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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, MAY 25, 2023, 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. Brian Hayes  
Ms. Sharon Murphy  
Mr. Henry Risman  
Ms. Meredith Woodcock

Quincy Mutual Group  
Acadia Insurance Company  
Risman Insurance Agency, Inc.  
Liberty Mutual Insurance Companies

### AGENDA

#### CPOC

##### 23.01 Records of Previous Meeting

The Records of the Commercial Program Oversight Committee meeting of March 21, 2023 should be read and approved.

#### CPOC

##### 23.03 CAR Conflict of Interest Policy

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

**CPOC**

**23.05 Commercial Forms Implementation**

In conjunction with the Commercial Automobile Committee's ongoing review of updates to the policy forms used in the residual market, Servicing Carriers expressed concerns that the workload and costs were not contemplated in the most recent RFP. In consideration of implementation objectives, there was a consensus that sufficient lead time to budget, plan, and implement system and resource changes, including training for both company employees and the producers would need to be incorporated into the plan. As the Commercial Program Oversight Committee is responsible for the engagement between CAR and the appointed Servicing Carriers and allowances to Servicing Carriers for managing ceded business, this issue has been referred to this Committee for consideration.

To assist the Committee in its discussion, staff has drafted alternative schedules for the forms upgrade, implementing either within the current Servicing Carrier appointment term, or alternatively coinciding with the next appointment term effective January 1, 2027. The Committee should be prepared to begin discussion of a recommended approach to respond to concerns raised by Servicing Carriers. (Docket #CPOC23.05, Exhibit #1)

**CPOC**

**23.06 Distribution of Ceded Commercial Written Premium among Servicing Carriers**

Attached is an exhibit identifying the distribution of the commercial ceded books of business among the four appointed Servicing Carriers (Docket #CPOC23.06, Exhibit #1). The exhibit is provided for informational purposes pursuant to Rule 13.C.2. of the Rules of Operation. Also attached for reference is a copy of the Redistribution Statement of Intent developed by the Ad Hoc Redistribution Committee and approved by the Commercial Program Oversight and the Governing Committees in 2021 (Docket #CPOC23.06, 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

Attachments

Boston, Massachusetts  
May 4, 2023

**Commonwealth Automobile Reinsurers  
Commercial Program Oversight Committee  
Policy Forms Upgrade – Alternative Implementation Schedules**

<b>Timeline 1 (proceed without delay)</b>		<b>Timeline 2 (delay to next SC term/early RFP)</b>	
<b>Task</b>	<b>Completion</b>	<b>Task</b>	<b>Completion</b>
Forms Review Garage vs AD Schedule of Form Changes	Jun 21, 2023	Forms Review	Jun 21, 2023
Draft Manual Rules Review AIB Filings Evaluate CAR Details Draft Rules Consult AIB	Nov 20, 2023	Draft Manual Rules	Nov 20, 2023
SRB Review Consult wrt Intent 90-120 Day Review	Mar 1, 2024	SRB Review	Mar 1, 2024
Implementation <sup>(1)</sup> SC Budget, Code, Train Producer Training	Oct 1, 2025 - Jan 1, 2026	SC RFP (1/1/27 term)	Mar 1, 2025
		SC Selection	Jun 19, 2025
		Implementation	Jan 1, 2027

<sup>(1)</sup>Implementation date is approximate; Servicing Carriers have indicated preference to implement with a rate change; Servicing Carriers and producers indicate need for at least 18 months for employee training.

## Commercial Servicing Carrier Program

### Premium by Class Type

Ceded Business (Car ID 4, 5)

Written Premium Based on Latest 12 Months Ending January 2023  
Loss Ratio for Policy Year 2020-2022 Valued through December 2022

Class Type	Arbella Insurance Company				Commerce Insurance Company			
	Written Premium	Class WP %	1yr Loss Ratio	3yr Loss Ratio	Written Premium	Class WP %	1yr Loss Ratio	3yr Loss Ratio
TTT	\$17,657,157	40.3%	34.4%	48.2%	\$26,649,326	50.8%	43.4%	61.9%
Zone Rated TTT	\$6,707,487	15.3%	40.1%	50.9%	\$4,041,449	7.7%	23.0%	90.6%
PPT Fleet	\$741,521	1.7%	50.2%	43.8%	\$1,343,871	2.6%	61.9%	55.2%
PPT Non-Fleet	\$2,040,139	4.7%	52.4%	63.1%	\$1,600,424	3.1%	44.6%	114.0%
Bus/Van Pools	\$11,145,582	25.4%	35.2%	31.3%	\$10,583,467	20.2%	87.4%	51.3%
A/O (ex Taxi / Limo)	\$4,891,742	11.2%	53.6%	57.2%	\$6,922,073	13.2%	26.1%	39.9%
Taxi	\$258,953	0.6%	30.6%	55.6%	\$602,553	1.1%	19.8%	40.5%
Limousine	\$21,006	0.0%	60.8%	20.8%	\$108,993	0.2%	31.0%	103.6%
Car Service	\$363,062	0.8%	84.9%	60.7%	\$563,500	1.1%	28.7%	34.9%
<b>Total</b>	<b>\$43,826,649</b>		<b>39.2%</b>	<b>46.9%</b>	<b>\$52,415,656</b>		<b>47.8%</b>	<b>60.5%</b>
Market Share	23.0%				27.5%			
Agency Count	243				397			

  

Class Type	Pilgrim Insurance Company				Safety Insurance Company			
	Written Premium	Class WP %	1yr Loss Ratio	3yr Loss Ratio	Written Premium	Class WP %	1yr Loss Ratio	3yr Loss Ratio
TTT	\$17,039,489	39.3%	28.6%	39.7%	\$24,010,850	47.0%	54.5%	51.4%
Zone Rated TTT	\$6,260,816	14.4%	10.8%	50.6%	\$7,595,888	14.9%	55.8%	71.1%
PPT Fleet	\$693,864	1.6%	39.5%	25.1%	\$975,170	1.9%	26.0%	32.9%
PPT Non-Fleet	\$725,131	1.7%	76.7%	78.4%	\$2,109,735	4.1%	102.3%	84.7%
Bus/Van Pools	\$12,616,970	29.1%	33.1%	42.5%	\$8,369,180	16.4%	73.4%	102.4%
A/O (ex Taxi / Limo)	\$5,778,174	13.3%	55.1%	46.9%	\$5,937,171	11.6%	19.3%	68.5%
Taxi	\$59,231	0.1%	90.7%	64.2%	\$509,080	1.0%	67.9%	62.3%
Limousine	\$56,480	0.1%	29.9%	50.1%	\$408,996	0.8%	25.0%	41.8%
Car Service	\$138,321	0.3%	36.9%	23.5%	\$1,214,934	2.4%	68.0%	48.8%
<b>Total</b>	<b>\$43,368,476</b>		<b>32.2%</b>	<b>43.3%</b>	<b>\$51,131,004</b>		<b>55.2%</b>	<b>64.5%</b>
Market Share	22.7%				26.8%			
Agency Count	231				304			

  

Total				
Class Type	Written Premium	Class WP %	1yr Loss Ratio	3yr Loss Ratio
TTT	\$85,356,822	44.7%	41.0%	50.9%
Zone Rated TTT	\$24,605,640	12.9%	36.0%	63.2%
PPT Fleet	\$3,754,426	2.0%	54.0%	51.4%
PPT Non-Fleet	\$6,475,429	3.4%	68.9%	84.1%
Bus/Van Pools	\$42,715,199	22.4%	46.6%	41.3%
A/O (ex Taxi / Limo)	\$23,529,160	12.3%	37.9%	53.1%
Taxi	\$1,429,817	0.7%	41.1%	50.9%
Limousine	\$595,475	0.3%	27.6%	58.6%
Car Service	\$2,279,817	1.2%	59.5%	44.8%
<b>Total</b>	<b>\$190,741,785</b>		<b>44.0%</b>	<b>54.0%</b>
Total Agency Count	1175			

Ad Hoc Redistribution Committee  
Recommendation to Commercial Program Oversight Committee  
Minimize Impacts of Ceded Book of Business Redistributions

Statement of Intent

The Ad Hoc Redistribution Committee recognizes the disruptive impact to producers and insureds when the need for equity among Servicing Carriers results in a need to redistribute the ceded books of business. In order to maintain reasonable equity with the objective to minimize the disruptive impacts of a redistribution, the Ad Hoc Redistribution Committee recommends that the Commercial Program Oversight Committee adopt a Statement of Intent that addresses and prioritizes the following considerations, for recommendation to the Governing Committee:

- Minimize redistributions to the extent possible
- Maintain the safe harbor provision enabling a Servicing Carrier to demonstrate undue burden associated with continued or renewed inequity
- Employ a threshold approach to consider redistribution based on the financial impact to a Servicing Carrier
- Address producer concerns with reassignment  
Staff to develop a reporting procedure to advise the Commercial Program Oversight Committee subsequent to a redistribution of concerns expressed by reassigned agencies with specific issues that may be addressed or referred for Committee consideration

The Ad Hoc Redistribution Committee recommends a process to evaluate Servicing Carrier requests for redistribution:

1. Servicing Carrier redistribution requests
  - a. +/-3% of premium threshold has been exceeded
  - b. Demonstrate hardship resulting from inequity
  - c. Demonstrate positive performance warranting rebalancing
2. Committee evaluation of request
  - a. Cause of imbalance
  - b. Scope of required redistribution