



NATALIE A. HUBLEY  
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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## RECORDS OF MEETING

### COMMERCIAL PROGRAM OVERSIGHT COMMITTEE – MARCH 29, 2022

#### Members Present

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

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

Substituted for:

<sup>(1)</sup>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.

**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

**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