



NATALIE A. HUBLEY  
PRESIDENT

## COMMONWEALTH AUTOMOBILE REINSURERS

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### NOTICE OF MEETING

#### COMMERCIAL AUTOMOBILE COMMITTEE

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

**WEDNESDAY, MARCH 30, 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. Thomas DePaulo – Chair  
Cabot Risk Strategies, LLC

Mr. Donald Bredberg  
Ms. Kristina Broskey  
Ms. Annmarie Castonguay  
Ms. Sheila Doherty  
Ms. Mary McConnell  
Ms. Sharon Murphy  
Mr. John Olivieri, Jr.  
Mr. Thomas Skelly, Jr.  
Mr. Barry Tagen  
Mr. Mark Winiker  
Mr. David Zawilinski

Norfolk and Dedham Group  
MAPFRE U.S.A. Corporation  
The Hanover Insurance Company  
Doherty Insurance Agency, Inc.  
Safety Insurance Company  
Acadia Insurance Company  
J.K. Olivieri Insurance Agency, Inc.  
Deland, Gibson Insurance Associates, Inc.  
Pilgrim Insurance Company  
A-Affordable Insurance Agency, Inc.  
Arbella Insurance Group

#### AGENDA

**CAC**

##### **22.01 Records of Previous Meeting**

The Records of the Commercial Automobile Committee meeting of February 3, 2022 should be read and approved.

**CAC**

**22.03 CAR Conflict of Interest Policy**

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

**CAC**

**19.05 Commercial Residual Market Issues**

Attached is an updated status report of the current commercial issues under consideration by the Committee. (Docket #CAC19.05, Exhibit #20)

**CAC**

**22.05 AIB Commercial Automobile Insurance Manual and Endorsement Changes**

The Committee will continue its discussion to consider whether new and revised endorsement/rule changes recently adopted by the Automobile Insurers Bureau (AIB) for use in Massachusetts are appropriate for the commercial residual market. Staff has reviewed and identified endorsements for consideration by the Committee for potential use in the residual market. An exhibit highlighting staff's review, along with the related Endorsement Forms will be distributed as additional information prior to the meeting.

**Other Business**

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

**Executive Session**

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

TIMOTHY GALLIGAN  
Actuarial and Statistical Services Director

Attachment

Boston, Massachusetts  
March 17, 2022

**Commonwealth Automobile Reinsurers  
Commercial Automobile Committee – Market Issues  
Status as of March 17, 2022**

**IN PROCESS**

I. **Issue:** Automobile Insurance Bureau (AIB) Commercial Automobile Rules and Forms

**Category:** Classification and Rating

**Priority:** High

**Committee Focus:** The Committee will consider whether endorsements recently placed on file by the AIB are appropriate for the commercial residual market.

**Committee Action to Date:** Initial discussion

**Status:** Staff will provide a summary and comments relative to the recent AIB changes in order to facilitate Committee discussion at the March 2022 meeting.

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II. **Issue:** Cost of Hire Coverage

**Category:** Classification and Rating

**Priority:** High

**Committee Focus:** Currently, Truckers Cost of Hire coverage is not mandatory in the residual market. It has been suggested that the risk be required to maintain the owner-operator on the policy for at least 6 months or be required to carry Trucker Cost of Hire coverage. The Committee should discuss if this coverage should be required.

**Committee Action to Date:** None

**Status:** Staff will consider this issue as it evaluates options to resolve the short term rental issue.

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III. **Issue:** Garage Keepers Coverage

**Category:** Servicing Carrier Consistency in Handling of Risks

**Priority:** High

**Committee Focus:** The Garage Keepers Coverage Form should be reviewed, and consideration should be given to whether the Servicing Carriers are consistently applying coverage.

**Committee Action to Date:** None

**Status:** This item will be added to the Committee agenda for discussion at a future meeting.

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**IV. Issue:** Miscellaneous Risk Classifications

**Category:** Servicing Carrier Consistency in Handling Risks

**Priority:** High

**Committee Focus:** Ensure consistency among Servicing Carriers in the classification of miscellaneous risks, such as:

- Bus classes - social service, school, and bus NOC
- Public – social services, taxi, car service
- Garage classes – dealer with some repair versus repair with some dealer

**Committee Action to Date:** None

**Status:** This item will be added to the Committee agenda for discussion at a future meeting.

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**V. Issue:** Consistent Application of Pollution Liability Coverage

**Category:** Servicing Carrier Consistency in Handling of Risks

**Priority:** High

**Committee Focus:** Determination of whether there is a need to clarify the pollution liability coverage and/or to develop standards for the application of coverage.

**Committee Action to Date:** None

**Status:** This item will be added to the Committee agenda for discussion at a future meeting.

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**VI. Issue:** Roll-Over of a Producer's Book and Required Forms

**Category:** Compliance

**Priority:** Medium

**Committee Focus:** Consideration of modified and/or waived procedures to accommodate producer book transfers.

**Committee Action to Date:** None

**Status:** This item will be added to the Committee agenda for discussion at a future meeting.

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**VII. Issue: Producer Management**

**Category:** Compliance

**Priority:** Medium

**Committee Focus:** Consider opportunities to enhance producer oversight programs. Some suggestions emanating from the Annual Report recommendations include:

- Repercussions for agents that do not comply with CAR Rules relative to screening applicants
- Consider additional methods of communications with ERPs
- Consider the challenge of obtaining proper documentation from ERPs

**Committee Action to Date:** The Compliance and Operations and Commercial Program Oversight Committees have referred the issue of non-compliance repercussions for failure to submit required forms to the Commercial Auto Committee.

**Status:** This item will be added to the Committee agenda for discussion at a future meeting.

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**VIII. Issue: Improvements to the Payment Process**

**Category:** Residual Market Premium Collection

**Priority:** Medium

**Committee Focus:** Consider options to improve the payment process to minimize producer violations

**Committee Action to Date:** None

**Status:** This item will be added to the Committee agenda for discussion at a future meeting.

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**IX. Issue: Coverage and Limits Available in the Residual Market**

**Category:** Residual Market Loss/Cost Control – Review of Maximum Cedeable Limits

**Priority:** Medium

**Committee Focus:** Review other states' plans to consider whether certain coverages and/or limits available in MA contribute to the size of CAR

**Committee Action to Date:** The committees have reviewed cedeable limits and recommended no changes.

**Status:** Tabled

**Commonwealth Automobile Reinsurers  
Commercial Automobile Committee – Market Issues  
Status as of March 17, 2022**

**ITEMS REFERRED TO OTHER COMMITTEES**

**I. Issue: Non-Ownership Liability Coverage**

**Category:** Rating

**Priority:** High

**Committee Focus:** Improvement of underwriting results

**Committee Action to Date:** The Joint Actuarial Commercial Lines Committee (JACLC) considered a number of rating alternatives involving an expanded class plan and separate rating for delivery service and stand-alone coverage. Committee members expressed a preference to simplify the approach and to also evaluate the impact of non-owned coverage afforded in conjunction with hired autos.

**Status:** The JACLC will continue discussions of alternatives to address stand-alone coverage and coverage afforded in conjunction with hired autos.

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**II. Issue: Vehicle Operations Outside of Massachusetts**

**Category:** Rating

**Priority:** High

**Committee Focus:** Improvement of underwriting results

**Committee Action to Date:** The JACLC recommended adoption of a separate rating factor to introduce a rating differential for zone-rated vehicles garaged outside of MA.

**Status:** The rating differential was introduced with the most recent rate filing under review by the Division of Insurance. The JACLC will consider alternatives for non-zone-rated vehicles for a future rate filing.

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**III. Issue: Short Term Rentals**

**Category:** Rating

**Priority:** High

**Committee Focus:** Rental companies that had previously offered physical damage coverage to short term hired automobiles are no longer offering this coverage. As physical damage coverage is unavailable in the residual market for hired automobiles, risks have found ways to circumvent this restriction by entering into long term lease agreements and later amending those leases.

**Committee Action to Date:** The Commercial Automobile Committee has determined that, as this coverage is not widely available in either the voluntary or other residual markets, the current rules are appropriate. Accordingly, the Committee has requested that the JACLC consider whether a minimum premium charge or penalty provision could be introduced to address those instances where vehicles are added to a policy inappropriately.

**Status:** Staff is researching various rating options and will add this item to the JALC agenda at a future meeting.

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**IV. Issue:** Gross Vehicle Weight Automobiles exceeding 10,000 Pounds

**Category:** Eligibility

**Priority:** Medium

**Committee Focus:** Automobiles with a gross vehicle weight exceeding 10,000 pounds and lacking an assigned VRG are not eligible for the MAIP, raising question as to eligibility for risks seeking coverage in the residual market. The Committee should discuss the appropriate placement of these vehicles in instances where the vehicle is not used in commercial operations.

**Committee Action to Date:** Staff provided an overview of actions taken to resolve this issue. In light of changes to Registry plate procedures, the AIB has determined that it will expand the assignment of VRG's to vehicles with a GVW up to 16,000 pounds.

**Status:** At an upcoming meeting, Staff will prepare changes to the definition of a private passenger vehicle to include additional vehicle types (SUVs), an increased GVW to 16,000 pounds and restricted use for review by the MAIP Steering Committee. Additionally, Staff will include an updated definition of the Private Passenger Type vehicle (to include SUVs) in the next commercial rules and rate filing.

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