



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110

www.commauto.com

617-338-4000

RECORDS OF MEETING

COMMERCIAL PROGRAM OVERSIGHT COMMITTEE – OCTOBER 26, 2021

Members Present

Mr. John Olivieri, Jr. – Chair
Mr. Charles Boynton, III
Mr. Brian Hayes
Mr. Bryan Hurwitz
Ms. Sharon Murphy

J.K. Olivieri Insurance Agency, Inc.
Boynton Insurance Agency, Inc.
Quincy Mutual Group
The Norfolk & Dedham Group
Acadia Insurance Company

Substituted for:
N/A

Not in Attendance:
N/A,

21.01 Records of Previous Meeting

On a roll call vote, the Committee voted to approve the Records of the Commercial Program Oversight Committee meeting of July 26, 2021. The Records have been distributed and are on file.

20.07 Commercial Auto Residual Market – COVID-19 Emergency Period Guidance

Mr. John Metcalfe summarized the Committee's previous discussions regarding the issue of earned but uncollected premium related to the handling of and accommodations afforded to policies pursuant to the Division of Insurance Bulletin 2020-05, entitled "Flexibility in the Issuance and Administration of Insurance during COVID-19 (Coronavirus) Public Health Crisis." The Committee met in 2020 to deliberate on the issue and recognized that when it becomes clear that premium will not be collected, a Servicing Carrier will be responsible for presenting its request for reimbursement to the Committee, pursuant to the review process contemplated in Rule 11.C.2. and in accordance with procedures identified in the Manual of Administrative Procedures. He indicated that the Committee had determined that a reimbursement evaluation would need to take into consideration the level of detail to which the requesting carrier is able to identify its COVID-19 related earned but uncollected premium versus earned and uncollected premium that might otherwise be incurred in the course of normal business operations. The Committee further noted that in order to review future requests for reimbursement, consistent criteria to define applicable extraordinary expenses would need to be established.

Ms. Natalie Hubley provided an update on the Servicing Carriers' communications to CAR, relative to their experience to date. She noted that some Servicing Carriers had indicated that the COVID-19-related uncollected premium appears not to be significantly in excess of expenses incurred under normal conditions. However, all expressed interest in the result of the Committee's discussion of the criteria to define applicable extraordinary expenses as they consider whether to pursue reimbursement. Finally, Ms.

Hubley noted that staff has been advised of one situation in which an individual risk is significantly in default.

The Committee discussed that evaluating the impact of COVID-19-related defaults on a risk-by-risk basis would be difficult if not impossible. The members also noted that Rule 11.C.2 requires that an extraordinary expense be significantly in excess of normal expenses. Therefore, the members agreed that a measure of an aggregate baseline of historical experience, in terms of both premium volume and number of accounts, is needed to consider requests for reimbursement in the context of normal business operations. The members also agreed that unique cases may then be considered within that context.

Servicing Carriers noted that historical experience would likely vary by carrier depending upon each carrier's ceded book of business. In addition, the manner in which Servicing Carriers responded to the Division's request for flexibility also varied by carrier. Accordingly, the Committee agreed that the combined experience of the four Servicing Carriers may not give relevant context to an individual Servicing Carrier request. Therefore, the Committee concluded that a Servicing Carrier requesting reimbursement would need to provide its aggregate 3-year historical experience under normal business operations and its aggregate experience during the pandemic when presenting its case for reimbursement.

After further discussion, the Committee noted that the Manual of Administrative Procedures requires that a Servicing Carrier provide CAR with timely notification that it is seeking reimbursement. Therefore, the Committee directed staff to solicit input from the Servicing Carriers to determine whether additional guidance is requested relative to applicable extraordinary expenses pursuant to CAR Bulletin 1101. Absent the need for an additional guidance, the Committee anticipates timely requests for reimbursement.

RICHARD DALTON
Residual Market Liaison

Boston, Massachusetts
November 2, 2021

ATTACHMENT LISTING

Docket #CPOC21.02, Exhibit #5

Attendance Listing

**COMMERCIAL PROGRAM OVERSIGHT COMMITTEE MEETING
 MEETING ATTENDEES
 OCTOBER 26, 2021**

Individual's Name

Company / Agency

PLEASE PRINT

M. John Olivieri, Jr.	J.K. Olivieri Insurance Agency, Inc.
Charles Boynton, III	Boynton Insurance Agency, Inc.
Brian Hayes	Quincy Mutual Group
Bryan Hurwitz	The Norfolk & Dedham Group
Pete Barton	Safety Insurance Company
Elizabeth Brodeur	Safety Insurance Company
Roberta Fitzpatrick	Arbella Insurance Group
John Magadieu	Arbella Insurance Group
Mary McConnell	Safety Insurance Company
Sharon Murphy	Acadia Insurance Company
Alison Ratliff	MAPFRE U.S.A. Corporation
Barry Tagen	Pilgrim Insurance Company
Mary Ellen Thompson	Division of Insurance
Steven Torres	TSH & D – CAR Counsel
David Zawilinski	Arbella Insurance Group
Mark Alves	CAR Staff
Wendy Browne	CAR Staff
Shannon Chiu	CAR Staff
Richard Dalton	CAR Staff
Natalie Hubley	CAR Staff
Cheryl Kopas	CAR Staff
Tiffany Manning	CAR Staff
John Metcalfe	CAR Staff
Katy Proctor	CAR Staff
Robin Tigges	CAR Staff