



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 15, 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. Thomas DePaulo – Chair
Cabot Risk Strategies, LLC

Ms. Kristina Broskey
Ms. Annmarie Castonguay
Ms. Mary McConnell
Ms. Sharon Murphy
Mr. John Olivieri, Jr.
Mr. Tiago Prado
Mr. Thomas Skelly, Jr.
Mr. Barry Tagen
Mr. Mark Winiker
Mr. David Zawilinski

MAPFRE U.S.A. Corporation
The Hanover Insurance Company
Safety Insurance Company
Acadia Insurance Company
J.K. Olivieri Insurance Agency, Inc.
BRZ Insurance, LLC.
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 September 15, 2022 should be read and approved.

CAC

23.03 CAR Conflict of Interest Policy

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

CAC

22.05 AIB Commercial Automobile Insurance Manual and Endorsement Changes

At its last meeting, the Committee continued discussion relative to policy forms and related endorsements on file for use in the commercial residual market. The Committee concluded that circumstances in the current market support adoption of the newer ISO forms and directed staff to prepare the analysis needed to enable further discussion of an implementation schedule. Specifically, the Committee recommended upgrading to the Business Auto Policy (BAP) to the latest version, withdrawing the Truckers Coverage Form and instead using the BAP together with the Truckers Endorsement for trucking risks. The Committee further recommended subsequently replacing the Garage Policy with the Auto Dealers Policy. To that end, staff will present the following information for discussion:

- A comparison of the BAP currently on file for ceded policies (03/06 version) to the most recent version (11/20). The analysis identifies amendments that may require underwriting and claims training as well as those that may require manual rule and/or rate filings and statistical plan updates. (Docket #CAC22.05, Exhibit #4)
- A comparison of the Truckers Coverage Form currently on file for ceded policies (06/06 version) to the most recent version of the BAP together with the Motor Carrier Endorsement (11/20 versions). The analysis reconciles coverage provisions under the two programs and identifies required underwriting/claims training and rating manual rules, rates, and statistical plan updates. (to be distributed as additional information prior to the meeting)
- A schedule of policy forms and endorsements indicating updates needed to implement the latest policy forms, including additional endorsements as recommended by the Committee during prior discussions. (to be distributed as additional information prior to the meeting)

The Committee should be prepared to begin discussion of the information provided in order to prepare an implementation schedule.

Note that March 29, 2023 at 10:00 a.m. has been reserved for a continuation of the Committee meeting should it benefit progress of discussion.

CAC

22.07 Taxi/Limo/Car Service Underwriting Inspection Form

At the previous meeting, the Committee members provided additional feedback to the proposed inspection form, including the collection of information involving additional contact information, a description of the business, whether the vehicle is operated out of state, the nature of a risk's failure to comply with the inspection requirement, and an ability to include multiple vehicles on the inspection form. A revised draft of the form and proposed updates to the Manual of Administrative Procedures are attached for the Committee's review. (Docket #CAC22.07, Exhibit #3 and Exhibit #4)

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

Attachments

Boston, Massachusetts
March 3, 2023

Business Auto Coverage Form Upgrade
Analysis of 03/06 vs 11/20 Versions

	<p align="center">CAR's Business Auto Coverage Form CA 00 01 03 06</p>	<p align="center">AIB/ISO New Business Auto Coverage Form CA 00 01 11 20</p>	<p align="center">Comments</p>
SECTION I – COVERED AUTOS			
<p>CAR P2 of 12</p> <p>AIB P2 of 13</p>	<p>B. Owned Autos You Acquire After The Policy Begins</p> <p>1. If Symbols 1, 2, 3, 4, 5, 6 or 19 are entered next to a coverage in Item Two of the Declarations, then you have coverage for "autos" that you acquire of the type described for the remainder of the policy period.</p> <p>2. But, if Symbol 7 is entered next to a coverage in Item Two of the Declarations, an "auto" you acquire will be a covered "auto" for that coverage only if:</p> <p>a. We already cover all "autos" that you own for that coverage or it replaces an "auto" you previously owned that had that coverage; and</p> <p>b. You tell us within 30 days after you acquire it that you want us to cover it for that coverage</p>	<p>B. Owned Autos</p> <p>1. If Symbols 1, 2, 3, 4, 5, 6 or 19 are entered next to a coverage in Item Two of the Declarations, then you have coverage for "autos" that you acquire after the policy period begins of the type described for the remainder of the policy period.</p> <p>2. But, if Symbol 7 is entered next to a coverage in Item Two of the Declarations, an "auto" you acquire after the policy period begins will be a covered "auto" for that coverage only if:</p> <p>a. We already cover all "autos" that you own for that coverage or it replaces an "auto" you previously owned that had that coverage; and</p> <p>b. You tell us within 30 days after you acquire it that you want us to cover it for that coverage.</p> <p>3. An "auto" that is leased or rented to you without a driver, under a written agreement for a continuous period of at least six months that requires you to provide primary insurance covering such "auto", will be considered a covered "auto" you own.</p>	<p>B1: No apparent impact to coverage.</p> <p>B2: No apparent impact to coverage.</p> <p>B3: Clarification of coverage that may require underwriting and claims training.</p>

SECTION I – COVERED AUTOS (continued)			
CAR P2 of 12 AIB P2 of 13	<p>C. Certain Trailers, Mobile Equipment And Temporary Substitute Autos</p> <p>If Liability Coverage is provided by this Coverage Form, the following types of vehicles are also covered "autos" for Liability Coverage:</p> <p>1. "Trailers" with a load capacity of 2,000 pounds or less designated primarily for travel on public roads.</p>	<p>C. Certain Trailers, Mobile Equipment and Temporary Substitute Autos</p> <p>If Covered Autos Liability Coverage is provided by this Coverage Form, the following types of vehicles are also covered "autos" for Covered Autos Liability Coverage:</p> <p>1. "Trailers" with a registered Gross Vehicle Weight Rating of 3,000 pounds or less designated primarily for travel on public roads.</p>	<p>C: No apparent impact to coverage.</p> <p>C1: Clarification of coverage that will require</p> <ul style="list-style-type: none"> - Underwriting and claims training - Manual Rule update

SECTION II – COVERED AUTOS LIABILITY COVERAGE			
CAR P3 of 12 AIB P3 of 13	<p>A. Coverage</p> <p>2. Coverage Extensions</p> <p>a. Supplementary Payments</p> <p>We will pay for the "insured":</p> <p>(5) All costs taxed against the "insured" in any "suit" against the "insured" we defend.</p>	<p>A. Coverage</p> <p>2. Coverage Extensions</p> <p>a. Supplementary Payments</p> <p>We will pay for the "insured":</p> <p>(5) All court costs taxed against the "insured" in any "suit" against the "insured" we defend. However, these payments do not include attorneys' fees or attorneys' expenses taxed against the "insured".</p>	<p>Clarification of coverage that may require underwriting and claims training.</p>

SECTION II – COVERED AUTOS LIABILITY COVERAGE (continued)			
<p>CAR P4 of 12</p> <p>AIB P4-5 of 13</p>	<p>B. Exclusions</p> <p>5. Fellow Employee "Bodily injury" to any fellow "employee" of the "insured" arising out of and in the course of the fellow "employee's" employment or while performing duties related to the conduct of your business.</p>	<p>B. Exclusions</p> <p>5. Fellow Employee "Bodily injury" to: a. Any fellow "employee" of the "insured" arising out of and in the course of the fellow "employee's" employment or while performing duties related to the conduct of your business; or b. The spouse, child, parent, brother or sister of that fellow "employee as a consequence of Paragraph a. above.</p> <p>14. Unmanned Aircraft "Bodily injury" or "property damage" arising out of the ownership, maintenance or use of "unmanned aircraft".</p>	<p>B.5.b: Clarification of coverage that may require underwriting and claims training.</p> <p>B.14: This added exclusion is consistent with Commercial Auto Committee discussion and may require underwriting and claims training.</p>
SECTION III – PHYSICAL DAMAGE COVERAGE			
<p>CAR P6 of 12</p> <p>AIB P6-7 of 13</p>	<p>A. Coverage</p> <p>2. Towing We will pay up to the limit shown in the Declarations for towing and labor costs incurred each time a covered "auto" of the private passenger type is disabled. However, the labor must be performed at the place of disablement.</p>	<p>A. Coverage</p> <p>2. Towing and Labor We will pay up to the limit shown in the Declarations for towing and labor costs incurred each time a covered "auto" that is a private passenger type, light truck or medium truck is disabled. However, the labor must be performed at the place of disablement.</p>	<p>Coverage change will require:</p> <ul style="list-style-type: none"> -Underwriting and claims training -Manual Rule change -Rate review

SECTION III – PHYSICAL DAMAGE COVERAGE (continued)			
<p>CAR P6 of 12</p> <p>AIB P6-7 of 13</p>	<p>4. Coverage Extensions a. Transportation Expenses We will pay up to \$20 per day to a maximum of \$600 for temporary transportation expense incurred by you because of the total theft of a covered "auto" of the private passenger type. We will pay only for those covered "autos" for which you carry either Comprehensive or Specified Causes of Loss Coverage. We will pay for temporary transportation expenses incurred during the period beginning 48 hours after the theft and ending, regardless of the policy's expiration, when the covered "auto" is returned to use or we pay for its "loss".</p> <p>b. Loss of Use Expenses For Hired Auto Physical Damage, we will pay expenses for which an "insured" becomes legally responsible to pay for loss of use of a vehicle rented or hired without a driver, under a written rental contract or agreement. We will pay for loss of use expenses if caused by:</p> <p>(3) Collision only if the Declarations indicate that Collision Coverage is provided for any covered "auto". However, the most we will pay for any expenses for loss of use is \$20 per day, to a maximum of \$600.</p>	<p>4. Coverage Extensions a. Transportation Expenses We will pay up to \$30 per day, to a maximum of \$900, for temporary transportation expense incurred by you because of the total theft of a covered "auto" of the private passenger type. We will pay only for those covered "autos" for which you carry either Comprehensive or Specified Causes of Loss Coverage. We will pay for temporary transportation expenses incurred during the period beginning 48 hours after the theft and ending, regardless of the Policy's expiration, when the covered "auto" is returned to use or we pay for its "loss".</p> <p>b. Loss Of Use Expenses For Hired Auto Physical Damage, we will pay expenses for which an "insured" becomes legally responsible to pay for loss of use of a vehicle rented or hired without a driver under a written rental contract or agreement. We will pay for loss of use expenses if caused by:</p> <p>(3) Collision only if the Declarations indicates that Collision Coverage is provided for any covered "auto". However, the most we will pay for any expenses for loss of use is \$30 per day, to a maximum of \$900.</p>	<p>Coverage changes will require:</p> <p>-Underwriting and claims training</p>

SECTION III – PHYSICAL DAMAGE COVERAGE (continued)			
<p>CAR P6 of 12</p> <p>AIB P7 of 13</p>	<p>B. Exclusions</p> <p>3. We will not pay for "loss" caused by or resulting from any of the following unless caused by other "loss" that is covered by this insurance:</p> <p>a. Wear and tear, freezing, mechanical or electrical breakdown.</p> <p>b. Blowouts, punctures or other road damage to tires.</p>	<p>B. Exclusions</p> <p>3. We will not pay for "loss" due and confined to:</p> <p>a. Wear and tear, freezing, mechanical or electrical breakdown.</p> <p>b. Blowouts, punctures or other road damage to tires.</p> <p>This exclusion does not apply to such "loss" resulting from the total theft of a covered "auto".</p>	<p>B.3,B3.b: Clarification of coverage that may require underwriting and claims training.</p>
<p>CAR P7 of 12</p> <p>AIB P7 of 13</p>	<p>B. Exclusions</p> <p>5. Exclusions 4.c. and 4.d. do not apply to:</p> <p>a. Equipment designed solely for the reproduction of sound and accessories used with such equipment, provided such equipment is permanently installed in the covered "auto" at the time of the "loss" or such equipment is removable from a housing unit which is permanently installed in the covered "auto" at the time of the "loss", and such equipment is designed to be solely operated by use of the power from the "auto's" electrical system, in or upon the covered "auto"; or</p> <p>b. Any other electronic equipment that is:</p> <p>(1) Necessary for the normal operation of the covered "auto" or the monitoring of the covered "auto's" operating system;</p> <p>or</p> <p>(2) An integral part of the same unit housing any sound reproducing equipment described in Paragraph a. above and permanently installed in the opening of the dash or console of the covered "auto" normally used by the manufacturer for installation of a radio.</p> <p>5. We will not pay for "loss" to a covered "auto" due to "diminution in value".</p>	<p>B. Exclusions</p> <p>5. Exclusions 4.c. and 4.d. do not apply to equipment designed to be operated solely by use of the power from the "auto's" electrical system that, at the time of "loss", is:</p> <p>a. Permanently installed in or upon the covered "auto"</p> <p>b. Removable from a housing unit which is permanently installed in or upon the covered "auto"</p> <p>c. An integral part of the same unit housing any electronic equipment described in Paragraphs a. and b. above; or</p> <p>d. Necessary for the normal operation of the covered "auto" or the monitoring of the covered "auto's" operating system.</p> <p>6. We will not pay for "loss" to a covered "auto" due to "diminution in value".</p>	<p>Despite the significantly rearranged policy language, the changes have no apparent impact on coverage.</p>

SECTION III – PHYSICAL DAMAGE COVERAGE (continued)			
<p>CAR P7 of 12</p> <p>AIB P7-8 of 13</p>	<p>C. Limit of Insurance</p> <p>1. The most we will pay for "loss" in any one "accident" is the lesser of:</p> <p>a. The actual cash value of the damaged or stolen property as of the time of the "loss"; or</p> <p>b. The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.</p>	<p>C. Limits of Insurance</p> <p>1. The most we will pay for:</p> <p>a. "Loss" to any one covered "auto" is the lesser of:</p> <p>(1) The actual cash value of the damaged or stolen property as of the time of the "loss"; or</p> <p>(2) The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.</p> <p>b. All electronic equipment that reproduces, receives or transmits audio, visual or data signals in any one "loss" is \$1,000, if, at the time of "loss", such electronic equipment is:</p> <p>(1) Permanently installed in or upon the covered "auto" in a housing, opening or other location that is not normally used by the "auto" manufacturer for the installation of such equipment;</p> <p>(2) Removable from a permanently installed housing unit as described in Paragraph b.(1) above; or</p> <p>(3) An integral part of such equipment as described in Paragraphs b.(1) and b.(2) above.</p>	<p>Coverage change that will require:</p> <ul style="list-style-type: none"> -Underwriting and claims training -Manual Rule review -Rate review -Statistical Plan change

SECTION III – PHYSICAL DAMAGE COVERAGE (continued)		
<p>CAR P7 of 12</p> <p>AIB P8 of 13</p>	<p>D. Deductible For each covered "auto", our obligation to pay for, repair, return or replace damaged or stolen property will be reduced by the applicable deductible shown in the Declarations. Any Comprehensive Coverage deductible shown in the Declarations does not apply to "loss" caused by fire or lightning.</p>	<p>D. Deductible For each covered "auto", our obligation to pay for, repair, return or replace damaged or stolen property will be reduced by the applicable deductible shown in the Declarations prior to the application of the Limit of Insurance, provided that: 1. The Comprehensive or Specified Causes of Loss Coverage deductible applies only to "loss" caused by: a. Theft or mischief or vandalism; or b. All perils. 2. Regardless of the number of covered "autos" damaged or stolen, the maximum deductible applicable for all "loss" in any one event caused by: a. Theft or mischief or vandalism; or b. All perils, will be equal to five times the highest deductible applicable to any one covered "auto" on the Policy for Comprehensive or Specified Causes of Loss Coverage. The application of the highest deductible used to calculate the maximum deductible will be made regardless of which covered "autos" were damaged or stolen in the "loss".</p>
SECTION IV – BUSINESS AUTO CONDITIONS		
Language in both forms is substantively the same.		
SECTION V – DEFINITIONS		
Definition of unmanned aircraft is added. Definitions are otherwise substantively the same.		

D.1. Clarifying language may require underwriting and claims training.

D.2. New provision to define maximum deductible will require underwriting and claims training.

Commonwealth Automobile Reinsurers
Taxi/Limousine/Car Service
Proposed Underwriting Inspection Form (Updated)

Inspection Information	Response
Policy Number	
Inspector Name	
Requestor	
Order Number	
Inspection Date	
Inspection Location	
New Business/Renewal Date	
Failure to Comply	Yes <input type="checkbox"/> No <input type="checkbox"/>
• If "Yes"	
○ No Response – List Date(s)	
○ No Show – List Date(s)	

Company Information	Response
Named Insured	
Phone Number	
Address	
City	
State	
Zip Code	
Email Address	
Interviewed	
Title	

General Risk Questions		Response
1.	Does the insured operate out of state? • If yes, please specify in the Remarks section on page three.	Yes <input type="checkbox"/> No <input type="checkbox"/>
2.	Are vehicles operated solely by the named insured, an employee, or an independent contractor of the named insured, in attendance?	Yes <input type="checkbox"/> No <input type="checkbox"/>
3.	Do any vehicles pick up hail fares on the street?	Yes <input type="checkbox"/> No <input type="checkbox"/>
4.	Does the risk charge per mile traveled if the trip is less than 25 miles?	Yes <input type="checkbox"/> No <input type="checkbox"/>
5.	Does the risk operate on a scheduled business day and return to the automobile's base of operation for a continuous period of at least four hours in each 24-hour period?	Yes <input type="checkbox"/> No <input type="checkbox"/>
6.	Does the insured operate from a base with two-way communication?	Yes <input type="checkbox"/> No <input type="checkbox"/>
7.	Does the insured typically receive payment through billing, credit card, or cash? • If no, how is the insured paid for services?	Yes <input type="checkbox"/> No <input type="checkbox"/>
8.	Is the insured under contract with a regional transit authority where transportation services are paid for by the individual requesting the services? • If no, is the insured then paid by a social service agency?	Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/>
9.	Is any vehicle used for or under contract with any Transportation Network or Delivery Network (Uber/Lyft/Grub Hub/DoorDash) services? If yes, please specify in the Remarks section on page three.	Yes <input type="checkbox"/> No <input type="checkbox"/>

Commonwealth Automobile Reinsurers
Taxi/Limousine/Car Service
Proposed Underwriting Inspection Form (Updated)

General Risk Questions (Continued)		Response
10.	Do customers contact insured by (check all that apply):	Phone <input type="checkbox"/> Street <input type="checkbox"/> App <input type="checkbox"/> Other <input type="checkbox"/>
11.	Are any vehicles rented or leased to others on a long-term or short-term agreement, or on a time, commission, profit-sharing, or other independent contractor basis?	Yes <input type="checkbox"/> No <input type="checkbox"/>
12.	Is the vehicle primarily used as: <ul style="list-style-type: none"> • Courier Service • Package Parcel Delivery 	Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/>
13.	How are trips tracked? <ul style="list-style-type: none"> • Contracts • Trip Logs <ul style="list-style-type: none"> ○ If yes, please provide. 	Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/>
14.	Is the vehicle used to carry students or other persons to and from school or any other school activity?	Yes <input type="checkbox"/> No <input type="checkbox"/>
15.	Is the vehicle used to transport to or from airports? If yes, please provide locations in the Remarks section on page three.	Yes <input type="checkbox"/> No <input type="checkbox"/>
16.	Are any vehicles hired on a prearranged basis? Hourly, on an exclusive, dedicated basis for the duration of the event, not for drop-off and pick-up, only for weddings, funerals, religious ceremonies, or other non-business social functions?	Yes <input type="checkbox"/> No <input type="checkbox"/>

Vehicle Information	Response
<u>Vehicle Number 1</u>	
Model Year	
Make	
Model	
VIN	
Seat Capacity	
License/Permit No.	
Medallion Number (if applicable)	
Garage Location	
Garage Location Type	

Vehicle Checklist	Response	
Valid Inspection	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Special Equipment: <ul style="list-style-type: none"> • Permanently installed fare meter • Dashcam 	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Mileage Meter	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Partition	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Radio Dispatch	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Pre-Existing Damage	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Vehicle Markings/Signage/TNC Decals	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Massport or Airport Decals	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Commonwealth Automobile Reinsurers
Taxi/Limousine/Car Service
Proposed Underwriting Inspection Form (Updated)

Vehicle Photos					
<ul style="list-style-type: none">• Attach pictures of the front, the rear, both sides of vehicle, and the interior.• Any decals, markings, or signage should be clearly visible.• The seating area should be free of obstructions.• Any specialized equipment that had been installed such as a camera or meter should also be photographed.					
Vehicle Photos	Insert Photo 1 (front)	Insert Photo 2 (rear)	Insert Photo 3 (left side)	Insert Photo 4 (right side)	Insert Photo 5 (interior)

Additional Risk Remarks:
<ul style="list-style-type: none">• Please include a brief description of business operations and the area of operation.

**Manual of Administrative Procedures Updates
Chapter III – Servicing Carrier Responsibilities**

Memorandum of Changes – March 15, 2023

Modifications

The following modifications to the Manual of Administrative Procedures are proposed:

Chapter III – Servicing Carrier Responsibilities

Section B.8.e. is updated to reference the redesigned CAR Underwriting Inspection Form for use by the Servicing Carriers and will be available on CAR's website.

A. Servicing Carrier Responsibilities

In order to successfully fulfill its residual market obligations, a Servicing Carrier is responsible for meeting the requirements of CAR's Rules of Operation, specifically performing the duties identified in Rule 13 – Servicing Carrier Requirements including those relative to rates and policy issuance, data reporting, Exclusive Representative Producers (ERPs), and compliance with established claims performance standards. Additional Servicing Carrier responsibilities are described in Section B. of this Chapter and in Chapter X – Servicing Carrier and Exclusive Representative Producer Standards and Forms of this Manual. Section C. provides requirements relative to the termination of an ERP contract including the process for reviewing such termination and associated appeal procedures. Section D. of this Chapter provides information relative to the premium and expense reimbursement procedure a Servicing Carrier must follow when an ERP default occurs.

B. Additional Servicing Carrier Responsibilities

1. Review of Agency Groups and Affiliations

On an annual basis, a Servicing Carrier must provide CAR with information relative to each ERP's affiliation status for commercial Motor Vehicle Insurance. Any contractual relationship or membership in a producer cluster or network that the ERP may have or whether the ERP has a direct or indirect material and continuing proprietary or management interest in another agency or brokerage firm having an ERP appointment to another Servicing Carrier must be identified. Additionally, any new agency affiliations or changes in affiliated agency relationships must be identified. CAR will also perform a review of producer group websites in an attempt to confirm group memberships. Refer to Rule 13.B.5. of CAR's Rules of Operation for additional information.

This information will assist CAR in its evaluation and assessment of the need to redistribute commercial ceded written premium among Servicing Carriers. For additional information relative to redistribution, refer to Chapter II.B. – Servicing Carrier Appointment of this Manual.

2. Commission Payment Requirements

A Servicing Carrier must pay commission to an ERP on ceded commercial business as specified in Rule 18 – Commissions of CAR's Rules of Operation.

3. Validation of Commercial Market Eligibility

To assure the eligibility of an applicant or a risk for placement in the commercial automobile residual market, a Servicing Carrier is required to implement standards, as established by CAR's Governing Committee.

The established standards identify underwriting tools and opportunities that may be used by a Servicing Carrier in order to validate a risk's eligibility. The standards also identify risk evaluation tools and opportunities that should be used by an Exclusive Representative Producer to determine risk eligibility, prior to submitting a risk to their Servicing Carrier for placement in the commercial automobile residual market.

A Servicing Carrier must assure that its Exclusive Representative Producers submit all forms as required by the established standards. Additionally, a Servicing Carrier must assure that its Exclusive Representative Producers submit a supplemental application for all new business policies. Certification attesting to the information submitted on the forms and supplemental application, as well as the application for insurance, must be obtained for all risks.

Additionally, pursuant to Rule 10 – Claim Practices of CAR's Rules of Operation, a Servicing Carrier must conduct audits on a representative sample of policies to verify garaging and policy facts.

Refer to Chapter X – Servicing Carrier and Exclusive Representative Producer Standards and Forms of this manual for more specific information relative to the established standards and required forms.

Refer to Section B.4. of this Chapter for further information relative to supplemental application requirements.

4. Submission of a Supplemental Application

A supplemental application is required to be completed for all new business policies. The application collects general risk information for all commercial risks, as well as additional ownership, usage and garaging information for public transportation and trucking risks. The information collected on the supplemental application may be used to further determine the eligibility of a risk for placement in the commercial automobile residual market.

An Exclusive Representative Producer must assure that the general risk section of the supplemental application is completed by all risks. Further, based upon the risk's type of operation, the public automobile information addendum and/or the trucker/motor carrier information addendum of the

application must also be completed by the risk. The risk must sign and date the application to certify to the accuracy of the information provided on the application. The producer, as a witness to the signing, must also provide a signature and date on the application. The signed and dated supplemental application, including any required addenda, must then be submitted to the Servicing Carrier.

Note that at the discretion of the Servicing Carrier, a supplemental application may also be requested for renewal business.

The supplemental application is located on the Reports page of CAR's website under the Commercial Only Forms, Manuals link. Refer to Exhibit III-B-2.

5. Reporting Requirements for an Ineligible Risk

A Servicing Carrier that declines, non-renews or cancels a risk it determines to be ineligible for coverage in the commercial residual market must report such action, and the reason(s) therefore, to CAR's Ineligible Risk Database within two business days of the issuance of the notice to the risk. Data elements to be reported include Business Name, Owner License Number, Federal Employer Identification Number (FEIN), USDOT Number, Policy Identification Number, Class Type, as well as other data elements that identify the risk and are beneficial to the administration of the Commercial Servicing Carrier Program. CAR will maintain the database for access by Servicing Carriers to enable more efficient underwriting. However, a Servicing Carrier is required to perform its own investigation to independently determine eligibility of a risk.

Note that if the declination, non-renewal or cancellation is rescinded, the Servicing Carrier must update the Ineligible Risk Database to notify CAR of the reinstatement.

The Ineligible Risk Database application is available on the Reports page of CAR's website, under the Servicing Carrier Profile link. A Help manual that provides detailed information relative to CAR's Ineligible Risk Database is also available.

6. Large Loss Notification Procedures

To provide companies with timely and enhanced information relative to large commercial residual market losses, a Servicing Carrier is required to notify CAR of the occurrence of a large loss.

Servicing Carriers must notify CAR within ten business days of the carrier becoming aware of an accident involving a commercial ceded insured that

may potentially result in a large loss liability for the commercial residual market. These accidents include those with serious injuries (including, but not limited to, spinal injury, traumatic brain injury and amputation) and fatalities, and are not based upon a specific dollar amount threshold. Notification should be provided using the Large Loss Notification Form which is available on the Reports section of CAR's website, under the Servicing Carrier Profile link. A Help manual that provides detailed information relative to the Large Loss Notification Form and reporting application is also available. Only users associated with a commercial Servicing Carrier will be granted access to the Large Loss Notification Form and a valid user ID and password is required for access.

Additionally, to ensure that CAR's committees are advised of the circumstances surrounding large losses that may impact commercial deficit loss projections and that may potentially have an impact on a company's financial reporting requirements, several Large Loss Reports will be provided to CAR's Loss Reserving Committee on a quarterly basis. The reports provide historical large loss information by policy year for policies exceeding \$1 million in total losses including ALAE expenses. These reports will also be available to commercial companies on the Reports page of CAR's website, under the Deficit and Large Loss link. All users with a valid user ID and password are able to access the Large Loss Reports.

7. Claims Handling

The Commercial Claims Performance Standards provide the requirements for the handling and payment of claims by Servicing Carriers. During its investigation of a claim, the Servicing Carrier should record the use of the vehicle and driver of the vehicle at the time of the accident to validate the application of coverage and classification.

8. Additional Commercial Automobile Program and Performance Requirements

In addition to complying with the provisions of CAR's Rules of Operation, a Servicing Carrier is responsible for adhering to the following requirements:

a. Administrative and Account Management Services

- 1) A management level account executive with knowledge of the Program must be assigned and will be responsible for assuring the requirements of the Program, responding to CAR inquiries and meeting with CAR staff and committee representatives.

- 2) Each Servicing Carrier must provide a direct bill program. Servicing Carriers must cooperate with their assigned producers to assure that policyholders are made aware of their option to utilize an installment plan.

The Servicing Carrier must use an installment payment plan that has been filed with and approved by the Division of Insurance. The plan must include the application of an installment finance charge plan based on an annual percentage rate and no more than a 30% first or deposit payment on or before the policy effective date. The plan must also include that no less than seven monthly payments thereafter must be offered to the insured that chooses to pay in installments.

b. Underwriting and Policy Processing

- 1) A specific taxi, limousine and car service new business and renewal application must be used. Refer to Exhibit III-B-1. The application requires information that is necessary for the proper classification and rating of the policy. A copy of the Hackney License or other municipal document authorizing the operation of a taxi, or license or other municipal document authorizing the operation of a limousine or car service vehicle must be included with the application. For Boston taxis or any other jurisdiction that utilizes a medallion system, the application must include the taxi medallion number.
- 2) For renewal business, the producer will be required to submit a completed renewal application to the Servicing Carrier within 45 days prior to the policy effective date.
- 3) Within 30 days of the receipt of the application, the Servicing Carrier must mail the policy to the insured. If notified of a dispute relative to the premium charged, reply within 15 days of receiving the notification.
- 4) Assure that all data necessary to properly classify, rate and experience rate ceded policies is reported to CAR in compliance with the Commercial Automobile Statistical Plan and according to approved rules, rates and rating plans as contained in CAR's Commercial Automobile Insurance Manual.
- 5) Secure and verify each risk's loss history in order to properly experience rate the risk and distribute the rating calculation and loss information to each eligible policyholder and producer.

- 6) In order to prevent premium leakage, perform a pre-audit on any trucking risk with a cost of hire exposure and five or more power units or the equivalent of exposures if hired by the risk. The audits must be completed within 120 days of the policy effective date. Additional or return premium must be computed in accordance with the results of the audit and with appropriate notification given to the producer and the insured.
- c. Claims Management Services
 - 1) For risks insured through the Commercial Automobile Program, Servicing Carriers must establish claims management procedures in compliance with the provisions of CAR's Rules of Operation and this Manual.
 - 2) A Servicing Carrier's Massachusetts claims unit must manage all claims occurring out-of-state.
 - d. Management Information Systems Services
 - 1) Servicing Carriers must provide all data required by CAR's Rules of Operations and this Manual.
 - 2) Servicing Carriers must produce any ad hoc reports as may be requested by CAR.
 - e. Loss Control Services

A Servicing Carrier is expected to provide safety engineering or loss control services consistent with best practices and as directed by CAR's Governing Committee. Minimum parameters for the establishment of loss control programs to be made available to qualifying policyholders are as follows:

- 1) Program features must include vehicle inspection, driver and equipment evaluation, a review of accident and loss experience, a safety newsletter or other informational mailings.

~~Additionally, for taxi, limousine and car service risks, the Servicing Carrier must also provide information regarding the performance of a mandatory underwriting inspection on all new business taxi policies and on their renewal, except those vehicles classified as non-owner operator in the Boston territory are not subject to this requirement. Vehicles classified as limousine or car service are subject to a mandatory inspection at the time a new business policy is written and as necessary thereafter to determine accurate~~

~~classification and garaging. This type of inspection will assure proper territory and rating classification of each vehicle.~~

Additionally, for taxi, limousine and car service risks, the Servicing Carrier must complete the mandatory CAR Underwriting Inspection Form found on CAR's website. For taxi policies, the form must be completed on all new and renewal business, except those vehicles classified as non-owner operator in the Boston territory that are not subject to this requirement. For vehicles classified as limousine or car service, Servicing Carriers must complete the form at the time a new business policy is written and as necessary thereafter to determine accurate classification and garaging. This type of inspection, in conjunction with a new business application and/or other available source documentation, will assist the Servicing Carrier in determining the proper territory and rating classification of each vehicle. The CAR Underwriting Inspection Form can be found on CAR's website on the Commercial Only – Forms and Manuals Page.

- 2) Upon request, any risk regardless of size will be provided written material concerning loss control. Any risk with five or more power units or the equivalent of such exposure, if hired by the risk, that develops an experience rating debit will be offered a loss control survey.
- 3) The results of the loss control survey will include a corrective action plan, safety management feature and, if applicable to the risk, a hazardous material plan.