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ADDITIONAL INFORMATION

TO MEMBERS OF THE COMMERCIAL PROGRAM OVERSIGHT COMMITTEE

FOR THE MEETING OF:

Thursday, January 25, 2024, at 10:30 a.m.

CPOC

24.04 Redistribution of Residual Market Books of Business

To assist the Committee in its discussion of the impact of the current environment of merger, acquisition, and affiliation activity on CAR's ability to realign agency books of business among Servicing Carriers with minimal disruption, the following exhibits are attached for review (Docket #CPOC24.04, Exhibit #1):

- Current Distribution of Premium by Servicing Carrier
- 2021 Statement of Intent to Minimize Impact of Ceded Book Redistributions
- Description of Agency Reassignment Guidelines

LYNNE ROSENBERG
Director – Operations and Residual Market Services

Attachment

Boston, Massachusetts
January 24, 2024

Current Distribution of Premium by Servicing Carrier					
	Arbella Insurance Company		Commerce Insurance Company		
<u>Class Type</u>	<u>Written Premium</u>	<u>Class WP %</u>	<u>Written Premium</u>	<u>Class WP %</u>	
TTT	\$17,171,260	37.8%	\$28,989,800	51.8%	
Zone Rated TTT	\$6,708,141	14.8%	\$3,135,873	5.6%	
PPT Fleet	\$867,484	1.9%	\$1,381,865	2.5%	
PPT Non-Fleet	\$2,116,937	4.7%	\$1,535,072	2.7%	
Bus/Van Pools	\$12,711,130	28.0%	\$11,860,456	21.2%	
A/O (ex Taxi / Limo)	\$5,213,585	11.5%	\$7,390,641	13.2%	
Taxi	\$208,828	0.5%	\$687,346	1.2%	
Limousine	\$24,554	0.1%	\$128,062	0.2%	
Car Service	\$367,176	0.8%	\$845,308	1.5%	
Total	\$45,389,095		\$55,954,423		
Market Share	22.3%		27.5%		
Agency Count	244		393		
	Pilgrim Insurance Company		Safety Insurance Company		
<u>Class Type</u>	<u>Written Premium</u>	<u>Class WP %</u>	<u>Written Premium</u>	<u>Class WP %</u>	
TTT	\$16,960,195	36.1%	\$25,238,167	46.0%	
Zone Rated TTT	\$6,505,853	13.8%	\$7,397,456	13.5%	
PPT Fleet	\$871,654	1.9%	\$1,077,850	2.0%	
PPT Non-Fleet	\$730,573	1.6%	\$2,397,473	4.4%	
Bus/Van Pools	\$15,713,591	33.4%	\$10,323,342	18.8%	
A/O (ex Taxi / Limo)	\$5,789,515	12.3%	\$5,844,830	10.7%	
Taxi	\$91,046	0.2%	\$399,063	0.7%	
Limousine	\$78,745	0.2%	\$631,301	1.2%	
Car Service	\$269,540	0.6%	\$1,505,403	2.7%	
Total	\$47,010,712		\$54,814,885		
Market Share	23.1%		27.0%		
Agency Count	240		302		
Total					
<u>Class Type</u>	<u>Written Premium</u>	<u>Class WP %</u>			
TTT	\$88,359,422	43.5%			
Zone Rated TTT	\$23,747,323	11.7%			
PPT Fleet	\$4,198,853	2.1%			
PPT Non-Fleet	\$6,780,055	3.3%			
Bus/Van Pools	\$50,608,519	24.9%			
A/O (ex Taxi / Limo)	\$24,238,571	11.9%			
Taxi	\$1,386,283	0.7%			
Limousine	\$862,662	0.4%			
Car Service	\$2,987,427	1.5%			
Total	\$203,169,115				
Total Agency Count	1179				

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

Commercial Servicing Carrier Program

Description of Agency Reassignment Guidelines

1. No Producer will be moved more than once in a three-year period, unless the movement is unavoidable.
2. Producer reassignments will be made to equalize the total written premium for the Servicing Carriers.
3. Agency Affiliations will be kept together and assigned to the same Servicing Carrier.
4. The producer will be assigned to the Servicing Carrier that it already has a voluntary contract with, if possible. If multiple relationships exist, the producer will be assigned to the Servicing Carrier with the greatest amount of business with the producer.
5. When possible, loss ratio and premium distribution by class will be taken into consideration.