



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110
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NOTICE OF MEETING

COMMERCIAL PROGRAM OVERSIGHT COMMITTEE

A meeting of the Commercial Program Oversight Committee will be held virtually via Zoom video conferencing software on

THURSDAY, OCTOBER 27, 2022, AT 10:00 A.M.

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

MEMBERS OF THE COMMITTEE

Mr. John Olivieri, Jr. – Chair
J.K. Olivieri Insurance Agency, Inc.

Mr. Donald Bredberg
Mr. Brian Hayes
Mr. David McCormick
Ms. Sharon Murphy

Norfolk and Dedham Group
Quincy Mutual Group
McCormick & Sons Insurance Agency, Inc.
Acadia Insurance Company

AGENDA

CPOC

22.01 Records of Previous Meeting

The Records of the Commercial Program Oversight Committee meeting of June 8, 2022 should be read and approved.

CPOC

22.03 CAR Conflict of Interest Policy

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

CPOC

22.05 Request for Reimbursement of Extraordinary Expenses – Safety Insurance Company

At its meeting on March 29, 2022, the Committee requested Safety provide further clarification of its request for reimbursement of earned but uncollected premium, including an accounting of the May 2019 policy, the insured's prior payment history, and a description of the company's normal cancellation procedures in the absence of the COVID19 pandemic and how those procedures would have applied to this insured. Attached is Safety's response to the Committee's request for additional information. (Docket #CPOC22.05, Exhibit #2)

Other Business

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

Executive Session

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

RICHARD DALTON
Residual Market Liaison

Attachment

Boston, Massachusetts
October 7, 2022

SAFETY INSURANCE COMPANY

**REQUEST FOR REIMBURSEMENT OF
EXTRAORDINARY EXPENSES FROM THE
COMMERCIAL AUTOMOBILE SERVICING CARRIER PROGRAM**

ADDITIONAL INFORMATION

SEPTEMBER 23, 2022

At the meeting of the Commonwealth Automobile Reinsurers (“CAR”) Commercial Program Oversight Committee (“the Committee”) on March 29, 2022, Safety presented its Request for Reimbursement of Extraordinary Expenses from the Commercial Automobile Servicing Carrier Program (“reimbursement”). The total requested reimbursement expense amount, as submitted by Safety to CAR on February 18, 2022, was \$379,684.17. As noted in the reimbursement, the requested reimbursement expense amount was lower than Safety’s total earned but uncollected premium on ceded commercial automobile policies, which was \$807,091 in 2020 (as of the date the reimbursement was submitted to CAR). Safety chose to only pursue reimbursement for the earned but uncollected premium on two ceded commercial automobile insurance policies (issued to this one specific insured) because it accounts for the majority of the earned but uncollected premium in 2020 and because neither policy would have incurred such significant earned but uncollected premium balances absent accommodations Safety put in place to assist policyholders during the pandemic, as directed by the Division of Insurance.

Safety Ceded Commercial Auto Policies

Year	Direct Written Premium	EBU* Premiums	EBU* Premium as % of DWP
2016	\$ 51,184,943	\$ 208,919	0.408%
2017	\$ 57,327,918	\$ 251,871	0.439%
2018	\$ 65,695,004	\$ 491,217	0.748%
2019	\$ 66,198,019	\$ 359,327	0.543%
2020	\$ 36,867,172	\$ 807,091	2.189%

* Earned but Uncollected

According to the “Records of Meeting” from the March 29, 2022, meeting¹, the Committee asked Safety for additional information related to the reimbursement. Below is the additional information that was requested by the Committee.

- 1) The Committee discussed the policy in effect May 2019 to May 2020 and inquired as to the disposition of the policy just prior to the State of Emergency declaration.**

Prior to the State of Emergency declaration, the policy renewed on May 27, 2019.

On February 5, 2020, a nonpayment cancellation was issued in the amount of \$432,766.24. The cancellation was to be effective on February 27, 2020.

On February 25, 2020, Safety made an accommodation on the cancellation to allow a payment of \$216,383 to reinstate the policy. That payment was made on February 27, 2020, and the policy was reinstated.

On March 9, 2020, Safety sent a bill to the insured in the amount of \$241,712.53, which was due on March 25, 2020. This amount due reflected various endorsements that were processed between the issuance of the prior non-payment cancellation and the date this bill was generated.

On March 10, 2020, the Executive Order went into effect, which declared a State of Emergency in the Commonwealth of Massachusetts, due to the COVID-19 pandemic. Safety's non-payment cancellation moratorium went into effect on March 23, 2020.

On April 6, 2020, Safety would have issued a Notice of Cancellation for Non-Payment of Premium, but, because of the moratorium, Safety instead issued another bill, in the amount of \$374,720.45, due on April 25, 2020.

Safety's non-payment cancellation moratorium ended on June 15, 2020.

2) The Committee asked that Safety provide an accounting of the May 2019 policy.

The accounting of the May 2019 policy is attached.²

3) The Committee requested that Safety provide the insured's prior payment history and a description of the company's normal cancellation procedures in the absence of the COVID-19 pandemic and how those procedures would have applied to this insured.

Regarding the insured's prior payment history, on the 2017 policy term, three notices of cancellation for non-payment were issued to the insured. The policy was reinstated, upon payment, in each case.

On the 2018 policy term, two notices of cancellation for non-payment were issued to the insured. The policy was reinstated, upon payment, in each case.

On the 2019 policy term, three notices of cancellation for non-payment were issued to the insured. The policy was reinstated, upon payment, in each case. There was frequent endorsement activity on the 2019 policy term. Of note, Safety statistically reported 390 vehicles to CAR, that were on the policy at one point, during that policy term.

On the 2020 policy term, one notice of cancellation for non-payment was issued to the insured.

Under Safety's normal cancellation procedures, in the absence of the COVID-19 pandemic, a Notice of Cancellation for Non-Payment of Premium would have been issued on April 6, 2020, with the past due amount required no later than April 29, 2020. Since no payment was received by that date, the Notice of Cancellation would have become effective on April 29, 2020. But due to the moratorium, Safety sent an invoice on April 6, 2020, instead of a Notice of Cancellation for Non-Payment of Premium and sent another invoice on May 7, 2020. A partial payment was received on May 4, 2020. Under Safety's normal cancellation procedures, there are about seven weeks between an initial bill and a non-payment cancellation.

¹ A copy of the Records of Meeting from the March 29, 2022, CAR Commercial Program Oversight Committee is attached hereto as Exhibit 1.

² A copy of the accounting of the May 2019 policy is attached hereto as Exhibit 2

EXHIBIT 1



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110
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RECORDS OF MEETING

COMMERCIAL PROGRAM OVERSIGHT COMMITTEE – MARCH 29, 2022

Members Present

Mr. John Olivieri, Jr. – Chair
Mr. Thomas Bird ⁽¹⁾
Mr. Donald Bredberg
Mr. Brian Hayes

J.K. Olivieri Insurance Agency, Inc.
Acadia Insurance Company
Norfolk and Dedham Group
Quincy Mutual Group

Substituted for:

⁽¹⁾Ms. Sharon Murphy

Not in Attendance:

Mr. David McCormick, McCormick & Sons Insurance Agency, Inc.

CPOC

21.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Commercial Program Oversight Committee meeting of October 26, 2021. The Records have been distributed and are on file.

CPOC

22.04 2021 Servicing Carrier Annual Report Review

Mr. John Metcalfe provided an overview of the 2021 Annual Report template attached to the meeting notice and intended to be used by the Servicing Carriers in preparing their 2021 Annual Reports for review by the Committee. He noted that the template was broken into sections, including one section with specific questions addressing current market issues and another section containing more general topics and data for Servicing Carrier comment. The Annual Report template also contains a schedule of dates for distribution to Servicing Carriers, for completion and submission to CAR, and for the Committee's review the Annual Reports.

Mr. Brian Hayes noted that the specific areas identified for Servicing Carrier comment appropriately address the discussions of the past year, particularly with respect to COVID-19 impacts and SIU reporting changes. After a brief discussion, it was the consensus of the Committee to move forward with distributing the report template, as drafted, to the Servicing Carriers.

CPOC

22.05 Request for Reimbursement of Extraordinary Expense – Safety Insurance Company

Ms. Elizabeth Brodeur, representing the Safety Insurance Company, presented the Committee with a matter in which a substantial amount of earned premium due the company was uncollectable despite the efforts undertaken by Safety. She noted that the situation and handling of the matter was directly in response to COVID-19 directives from the Massachusetts Division of Insurance (DOI) and CAR, citing the March 10, 2020, Executive Order which declared a State of Emergency in the Commonwealth of Massachusetts, and Division of Insurance Bulletin 2020-05 directing carriers to provide insureds flexibility in the timing of premium payments. She noted that, in response to the DOI directive, Safety instituted a moratorium on all non-payment-related cancellations and non-renewals and waived late fees for all voluntary and ceded policies. Ms. Brodeur explained that Safety lifted its moratorium on June 15, 2020 and continued to work with voluntary and ceded policyholders experiencing financial difficulties due to the pandemic.

Ms. Brodeur referred to Safety's written submission, noting that Safety's total ceded earned but uncollected premium for 2020 was 2.189% of written premium, inordinately higher than historical experience. She advised that Safety is seeking reimbursement for earned but uncollected premium in the amount of \$379,684.17 which it has incurred on two ceded commercial automobile insurance policies issued to an insured which provided delivery services for Amazon. Both policies were in force during the COVID-19 pandemic and, she noted that neither policy would have incurred such significant earned but uncollected premium balance absent the accommodations Safety put in place to assist policyholders during the pandemic as directed by the Division of Insurance.

Ms. Brodeur indicate that Safety worked with the insured and its representatives, following the lifting of the moratorium, in an effort to collect the total earned but uncollected premiums due on both policies. After many months with no payments being made on these policies, in late April 2021, Safety notified the insured that if a mutually agreeable payment arrangement could not be reached, Safety would refer the matter to a third-party collection agency. A few days later, Safety received a letter from the insured's counsel indicating, for the first time, that the insured had been notified by Amazon earlier in the year that its contract with Amazon was ending as of March 31, 2021. The letter also noted that the insured was no longer operating, that the insured had surrendered its leased fleet of delivery vehicles and had minimal remaining assets. Subsequently, Safety referred the insured's outstanding earned but uncollected premium debt to a third-party collection agency. She stated that, to date, those collection efforts have been unsuccessful.

Ms. Brodeur summarized that the company is seeking reimbursement of total earned but uncollected premiums for this insured that are directly attributable to the accommodations Safety put in place to assist policyholders during that time as a result of the directives and bulletins from the Division of Insurance and CAR which Safety would not otherwise have incurred in fulfilling its commitment as a Servicing Carrier in the CAR Commercial Servicing Carrier program.

The Committee recognized the impact COVID-19 had in precipitating the implementation of the State of Emergency in the Commonwealth of Massachusetts, the Division of Insurance Bulletins and the CAR Bulletins during that time and discussed the timeline of the two policies in question.

The Committee discussed the policy in effect May 2019 to May 2020 and inquired as to the disposition of the policy just prior to the State of Emergency declaration. Ms. Brodeur noted that the risk was a long-standing ceded policy with frequent endorsement activity and premium movement. She noted that the policy was endorsed with significant premium impact shortly before Safety's moratorium. In order to best understand how the premium accrued, the Committee asked that Safety provide an accounting of the May 2019 policy. In addition, the Committee requested that Safety provide the insured's prior payment

history, and a description of the company's normal cancellation procedures in the absence of the COVID-19 pandemic and how those procedures would have applied to this insured.

Finally, Chair John Olivieri noted that the COVID pandemic health emergency and the directives for accommodations by the DOI and CAR expired some time ago and that there is reasonable expectation that carriers have determined the impact of resulting earned but uncollected premium. He indicated that, at its previous meeting, the Committee noted that the Manual of Administrative Procedures requires that a Servicing Carrier provide CAR with timely notification that it is seeking reimbursement of extraordinary expenses. Accordingly, he suggested that Servicing Carriers anticipating submitting a request for reimbursement do so by July 1, 2022.

RICHARD DALTON
Residual Market Liaison

Boston, Massachusetts
April 1, 2022

**Records of Meeting
Commercial Program Oversight Committee**

March 29, 2022

ATTACHMENT LISTING

Docket #CPOC22.02, Exhibit #1

Attendance Listing

**COMMERCIAL PROGRAM OVERSIGHT COMMITTEE MEETING
 MEETING ATTENDEES
 MARCH 29, 2022**

Individual's Name

Company / Agency

PLEASE PRINT

Mr. John Olivieri, Jr.	J.K. Olivieri Insurance Agency, Inc.
Mr. Donald Bredberg	Norfolk and Dedham Group
Mr. Brian Hayes	Quincy Mutual Group
Mr. Thomas Bird	Acadia Insurance Company
Mr. David Zawilinski	Arbella Insurance Group
Mr. John Elstermeyer	Arbella Insurance Group
Mr. John Magadieu	Arbella Insurance Group
Mr. Barry Tagen	Pilgrim Insurance Company
Ms. Elizabeth Brodeur	Safety Insurance Company
Ms. Mary McConnell	Safety Insurance Company
Mr. Christopher Whitford	Safety Insurance Company
Ms. Mary Ellen Thompson	Division of Insurance
Mr. Benjamin Hincks	TSH & D – CAR Counsel
Mr. Steven Torres	TSH & D – CAR Counsel
Mr. Mark Alves	CAR Staff
Ms. Wendy Browne	CAR Staff
Mr. Timothy Costain	CAR Staff
Mr. Richard Dalton	CAR Staff
Mr. Timothy Galligan	CAR Staff
Mr. Steven Gautieri	CAR Staff
Ms. Natalie Hubley	CAR Staff
Ms. Cheryl Kopas	CAR Staff

**COMMERCIAL PROGRAM OVERSIGHT COMMITTEE MEETING
MEETING ATTENDEES
MARCH 29, 2022**

Individual's Name

Company / Agency

PLEASE PRINT

Ms. Tiffany Manning	CAR Staff
Mr. Daniel Mason	CAR Staff
Mr. John Metcalfe	CAR Staff
Ms. Katy Proctor	CAR Staff
Ms. Lynne Rosenburg	CAR Staff
Ms. Robin Tigges	CAR Staff

EXHIBIT 2

Policy 1 (5/27/2019-5/27/2020)				
Date	Transaction	Amount	Amount Due	Description
4/12/2019	Prior Year	\$124,868.00		Premium owed from 2018-2019 term
5/27/2019	Renewal Premium	\$632,245.00		Premium for Renewal Effective 5/27/2019
5/27/2019	Endorsement	\$323,762.00		Add/delete vehicle(s) and/or Coverage Change(s)
5/30/2019	Endorsement	\$39,533.00		Add/delete vehicle(s) and/or Coverage Change(s)
6/7/2019	Bill		\$55,798.00	Payment Due 6/15/2019
6/17/2019	Cancellation Notice		\$383,668.00	Notice of Cancellation for Nonpayment Issued; Cancellation to be Effective 7/9/2019
6/18/2019	Endorsement	\$4,211.00		Add/delete vehicle(s) and/or Coverage Change(s)
6/20/2019	Endorsement	-\$13,275.00		Add/delete vehicle(s) and/or Coverage Change(s)
6/24/2019	Endorsement	-\$418.00		Add/delete vehicle(s) and/or Coverage Change(s)
6/25/2019	Endorsement	\$32,620.00		Add/delete vehicle(s) and/or Coverage Change(s)
7/8/2019	Endorsement	-\$45,373.00		Add/delete vehicle(s) and/or Coverage Change(s)
7/9/2019	Premium Adjustment by Safety		\$244,264.00	Amount due to avoid non-payment cancellation reduced to \$244,264.00 because of endorsements to delete vehicles (Transacted 7/1/2019)
7/15/2019	Reinstatement Notice			Notice of Reinstatement Issued; Policy Reinstated Effective 7/9/2019
7/15/2019	Payment	-\$244,264.00		Payment mailed on 7/3/2019
7/18/2019	Endorsement	\$51,085.00		Add/delete vehicle(s) and/or Coverage Change(s)
7/22/2019	Endorsement	-\$2,594.00		Add/delete vehicle(s) and/or Coverage Change(s)
8/5/2019	Billing Fee	\$23,124.77		
8/5/2019	Bill		\$118,409.00	Payment Due 8/25/2019
8/8/2019	Endorsement	-\$4,392.00		Add/delete vehicle(s) and/or Coverage Change(s)
8/19/2019	Endorsement	\$83,855.00		Add/delete vehicle(s) and/or Coverage Change(s)
9/5/2019	Billing Fee	\$10,504.06		
9/5/2019	Cancellation Notice		\$250,814.00	Notice of Cancellation for Nonpayment Issued; Cancellation to be Effective 9/27/2019
9/9/2019	Endorsement	\$162.00		Add/delete vehicle(s) and/or Coverage Change(s)
9/12/2019	Endorsement	\$89,354.00		Add/delete vehicle(s) and/or Coverage Change(s) (Transaction dates 12/4/19, 12/5/19)
9/27/2019	Reinstatement Notice			Notice of Reinstatement Issued; Policy Reinstated Effective 9/27/2019
9/27/2019	Payment	-\$250,814.00		
10/7/2019	Billing Fee	\$7,526.42		
10/7/2019	Bill		\$133,918.00	Payment Due 10/25/2019
10/17/2019	Endorsement	\$44,960.00		Add/delete vehicle(s) and/or Coverage Change(s)
10/18/2019	Endorsement	-\$22,909.00		Add/delete vehicle(s) and/or Coverage Change(s)
10/25/2019	Payment	-\$133,918.00		
11/5/2019	Billing Fee	\$6,369.12		
11/5/2019	Bill		\$156,436.00	Payment Due 11/25/2019
12/4/2019	Payment	-\$156,436.00		
12/6/2019	Billing Fee	\$5,964.91		
12/6/2019	Bill		\$216,161.00	Payment Due 12/25/2019
12/12/2019	Endorsement	\$14,128.00		Add/delete vehicle(s) and/or Coverage Change(s)
12/26/2019	Payment	-\$216,161.00		
1/6/2020	Billing Fee	\$5,494.80		
1/6/2020	Bill		\$248,452.00	Payment Due 1/25/2020
1/22/2020	Endorsement	\$104,139.00		Add/delete vehicle(s) and/or Coverage Change(s) (Transaction dates 2/3/2020, 2/25/2020, 3/30/2020, 3/31/2020)
2/5/2020	Billing Fee	\$5,204.16		
2/5/2020	Cancellation Notice		\$432,766.24	Notice of Cancellation for Nonpayment Issued; Cancellation to be Effective 02/27/2020
2/24/2020	Endorsement	\$1,624.00		Add/delete vehicle(s) and/or Coverage Change(s)
2/26/2020	Reinstatement Notice			Notice of Reinstatement Issued; Policy Reinstated Effective 2/27/2020
2/26/2020	Notified of Payment in Transit			
2/27/2020	Endorsement	\$7,112.00		Add/delete vehicle(s) and/or Coverage Change(s)
2/27/2020	Premium Adjustment by Safety		\$216,383.00	Safety agrees to payment accommodation under which Insured pays half of the premium due in February of 2020 and will pay the remaining half of the premium due in March of 2020 (Transacted 2/25/2020)
2/28/2020	Payment	-\$216,383.12		
3/9/2020	Billing Fee	\$2,769.41		
3/9/2020	Bill		\$241,712.53	Payment Due 3/25/2020
3/9/2020	Endorsement	-\$6,441.00		Add/delete vehicle(s) and/or Coverage Change(s)
3/23/2020	Moratorium Begins			Safety's Nonpayment Cancellation Moratorium Begins
4/6/2020	Billing Fee	\$2,700.92		
4/6/2020	Bill		\$374,720.45	Payment Due 4/25/2020
4/6/2020	Endorsement	\$61,594.00		Add/delete vehicle(s) and/or Coverage Change(s)
5/4/2020	Payment	-\$100,000.00		
5/7/2020	Pre-Bill (on renewal policy; 4th policy term)		\$604,340.05	Payment Due 5/27/2020
5/27/2020				2019-2020 Policy Term Expiration Date
6/15/2020	Moratorium Ends			Safety's Nonpayment Cancellation Moratorium Ends