoring the Reporting of Premium

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

4. Mid-Term Cession of a Policy to CAR

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

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year (e.g. data for a policy effective 12/31/03 is reported as policy year 2003 even though the policy is in effect for most of calendar year 2004.

- X. "Private passenger automobile" means a vehicle that meets the definition in N.J.S.A. 39:6A-2a, that is not eligible for coverage through any voluntary or residual market mechanism created by statute, and is owned by an individual; or a married couple, or a civil union couple; or owned jointly by two or more relatives other than a married couple, or a civil union couple; or owned jointly by two or more resident individuals; or owned by a corporation, partnership, or unincorporated association governmental agency; or registered to a professional designation (that is, T/A, PA, or PC) where such automobiles are furnished to individuals and are not used for business purposes.
- Y. "Private passenger type automobile" means a vehicle that meets the definition in N.J.S.A. 39:6A-2a and is owned by a corporation, partnership, or any other entity except an individual, a married couple, or a civil union couple and used for business purposes.
- Z. "Producer" means any person or persons, corporation, or other legal entity licensed by the New Jersey Insurance Department to transact automobile insurance business in this state.
- AA. "Qualified applicant" means the owner or registrant of a motor vehicle registered in New Jersey or to be registered within 60 days who is unable to obtain automobile insurance in New Jersey in the voluntary market and is not in good faith qualified for automobile insurance coverage in any residual market mechanism created by statute other than the CAIP. For multistate operations, the applicant must have its operating headquarters in New Jersey but vehicles may be registered in other states. No applicant shall be deemed qualified if the principal operator of the vehicle to be insured does not hold a driver's license which is valid in New Jersey, or if a regular operator of the vehicle other than the principal operator does not hold such a license.
- BB. "Resident", for the purpose of this Plan, is defined as a person who resides in the state and has made their primary residence within the state.
- CC. "Subsidiary" means an affiliate controlled directly or indirectly by a certified producer.
- DD. "Voluntary All Other Automobile Direct Written premiums" means automobile liability, personal injury protection, and physical damage premiums written by a participant on New Jersey risks, minus
1. CAIP direct written premiums included in the figures which the participant wrote as a servicing carrier for CAIP;
  2. any direct written premiums included in the figures from insureds who are qualified applicants for any residual market mechanism created by statute other than the CAIP;
  3. any reinsurance premiums assumed from other insurers included in the figures;
  4. any premiums for death and disability coverage included in the figures;
  5. private passenger nonfleet automobile bodily injury and property damage liability, medical payments, basic and additional personal injury protection, and

uninsured and underinsured motorists voluntary premium;

6. miscellaneous nonfleet personal automobile bodily injury and property damage liability premiums for any class approved by the Insurance Department as specified in the plan of operation; and
7. taxi bodily injury, property damage liability, uninsured and underinsured motorists and physical damage premiums.

### **Article 3. QUALIFICATION**

#### **A. Qualified Applicant**

1. As a prerequisite for insurance from CAIP, an applicant must attempt, within 60 days prior to the date of application, to obtain automobile insurance in New Jersey, and be unable to obtain such insurance. The applicant must certify, in the application form prescribed by CAIP, that the applicant has attempted, but has been unable to obtain automobile insurance in New Jersey through the voluntary market.

An applicant so certifying shall be considered for assignment upon making application in good faith to the CAIP. An applicant shall be considered in good faith if he or she reports all information of a material nature and does not willfully make incorrect or misleading statements of a material nature in the prescribed application form approved by the Commissioner.

2. The Plan shall be available to an applicant who is domiciled in New Jersey. A qualified applicant must be the owner of an automobile registered or to be registered within 60 days of the effective date of coverage.
3. The Plan shall be available to members of the United States military forces and their families in accordance with state law if, at the time of application, the member
  - a. has an automobile garaged in this state, or
  - b. is a resident of this state, licensed in this state, and whose automobile is registered in this state
4. The Plan shall be available to a resident student attending school in another state who holds a valid New Jersey driver's license whose automobile is registered in this state and garaged in another state.

5. Foreign drivers may be eligible for Plan coverage for one year in New Jersey with a valid foreign driver's license and a valid International Driving Permit or other acceptable English translation of the foreign license before obtaining a New Jersey driver's license. An International Driver's License is not considered a valid driver's license and will not be accepted as a valid form of license.

The applicant, any licensed members of the named insured's household and/or any other licensed individuals who regularly operate the insured vehicle who are from outside the United States must provide the following with the application:

- a. A copy of a valid driver's license from the country of origin and their International Driving Permit or other acceptable English translation of

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the foreign license issued in the country of origin, and

- b. A copy of one of the following documents:
- (1) a valid passport from the country of origin
  - (2) a valid alien registration receipt card (green card)
  - (3) a valid employment authorization card issued by the United States Department of Homeland Security
  - (4) valid proof of nonimmigrant classification provided by the United States Department of Homeland Security

An application submitted without the above documentation shall be considered incomplete and is subject to the procedures in Article 9.F. In addition, any policy change request to add an additional operator who is from outside the United States must also be accompanied by the documentation required in Article 3.A.5.a and b above.

For the purposes of the above procedure, the following definitions shall apply:

“Foreign driver’s license” – A valid driver’s license obtained in the driver’s home country. A valid foreign driver’s license may be used for up to one year in the United States if the country of origin is a party to various international treaties concerning permission to drive motor vehicles. Most foreign driver’s licenses honored in the United States are party to either the Convention on Motor Traffic (Paris, 24 April 1926), the United Nations Convention on Road Traffic (Geneva, 1949), the Convention on Regulation of the Inter-American Motor Vehicle Traffic (Washington, DC 1943), or the Convention on Road Traffic (Vienna 1968).

“International Driving Permit” – 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 1926, 1943, 1949, or 1968 Conventions. It is a translation of the foreign driver’s license into ten languages, including English. It is not sufficient authorization to drive without the actual foreign driver’s license.

“International Driver’s License” – 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 licenses; and (3) can be used as a photo ID in the United States.

**B. Unqualified Applicant**

1. An applicant shall not be entitled to automobile insurance nor shall any servicing carrier be required to afford insurance under the following circumstances, except as provided in Article 17 of the Plan:
  - a. if the principal operator of the automobile to be insured does not hold an operator’s license which is valid in this state, or is not eligible to obtain an operator’s license that is considered

valid under New Jersey law; or if a regular operator of the automobile other than the principal operator does not hold such a license;

- b. if at the time of application the named insured, or any person who usually drives the motor vehicle, holds a valid operator’s license from a state other than New Jersey, and the named insured or any person who usually drives the motor vehicle fails to obtain a New Jersey license in accordance with the standards of the New Jersey Division of Motor Vehicle Services within 60 days of the effective date of the application;

**Exception:** This requirement does not apply to anyone who usually drives a motor vehicle owned by a named insured if said person can demonstrate that he or she is employed by a named insured domiciled in New Jersey but resides in another state which has issued him or her a valid license.

- c. if the applicant is a natural person not engaged in a business, and the applicant or any resident in the household who usually drives the motor vehicle fails to meet all obligations to pay any servicing carrier any Automobile Insurance Plan premium;
  - d. if the applicant is other than a natural person(s) or a person(s) engaged in a business, and the principal(s) with ownership interest in an entity or entities fails to meet all obligations to pay any servicing carrier any Automobile insurance Plan premium;
  - e. if the applicant has already been cancelled by a Plan servicing carrier as a result of being declared unqualified for coverage through the Plan (CAIP) and continues to be unqualified (see Article 9.B.8).
2. Each such denial of insurance as indicated above shall follow the procedures listed below:
    - a. Each denial of insurance shall be supported by a statement of facts to the applicant, the producer of record, and to the Commissioner of Banking and Insurance.
    - b. An applicant denied insurance under this Article may appeal such action to the Committee. Each denial of insurance shall contain or be accompanied by a statement that the prospective insured has a right of appeal to the Committee.
    - c. The Plan shall promptly notify the applicant, the producer, and the Commissioner of Banking and Insurance of the disposition of the appeal.
    - d. The action of the Committee may be appealed to the Commissioner of Banking and Insurance of the state.
  3. An applicant shall not be entitled to physical damage insurance nor shall any servicing carrier be required to afford or continue to afford physical damage insurance under the following circumstances:
    - a. if the applicant’s automobile is an antique automobile (25 or more years old), or

BULLETIN NO. 505

July 25, 1994

**REVISION TO THE DEFINITION OF  
MARKET NEED CRITERIA**

At its meeting of July 20, 1994 the Governing Committee voted to revise the criteria for market need relative to the appointment of newly emerging private passenger Exclusive Representative Producers. The following parameters have been included in the new criteria for market need and will be based upon industry data as published by C.A.R. on a quarterly basis.

An applicant will be addressing a market need, as referred to in Rule 14., A., 4, provided that applicant would be located and writing business in a city or town designated within a credit eligible territory and where:

- a. the average number of exposures per producer in that city or town is greater than the statewide average number of exposures per producer,

and

- b. the cession ratio for that city or town is greater than the statewide cession ratio,

and

- c. the number of exclusive representative producers in that city or town is greater than the number of voluntary agents.

Implementation of the above criteria will be effective for applications received by C.A.R. on and after September 1, 1994.

JOHN D. METCALFE

Administrative Manager

## **Commonwealth Automobile Reinsurers Commercial Automobile Agencies as of August 9, 2018**

**1,622** Total Commercial Writing Agencies

**1,325** Commercial Agencies with a Servicing Carrier Appointment (1,258 w a vol contract/ 67 w no vol contract)

**1,186** Commercial Agencies with a Servicing Carrier Appointment that have business in the residual market

**67** Commercial Agencies without any voluntary commercial contract

**51** Commercial Agencies without any voluntary commercial contract that have business in the residual market

## Commonwealth Automobile Reinsurers Policy Year 2017 Data Through March, 2018

### Total Market

<b>Class Type Group</b>	<b>Count of Producers</b>	<b>Written Premium</b>	<b>Average WP Per Producer</b>
Trucks, Tractors, Trailers	1,573	402,604,684	255,947
ZR Trucks, Tractors, Trailers	211	18,351,822	86,975
PPT Fleet	999	39,784,226	39,824
PPT Non-Fleet	1,480	71,971,949	48,630
Buses	601	68,534,896	114,035
Zone Rated Buses	42	9,703,177	231,028
Van Pools	78	919,853	11,793
Garages	862	39,524,428	45,852
Special Types/Motocycles	1,171	34,776,269	29,698
Non-Owned & Operations	1,522	130,838,204	85,965

<b>Primary Office Location (Territory)</b>	<b>Count of Producers</b>	<b>Written Premium</b>	<b>Average WP Per Producer</b>
01	7	997,862	142,552
02	3	210,110	70,037
03	3	68,427	22,809
04	3	434,896	144,965
05	24	2,411,445	100,477
06	2	42,891	21,446
07	64	41,593,535	649,899
08	16	10,201,309	637,582
09	4	587,495	146,874
10	4	848,063	212,016
11	102	48,341,513	473,936
12	99	38,519,227	389,083
13	112	40,524,919	361,830
14	119	54,323,620	456,501
15	110	65,179,089	592,537
16	165	90,517,446	548,591
17	204	115,486,483	566,110
18	262	109,761,837	418,938
19	107	39,006,944	364,551
20	64	17,493,325	273,333
99	148	140,459,072	949,048
<b>Grand Total</b>	<b>1,622</b>	<b>817,009,508</b>	<b>503,705</b>

Note: 1. Excludes Taxi, Limo and Car Service  
2. Excludes Producers with no premium

## Commonwealth Automobile Reinsurers Policy Year 2017 Data Through March, 2018 Ceded Market

<b>Class Type Group</b>	<b>Count of Producers</b>	<b>Written Premium</b>	<b>Average WP Per Producer</b>
Trucks, Tractors, Trailers	1,027	68,377,621	66,580
ZR Trucks, Tractors, Trailers	156	16,319,430	104,612
PPT Fleet	320	3,512,828	10,978
PPT Non-Fleet	821	19,480,888	23,728
Buses	478	33,581,829	70,255
Zone Rated Buses	40	9,409,765	235,244
Van Pools	57	741,193	13,003
Garages	541	10,201,132	18,856
Special Types/Motocycles	453	6,694,146	14,777
Non-Owned & Operations	1,048	3,702,455	3,533

<b>Primary Office Location (Territory)</b>	<b>Count of Producers</b>	<b>Written Premium</b>	<b>Average WP Per Producer</b>
01	7	312,675	44,668
02	3	92,499	30,833
03	2	36,758	18,379
04	2	317,897	158,949
05	16	1,377,969	86,123
06	1	3,323	3,323
07	38	13,938,499	366,803
08	16	8,245,613	515,351
09	4	474,054	118,514
10	3	199,594	66,531
11	85	8,594,850	101,116
12	73	8,357,542	114,487
13	91	9,562,974	105,088
14	97	10,980,543	113,201
15	84	8,892,063	105,858
16	122	20,143,406	165,110
17	172	29,463,800	171,301
18	211	28,027,533	132,832
19	79	9,644,205	122,079
20	55	7,040,920	128,017
99	25	6,314,570	252,583
<b>Grand Total</b>	<b>1,186</b>	<b>172,021,287</b>	<b>145,043</b>

Note: 1. Excludes Taxi, Limo and Car Service  
2. Excludes Producers with no premium



## Commonwealth Automobile Reinsurers Policy Year 2017 Written Premium Through March, 2018 Total Market

Primary Office Location (Territory)	Class Type Group										Total
	TTT	ZR TTT	PPT Fleet	PPT Non-Fleet	Buses	ZR Buses	Van Pools	Garages	Special Types & Motorcycles	Non-Owned & Operations	
01	555,407		83,731	155,705	105,330			56,936	20,176	20,577	997,862
02	109,595			39,536	8,739			21,630	28,429	2,181	210,110
03	50,800			2,801					14,676	150	68,427
04	310,348		7,129	50,453	20,746			32,543	11,783	1,894	434,896
05	1,196,575	62,276	44,478	284,251	549,664		56,628	80,839	105,213	31,521	2,411,445
06	12,918		14,046	2,059					13,654	214	42,891
07	13,222,265	153,798	1,802,211	4,468,998	2,241,873	2,336,658	177,773	518,697	898,237	15,773,025	41,593,535
08	2,365,384	1,404,200	158,986	1,537,751	4,299,990		3,046	133,826	174,236	123,890	10,201,309
09	122,031		8,251	75,425	337,220			27,404	13,225	3,939	587,495
10	498,544		39,654	156,053	18,505			16,308	107,106	11,893	848,063
11	27,349,436	785,890	1,924,482	4,199,036	3,758,388	49,898	19,420	1,516,683	5,315,661	3,422,619	48,341,513
12	24,083,856	417,696	1,511,132	2,895,231	2,630,530	173,888	15,378	2,579,103	1,753,171	2,459,242	38,519,227
13	24,283,269	597,091	2,365,864	3,860,529	2,247,020	973,242	37,938	2,299,985	1,970,115	1,889,866	40,524,919
14	28,402,924	3,283,115	2,154,895	3,788,103	1,944,222	340,385	142,022	2,761,793	1,742,600	9,763,561	54,323,620
15	39,422,310	857,705	3,830,499	5,130,281	1,583,642	115,818	49,616	1,578,735	1,732,289	10,878,194	65,179,089
16	40,421,611	2,146,467	3,734,246	8,890,485	5,595,069	1,892,097	45,863	4,199,017	2,701,075	20,891,516	90,517,446
17	59,607,875	2,195,627	5,761,037	10,959,257	12,203,970	3,088,876	38,854	5,504,061	3,740,986	12,385,940	115,486,483
18	61,741,310	3,727,371	6,092,346	12,102,637	6,174,368	317,618	127,718	6,814,635	5,193,126	7,470,708	109,761,837
19	20,580,166	255,346	2,166,123	5,131,930	3,588,042	75,942	34,096	2,075,988	1,382,918	3,716,393	39,006,944
20	10,540,543	199,602	608,436	2,670,930	816,558	293,315	83,204	796,160	1,071,160	413,417	17,493,325
99	47,727,517	2,265,638	7,476,680	5,570,498	20,411,020	45,440	88,297	8,510,085	6,786,433	41,577,464	140,459,072
<b>Total</b>	<b>402,604,684</b>	<b>18,351,822</b>	<b>39,784,226</b>	<b>71,971,949</b>	<b>68,534,896</b>	<b>9,703,177</b>	<b>919,853</b>	<b>39,524,428</b>	<b>34,776,269</b>	<b>130,838,204</b>	<b>817,009,508</b>

Note: 1. Excludes Taxi, Limo and Car Service  
2. Excludes Producers with no premium

**Commonwealth Automobile Reinsurers**  
**Policy Year 2017 Written Premium Through March, 2018**  
**Producers with No Voluntary Contracts**

No.	TTT	ZR TTT	PPT Fleet	PPT			Van Pools	Garages	Special Types & Motorcycles	Non-Owned & Operations	Grand Total
				Non-Fleet	Buses	ZR Buses					
1	198,796			21,198	17,141		429	3,244	476	241,284	
2	6,936		4,024	2,859	97,418		16,311		120	127,668	
3	1,521			124						1,645	
4	3,799			18,504			17,957		291	40,551	
5	470							1,354		1,824	
6	52,814			40,408	5,602				143	98,967	
7				12,729					552	13,281	
8	19,262		6,053	31,617	337,220		4,812		2,201	401,165	
9	34,321	5,831		15,871	8,652	108,499	25,890	76,391	34	275,489	
10	3,928			2,059					214	6,201	
11	8,056								886	8,942	
12	53,998			9,844	109,836				1,489	175,167	
13	430,937	4,327	2,530	561,217	1,805			143	932	1,001,891	
14	45,947	26,646		4,292	10,002	27,249		1,334	138	115,608	
15	40,841	272	6,445	77,720	335,849				3,326	464,453	
16	1,848			2,788	36,657		7,662			48,955	
17	54,110			2,577					955	57,642	
18	82,926			406,698	875		12,897	1,420		504,816	
19	7,250			4,112	20,175				1,066	32,603	
20		6,551		256					10	6,817	
21	6,195			18,546	9,909	3,046			844	38,540	
22	24,014		(208)	13,127	1,669					38,602	
23	4,961				19,562			1,692		26,215	
24	17,935		10,460	4,804					796	33,995	
25	47,786			29,882						77,668	
26	5,029								148	5,177	
27				5,783					208	5,991	
28	8,105			4,999			6,179	3,816	586	23,685	
29	21,924			161,298	8,696		5,484		6,704	204,106	
30	3,410									3,410	
31	90,882		111,683	26,998			7,917	652	1,131	239,263	
32	881,647		4,301	2,848,410				6,969	492	3,741,819	
33	116,423	7,706	6,061	14,758	21,818		8,633	1,122	4,075	180,596	
34	242,896	7,325		1,167,137	3,976			38	54	1,421,426	
35	4,467			1,579					368	6,414	
36								9,171		9,171	
37	15,416									15,416	
38	69,763			18,439					98	88,300	
39	42,558			8,484				230	1,970	53,242	
40	20,755			518						21,273	
41	51,984			1,243			10,677		466	64,370	
42	474,805		6,249	502,657				534	288	984,533	
43	295,131	211,359	5,680			115,818			208	628,196	
44	42,898			5,648	2,893				383	51,822	
45	216,800	129,610	2,426	518,397				42,665	112	910,010	
46	97,434								194	97,628	
47	952									952	
48				1,926				3,552	208	5,686	
49	29,593			4,607	48,874					83,074	
50					2,173					2,173	
51	58,864		454	4,202				4,189	1,239	68,948	
	3,940,387	399,627	166,158	6,578,315	1,100,802	251,566	21,003	106,891	158,516	33,405	12,756,670

**ADDITIONAL AGENCY OFFICE LOCATIONS (Same agency name)**

2. Street: \_\_\_\_\_ City/Town: \_\_\_\_\_ Zip: \_\_\_\_\_

Licensed Producer supervising this office location (name): \_\_\_\_\_

What are the procedures for review of residual market applications and submissions from this location? (check and respond):

\_\_\_ The above licensed producer is present daily, in this office location for contact and oversight of all insurance transactions and reviews all insurance transaction prior to binding and submission to companies.

\_\_\_ The above licensed producer may not be present in this office daily, however all insurance transactions are reviewed prior to binding and submission to companies and oversight of the submission of business is pursuant to and in compliance with all Massachusetts Division of Insurance licensing requirements. Please indicate the specific manner in which business is overseen by a licensed producer from this office location: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

3. Street: \_\_\_\_\_ City/Town: \_\_\_\_\_ Zip: \_\_\_\_\_

Licensed Producer supervising this office location (name): \_\_\_\_\_

What are the procedures for review of residual market applications and submissions from this location? (check and respond):

\_\_\_ The above licensed producer is present daily, in this office location for contact and oversight of all insurance transactions and reviews all insurance transaction prior to binding and submission to companies.

\_\_\_ The above licensed producer may not be present in this office daily, however all insurance transactions are reviewed prior to binding and submission to companies and oversight of the submission of business is pursuant to and in compliance with all Massachusetts Division of Insurance licensing requirements. Please indicate the specific manner in which business is overseen by a licensed producer from this office location: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

(If more than 3, additional office locations, information may be provided separately and submitted with the application)

## Public Transportation

- a. *Taxicab or Similar Passenger Carrying Service* – a metered or unmetered automobile with a seating capacity of eight or less that is operated for hire by or on behalf of the named insured or by an employee, but does not pick up, transport, or discharge passengers along a route.

**Suggestion:** Rate this risk based on **where it operates** as many taxi cabs have medallions to operate with in a specific city or town. For those that do not require a medallion, it is likely that the operation encompasses an area beyond the garaging location.

- b. *Limousine* – an unmarked luxury sedan with a seating capacity of eight or less that is operated for hire which
- (1) is hired on a prearranged hourly basis for weddings, funerals, religious ceremonies or other non-business social functions;
  - (2) is hired on an exclusive, dedicated basis for the duration of the event, not for drop-off and pick-up;
  - (3) is operated by the named insured, an employee, or an independent contractor of the named insured, in attendance as a chauffeur at the beginning and ending of the function.

**Suggestion:** Rate this risk based on **where it operates** as many limousines are hired for social functions and are driven to Boston and out-of-state, areas and roads that the driver may be unfamiliar with. They would be operating in those areas a disproportionate amount of the time.

- c. *Car Service* – an unmarked for hire automobile with a seating capacity of eight or less which
- (1) is hired on a prearranged basis;
  - (2) does not pick up hail fares on the street;
  - (3) does not contain a rate meter, and does not charge for services based upon miles traveled if the trip is less than 25 miles;
  - (4) operates on a scheduled business day, and is returned to the automobile's base of operation for a continuous period of at least four hours in each 24 hour period;
  - (5) is operated by the named insured, an employee, or an independent contractor of the named insured, in attendance as a chauffeur;
  - (6) operates from a base with two-way communication;
  - (7) primary payment method is by billing or credit card;
  - (8) may be under contract with a regional transit authority where transportation services are paid for by the individual requesting the services. For services contracted and paid for by a social service agency, classify the automobile in accordance with Section B.1.f.(7) of this Rule.

**Suggestion:** Rate this risk based on **where it operates** as many car service vehicles are hired for rides to airports either in Boston or out-of-state. They would be operating in those areas a large portion of the time.

- d. *School Bus* – an automobile that carries students or other persons to and from school, or in any school activity including games, outings and similar school trips. There are two types of school buses for rating purposes:

**Suggestion:** Rate this risk based on **where it is garaged**. School Buses operate within the school district for a few hours in the morning and a few hours in the afternoon. For the remainder of the day, they are parked, most likely at or near the home of the driver. In the summer months, they are, most likely, rarely used. It seems that the vehicle would be idle for the majority of time and therefore rating the vehicle based on where it operates for a few hours may not be the best choice.

- e. *Church Bus* – an automobile used by a church to transport persons to or from services and other church related activities. This classification does not apply to public automobiles used primarily for daily school activities.

**Suggestion:** Rate this risk based on **where it is garaged**. Church Buses generally operate on a limited basis, most likely in close proximity to the church. These types of risks do not even keep logs as they are not a vehicle for hire. When not being used to transport parishioners, they are generally idle or used as a PPT. Rating the vehicle based on where it operates when transporting parishioners to church or within the church community may not be the best choice.

- f. *Inter-City Bus* – an automobile that picks up and transports passengers on a published schedule of stops between stations located in two or more towns or cities.

**Suggestion:** Rate this risk based **on where it is garaged**. These buses are generally commuter buses on a set route that transport people from suburbs into an urban area. The time they spend in the urban area is generally limited to the time it takes to drop commuters off at the various bus stops and then return to either a parking lot or back to their place of garaging, depending on when the next scheduled run for that bus is. Because these risks travel on highways, they are passing through many communities and rating territories. It is impossible to determine what amount of time is spent in each rating territory but to rate them in the urban area that serves as the terminus for their commuter run, knowing they are in that area for a very limited time, does not seem to be the most practical choice.

- g. *Urban Bus* – an automobile that picks up, transports and discharges passengers at frequent local stops along a prescribed route. This classification applies only to automobiles operated principally within the limits of a city or town, and communities contiguous to such city or town, and includes scheduled express service between points on that route.

**Suggestion:** Rate this risk based on **where it operates** as urban buses, by definition, operate with a specified city or cities. This is most likely also the area where the vehicles are garaged.

- h. *Airport Bus or Airport Limousine* – an automobile for hire that transports passengers between airports and other passenger stations, or motels. Automobiles used to transport passengers from their home or place of employment to or from an airport should be classified according to Sections B.1.a.– c. of this Rule, as appropriate.

**Suggestion:** Rate this risk based on **where it operates** as, by definition, the purpose of these vehicles is transportation to airports in Boston and out-of-state. They would be operating in those areas a large amount of the time and their rating should reflect such.

- i. *Charter Bus* – an automobile chartered for special trips, touring, picnics, outings, games and similar uses.

**Suggestion:** Rate this risk based on **where it operates** as these risks generally travel long-distance (over 200 miles from the principal place of garaging) and are rated as such through their long-distance zone combination. Those that operate within 200 miles of their principal place of garaging should be rated the same way - based on the area of operation.

- j. *Sightseeing Bus* – an automobile accepting individual passengers for a fare for sightseeing or guided tours, making occasional stops at certain points of interest and returning the passengers to the point of origin.

**Suggestion:** Rate this risk based on **where it operates** as sightseeing buses, by definition, bring passengers to tourist spots in a specified city or cities. They would be operating in those areas a large portion of the time.

- k. *Transportation of Athletes and Entertainers* – an automobile owned by a group, firm or organization that transports its own professional athletes, musicians or other entertainers.

**Suggestion:** Rate this risk based on **where it operates** as there is no scheduled route and these vehicles could be travelling anywhere. Based on the unknown nature of where these vehicles travel, rating the risk based on the area operation seems to make the most sense.

- l. *Social Service Agency Automobile* – an automobile used by a government entity, civic, charitable or social service organization to provide transportation to clients incidental to the social services sponsored by the organization, including special trips and outings.

**Suggestion:** Rate this risk based **on where it is garaged**. These vehicles are generally PPTs that transport people within a 50 mile radius of where they are garaged. Even when they go to an urban area, the time they spend in the urban area is generally limited to the time it takes to drop their passengers off. Because these risks get assigned by a social service agency, they are passing through many communities and rating territories, generally within the area that they have designated. It is impossible to determine what amount of time is spent in each rating territory but to rate them in the urban area that they may occasionally travel through, to drop off a client given to them by the social service agency, seems unfair.

For those risks owned by the social service agency, they generally do not keep logs because these are not vehicles for hire. They generally operate within the area of their business and that is also where the vehicle is usually garaged.

- m. *Bus Not Otherwise Classified* – this classification includes, but is not limited to automobiles such as country club buses, cemetery buses, real estate development buses, and courtesy buses run by hotels.

**Suggestion:** Rate this risk based on **where it operates** as the risk itself has an uncommon operation and as such should be rated based on that operation, including the vehicles area of operation.

- n. *Van Pools* – an automobile of the station wagon, van, truck or bus type used to provide prearranged commuter transportation for employees to and from work and is not otherwise used to transport passengers for a charge.

**Suggestion:** Rate this risk based on **where it operates** as Van Pools are typically not operated by professional drivers, as with an *Inter-city Bus* and can pick up individuals at their homes, much like a *Car Service*. It is also likely that the operation encompasses an area far beyond the garaging location.

- o. *Transportation of Employees – Other Than Van Pools* – automobiles of any type used to transport employees other than as defined in Section B.1.g. of this Rule.

**Suggestion:** Rate this risk based on **where it operates**. It is likely that the operation encompasses an area far beyond the garaging location.

**Commercial Automobile Residual Market Standards Subcommittee  
CRMS18.12 – Radius of Operation and Rating Territory**

**Memorandum of Changes – August 14, 2018**

**Description:**

CAR staff is recommending modifications to the Commercial Automobile Insurance Manual to assure consistency in the determination of radius of operation and rating territory. The specific modifications are noted below.

**Section V – Public Transportation**

**Rule 72 – Public Automobile Classifications**

**Radius of Operation**

Section B.2., Radius Class, has been updated to indicate that radius of operation is determined on a straight line from the street address of the automobile's principal garaging.

Section C., Geographic Class, has been updated to include a reference to Rules 21 and 22 of the Manual which provide additional guidance for defining principal garaging.

Section C.1., Zone Rated Automobiles, has been updated to indicate that the automobile's principal garaging is used as the gateway for determining zone and zone combination. This Section has been updated to specifically indicate that if an automobile is garaged outside of Massachusetts, the applicable zone combination is zone 49 and the automobile's farthest zone of operation from that point. An example to represent this situation has also been added.

**Rating Territory**

Section C.2., Non-Zone Rated Automobiles, has been updated to reflect that rating territory for specific classifications is determined based on the automobile's principal garaging and for the remainder of the public classifications, rating territory is determined based upon the automobile's operation. The language specifies that a rating territory other than the highest rated territory through or in which the public automobile operates will be assigned if the risk is able to provide credible documentation that 80% or more of the automobile's operation is in a single lower rated territory.

Note also that minor editorial updates to these Sections have been made as needed.



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**Section V** | **Public Transportation**  
**Effective Date** | **2018.02.01**  
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**RULE 71. ELIGIBILITY**

This section applies to automobiles registered or used for the transportation of members of the public.

**RULE 72. PUBLIC AUTOMOBILE CLASSIFICATIONS**

If an automobile has more than one use, use the highest rated classification unless 80% or more of the use is in a single lower rated activity. In that case, use the lower rated classification.

Classify public automobiles as follows:

A. Fleet and Non-Fleet Classifications

1. Fleet Classification

Any risk that has five or more self-propelled automobiles of any type that are under one ownership. For the purpose of assigning this classification, do not include:

- a. automobiles owned by allied or subsidiary interests unless the insured holds a majority financial interest
- b. mobile equipment insured on a General Liability Policy
- c. trailers

2. Non-Fleet Classification

Automobiles for risks that do not qualify for a fleet classification.

Do not change the fleet or non-fleet classification because of mid-term changes in the number of owned automobiles except at the request of the insured. The policy must be cancelled in accordance with Rule 9 – Cancellation in Section I – General Rules of this Manual and rewritten as of the effective date of the cancellation.

B. Primary Classifications

The primary classification codes assigned to public vehicles are determined based upon the automobile's use and radius class with the exception of van pools which use seating capacity in determining classification. Refer to the Public Transportation Classification Codes and Primary Rating Factors table in the Rate Section.

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1. Use Class

- a. *Taxicab or Similar Passenger Carrying Service* – a metered or unmetered automobile with a seating capacity of eight or less that is operated for hire by or on behalf of the named insured or by an employee, but does not pick up, transport, or discharge passengers along a route.

(1) Owner-Operator

This classification shall apply to individual owners of single taxicabs operated by the individual owner or spouse. It shall also apply to individuals owning under a corporate name a single taxicab operated by such individual or spouse.

(2) Rented or Leased Taxi

A taxi which is not operated by the named insured or an employee of the named insured in attendance as a chauffeur, and is rented or leased to others on a long term or short term agreement, or on a time, commission, profit-sharing, or other independent contractor basis.

If such automobile is operated part of the time by the named insured or an employee of the named insured, and is rented or leased to others part of the time as stated above, it shall be classified as a Rented or Leased Taxi.

For the purpose of this classification, an employee is defined as one who is deemed to be such within the purview of the Massachusetts Worker's Compensation Law, or any other federal, state or municipal law which defines an employer-employee relationship and is applicable to the person operating the automobile.

(3) All Other

This classification shall apply in all other cases where Sections B.1.a.(1) or (2) of this Rule do not apply.

- b. *Limousine* – an unmarked luxury sedan with a seating capacity of eight or less that is operated for hire which

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- (1) is hired on a prearranged hourly basis for weddings, funerals, religious ceremonies or other non-business social functions;
  - (2) is hired on an exclusive, dedicated basis for the duration of the event, not for drop-off and pick-up;
  - (3) is operated by the named insured, an employee, or an independent contractor of the named insured, in attendance as a chauffeur at the beginning and ending of the function.
- c. *Car Service* – an unmarked for hire automobile with a seating capacity of eight or less which
- (1) is hired on a prearranged basis;
  - (2) does not pick up hail fares on the street;
  - (3) does not contain a rate meter, and does not charge for services based upon miles traveled if the trip is less than 25 miles;
  - (4) operates on a scheduled business day, and is returned to the automobile's base of operation for a continuous period of at least four hours in each 24 hour period;
  - (5) is operated by the named insured, an employee, or an independent contractor of the named insured, in attendance as a chauffeur;
  - (6) operates from a base with two-way communication;
  - (7) primary payment method is by billing or credit card;
  - (8) may be under contract with a regional transit authority where transportation services are paid for by the individual requesting the services. For services contracted and paid for by a social service agency, classify the automobile in accordance with Section B.1.f.(7) of this Rule.
- d. *School Bus* – an automobile that carries students or other persons to and from school, or in any school activity including games, outings and similar school trips. There are two types of school buses for rating purposes:

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1. School buses owned by political subdivisions or school districts.
2. All others including independent contractors, private schools and church owned buses.

The collision premium on a policy written on an annual term may be prorated to reflect the actual school term. However, credit shall not be given for Saturdays, Sundays or holidays or for any other periods of lay-up during the school term.

- e. *Church Bus* – an automobile used by a church to transport persons to or from services and other church related activities. This classification does not apply to public automobiles used primarily for daily school activities.
- f. Other Buses
  - (1) *Inter-City Bus* – an automobile that picks up and transports passengers on a published schedule of stops between stations located in two or more towns or cities.
  - (2) *Urban Bus* – an automobile that picks up, transports and discharges passengers at frequent local stops along a prescribed route. This classification applies only to automobiles operated principally within the limits of a city or town, and communities contiguous to such city or town, and includes scheduled express service between points on that route.
  - (3) *Airport Bus or Airport Limousine* – an automobile for hire that transports passengers between airports and other passenger stations, or motels. Automobiles used to transport passengers from their home or place of employment to or from an airport should be classified according to Sections B.1.a.– c. of this Rule, as appropriate.
  - (4) *Charter Bus* – an automobile chartered for special trips, touring, picnics, outings, games and similar uses.
  - (5) *Sightseeing Bus* – an automobile accepting individual passengers for a fare for sightseeing or guided tours, making occasional stops at certain points of interest and returning the passengers to the point of origin.

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(6) *Transportation of Athletes and Entertainers* – an automobile owned by a group, firm or organization that transports its own professional athletes, musicians or other entertainers.

(a) If it is used to transport other professional athletes or entertainers, rate as a Charter Bus.

(b) An automobile owned by a group, firm or organization to transport its own non-professional athletes, musicians or entertainers, rate as Bus Not Otherwise Classified.

(7) *Social Service Agency Automobile* – an automobile used by a government entity, civic, charitable or social service organization to provide transportation to clients incidental to the social services sponsored by the organization, including special trips and outings.

This classification includes, for example, automobiles used to transport

(a) senior citizens or other clients to meal centers, medical facilities, social functions, shopping centers;

(b) handicapped persons to work or rehabilitative programs;

(c) children to day care center, Head Start programs; and

(d) Boy Scout or Girl Scout groups planned activities.

The following automobiles are eligible for this classification:

(a) Automobiles owned, or leased for one year or more, by the social service agency.

(b) Automobiles donated to the social service agency, without a driver.

(c) Automobiles hired under contract by the social service agency.

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There are two types of Social Services Bus for rating purposes:

(a) Employee-Operated Automobiles

Automobiles operated by employees of the social service agency. If a social service automobile is also operated by volunteer drivers or other non-agency employees, do not classify the ~~risk~~ automobile as Employee-Operated unless 80% of the use is by agency employees.

(b) All Other

Automobiles which do not meet the employee-operated automobile classification requirements.

Excess Liability Coverage may be provided to cover automobiles not owned or licensed by the agency while being used in its social service transportation activities. This coverage may be extended to cover the agency's liability only or the liability of both the agency and, on a blanket basis, the individual liability of agency employees or volunteer donors or owners of the automobiles. For automobiles hired, loaned, leased or furnished refer to Rule 28 – Hired Automobiles of Section II – Common Coverages and Rating Procedures of this Manual. For all other non-owned automobiles, refer to Rule 27 – Non-Ownership Liability of Section II – Common Coverages and Rating Procedures of this Manual.

(8) *Bus Not Otherwise Classified* – this classification includes, but is not limited to automobiles such as country club buses, cemetery buses, real estate development buses, and courtesy buses run by hotels.

g. *Van Pools* – an automobile of the station wagon, van, truck or bus type used to provide prearranged commuter transportation for employees to and from work and is not otherwise used to transport passengers for a charge.

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(1) Employer Furnished Transportation

Transportation is held out by the employer as an inducement to employment, a condition of employment or is incidental to employment.

(a) Employer Owned Automobiles

Automobiles owned, or leased for one year or more by an employer and used to provide transportation only for employees of the employer.

(b) Employee Owned Automobiles

Automobiles owned, or leased for one year or more by an individual employee and used to provide transportation only for fellow employees.

(2) All Other

Automobiles which do not meet the employer owned automobile classification requirements.

h. *Transportation of Employees – Other Than Van Pools* – automobiles of any type used to transport employees other than as defined in Section B.1.g. of this Rule.

(1) Automobiles that are owned or leased for one year or more by an employer and used to transport only his own employees. The classification code applicable to these vehicles is 5851.

(a) automobiles that can be classified as private passenger types in accordance with the eligibility requirements described in Rule 61 – Eligibility of Section IV – Private Passenger Types of this Manual shall be rated in accordance with the provisions of Rule 63 – Premium Development of Section IV – Private Passenger Types of this Manual.

(b) all other automobiles that cannot be classified as private passenger types in accordance with the eligibility requirements described in Rule 61 – Eligibility of Section IV – Private Passenger Types of this Manual shall be rated as van pools.

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- (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. ~~motor vehicle registration.~~ ~~For leased automobiles, use the street address of the lessee's business to determine radius.~~

- 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. ~~registered.~~
- 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. ~~registered.~~
- 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. ~~registered.~~ Apply zone rates for all automobiles other than taxis, limousines, car service, school, church and urban buses and van pools.

C. Geographic Classification

Risks Automobiles with a primary classification of Other Buses as 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. ~~where place of principal garaging is defined in this Rule.~~ For a further description of principal garaging, refer to Rule 21 – Residence and Location and Rule 22 – Out-of-State Garaging of Section II – Common Coverages of this Manual.



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1. Zone Rated Automobiles – Determination of Zone or Zone Combination for Zone Rated Risks

Determine the zone or zone combination and code for each automobile as follows:

- a. Use the Long Distance Zone Definitions in the Rate Section to determine the appropriate zone combination as described in Sections C.1.b. and C.1.c. of this Rule.
- b. 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 farthest away.
- c. 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 farthest from that point. Note that for an automobile principally garaged outside of Massachusetts, the zone combination is zone 49 and the zone included in the automobile's operations farthest from that point.

**Examples:**

- a. The automobile is registered principal garaged in Worcester, Massachusetts (regional zone 49) and operates in Utica, New York (regional zone 48) and Hartford, Connecticut (metropolitan zone 12). The proper zone combination is 49 and 12.
- b. The automobile is registered principal garaged in Springfield, Massachusetts (regional zone 49) and operates in Bangor, Maine (regional zone 49). The proper zone combination is 49.
- c. The automobile is registered principal garaged in Boston, Massachusetts (metropolitan zone 03) and operates in New York City (metropolitan zone 26) and Utica, New York (regional zone 48). The proper zone combination is 03 and 48.
- d. The automobile is principal garaged in New York City (metropolitan zone 26) and operates in Atlanta, Georgia (metropolitan zone 01) and in Tallahassee, Florida (regional zone 47). The proper zone combination is 49 and 47.

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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 Principal Place of Garaging for Non-Zone Rated Risks

For those automobiles that are not subject to zone rating and are classified as school buses, church buses, inter-city buses and social service agency automobiles, the rating territory shall be determined by the automobile's principal garaging.

For all other non-zone rated public automobile use classes, risks that are not subject to zone rating, the rating territory shall be determined by the highest rated territory through 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 will be assigned only if the risk supplies credible documentation that 80% or more of a public the automobile's operation is outside the highest in a single lower rated territory. Refer to the Territory Schedule in the Rate Section.

D. Secondary Classifications

A secondary classification is assigned to risks 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 risks 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.

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C.A.R.  
2/1/2018

**COMMONWEALTH AUTOMOBILE REINSURERS**

Massachusetts Commercial Automobile

ZONE RATING TABLE  
Zone 03 (Boston) Combinations

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	4.00		-- 213	3.75		-- 225	3.38		-- 237	3.39
02 Balt.- Wash	2026	2.45	14 Indianapolis	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	3.32		-- 214	3.16		-- 226	3.32		-- 240	3.55
03 Boston	1656	1.60	15 Jacksonville	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	3.32		-- 215	3.90		-- 227	3.39		-- 241	3.38
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	3.32		-- 216	3.16		-- 228	3.16		-- 242	3.16
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	3.71		-- 217	4.00		-- 229	3.55		-- 243	3.69
06 Chicago	1656	1.98	18 Los Angeles	1534	1.93	30 Philadelphia	2026	1.60	44 North Central	1656	1.77
	753	1.08		697	1.08		920	0.95		753	1.01
	-- 206	3.16		-- 218	3.55		-- 230	3.32		-- 244	3.22
07 Cincinnati	1656	1.84	19 Louisville	1656	1.62	31 Pittsburgh	1656	1.60	45 Midwest	1656	1.76
	753	0.99		753	0.99		753	0.95		753	1.11
	-- 207	3.16		-- 219	3.16		-- 231	3.32		-- 245	3.28
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	3.16		-- 220	3.37		-- 232	3.55		-- 246	3.46
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	3.80		-- 221	3.90		-- 233	3.17		-- 247	3.75
10 Denver	1656	2.04	22 Milwaukee	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	3.16		-- 222	3.16		-- 234	3.16		-- 248	3.32
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	3.46		-- 223	3.16		-- 235	3.55		-- 249	3.32
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	3.32		-- 224	3.37		-- 236	3.55			

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C.A.R.  
2/1/2018

**COMMONWEALTH AUTOMOBILE REINSURERS**  
Massachusetts Commercial Automobile

**ZONE RATING TABLE**  
Zone 49 (Other than Boston) Combinations

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

August 14, 2018

Summary of Commercial Cedeable Limit Discussions

**Commercial Automobile Subcommittee – Meetings of December 11, 2003 and January 22, 2004**

The Subcommittee developed parameters for a Limited Servicing Carrier Program, including recommended coverages available through the Program, as specified in Rule 6 – Coverages of the Rules of Operation.

The Subcommittee recommended a reduction in commercial cedeable limits to \$500/\$500/\$250 and CSL of \$500,000. At the time, current commercial cedeable limits were \$1mil/\$1mil/\$500 and a CSL of \$1mil. Amid concerns that a change in coverage availability could prove disruptive, but with the anticipation that other excess markets would then emerge, the motion passed on a vote of 7 in favor and 3 opposed.

**Commercial Automobile Committee – Meetings of January 27, 2004 and May 20, 2004  
Governing Committee – Meetings of February 11, 2004, April 14, 2004 and June 16, 2004**

Discussion at the Commercial Automobile Committee resulted in approval of the Subcommittee's recommendation concerning a reduction in the coverage limits, but with a 24 month implementation delay. The current cedeable limits of \$1mil/\$1mil/\$500 and a CSL of \$1mil would be maintained for policies effective through December 31, 2007 with the reduction in cedeable limits taking place for policies effective January 1, 2008 and subsequent. The Committee agreed that the delay would provide CAR with time to evaluate the experience over the \$500,000 limit and allow excess markets to emerge. The Committee further agreed that, based upon a study of information obtained during that time period, if it appeared that the higher limits should be maintained, the issue could be reopened prior to the effective date of the reduction in cedeable limits. The motion passed on a vote of 9 in favor and 4 opposed.

The Governing Committee approved the coverage limits and delayed implementation dates as recommended by the Commercial Automobile Committee and the entire Limited Servicing Carrier Program, effective January 1, 2006, on a vote of 7 in favor and 6 opposed.

**Rule Changes Filed – June 17, 2004  
Hearing – August 10, 2004  
Order – September 15, 2004**

Modifications to Rule 6 – Coverages, as well as other changes to the Rules of Operation to implement a Limited Servicing Carrier Program were filed with the Division of Insurance on June 17, 2004, as announced in Bulletin No. 781. A hearing relative to the proposed Rule modifications took place on August 10, 2004. In an order dated September 15, 2004, the proposed modifications to the Rules were approved by the Division of Insurance as announced in Bulletin No 787. There was no discussion of coverage limits either at the hearing or in the Decision.

**Commercial Automobile Committee – Meeting of June 14, 2007**  
**Governing Committee – Meeting of June 20, 2007**

At the Commercial Automobile Committee meeting, the Committee discussed the reduction in cedeable limits for commercial business that were due to take place for policies effective January 1, 2008. The Committee reviewed exhibits of commercial exposures, premium and incurred losses by limit in order to determine whether the reduction to \$500,000 should occur or whether the existing \$1 million cedeable limit should be continued.

Some members opined that the reduction in limit was not an issue of rate adequacy, but rather the fact that CAR is a market of last resort and it shouldn't be competing with the voluntary market for higher coverage limits. Some members also felt that the voluntary or excess markets, not the residual market, were the places for a risk to obtain \$1 million coverage, and given that other residual markets didn't provide for the \$1 million, then Massachusetts should not either. Several members agreed but expressed concerns about the market disruption that would result.

After discussion, the Committee approved a motion to raise the maximum commercial limits back to \$1 million on a vote of 10 in favor and 1 opposed. The Committee's recommendation was unanimously approved by the Governing Committee.

**Rule Changes Filed – June 20, 2007**  
**Rule Changes Deemed – July 20, 2007**

Amendments to Rule 6 were filed to delete the language that would have changed the cedeable limits of commercial coverage for policies effective January 1, 2008, as announced in Bulletin No. 846. The amended Rule continues the cedeable limits of \$1mil/\$1mil/\$500,000 and a CSL of \$1mil. The proposed modifications were deemed approved on July 20, 2007, as announced in Bulletin No. 848.