



NATALIE A. HUBLEY  
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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## RECORDS OF MEETING

### COMMERCIAL AUTOMOBILE COMMITTEE – MAY 25, 2021

#### Members Present

Mr. Thomas DePaulo – Chair	Cabot Risk Strategies, LLC
Ms. Kristina Broskey	MAPFRE U.S.A. Corporation
Ms. Annmarie Castonguay	The Hanover Insurance Company
Ms. Sheila Doherty	Doherty Insurance Agency, Inc.
Mr. Bryan Hurwitz	The Norfolk & Dedham Group
Ms. Mary McConnell	Safety Insurance Company
Ms. Sharon Murphy	Acadia Insurance Company
Mr. John Olivieri, Jr.	J.K. Olivieri Insurance Agency, Inc.
Mr. Thomas Skelly, Jr.	Deland, Gibson Insurance Associates, Inc.
Mr. Barry Tagen	Pilgrim Insurance Company
Mr. Mark Winiker	A-Affordable Insurance Agency, Inc.
Mr. David Zawilinski	Arbella Insurance Group

Substituted for:  
N/A

Not in Attendance:  
N/A

#### 21.01 Records of Previous Meeting

On a roll call vote, the Committee unanimously voted to approve the Records of the Commercial Automobile Committee meeting of April 28, 2021. The Records have been distributed and are on file.

#### 19.05 Commercial Residual Market Issues

Ms. Wendy Browne reported on the commercial issues under consideration by the Committee for today's meeting. She stated that the Committee will continue its discussion on Transportation Network Company coverage and will also begin discussion on the consistent use of appraisals in determining physical damage coverage.

She also informed the Committee that staff is in the process of updating the Ineligible Risk Database to add two new reason codes that would provide additional timely information to Servicing Carriers. At its last meeting, the Committee agreed that adding a code to indicate that there is uncollected premium on a policy would be a valuable enhancement to the database. Additionally, in reviewing database input, staff identified that the bulk of data entered under the database's "other" category reflects the failure of the risk

to provide required documentation. As a result, Ms. Browne indicated that a new reason code will be established in order to collect and specifically identify this information.

Lastly, Ms. Browne requested that the Committee consider whether a question asking whether premium is currently owed be added to the supplemental application. She requested that Committee members also consider whether it would be useful to add a question to the supplemental application, asking whether any vehicle on the policy would be involved in any TNC activity.

#### **19.08 Radius of Operation and Rating Territory**

Ms. Browne stated that staff received a test data file from Verisk relative to staff's evaluation and subsequent recommendation to the Committee of the potential for use of the RadiusCheck software. She indicated that the data is currently being reviewed and that more analysis will be required by staff to determine how Servicing Carriers will be able to use the information most effectively for validating radius and geographic classification. Accordingly, additional information will be provided to the Committee at its next meeting.

#### **20.05 Transportation Network Services Coverage (TNC)**

Ms. Browne reviewed the updated TNC overview document to reflect Committee discussions to date. The overview describes a number of issues needing further discussion to provide direction relative to the level of coverage to be afforded in the residual market.

Ms. Browne noted that at last meeting, discussion took place on whether a vehicle specific endorsement may be an option for those policies covering vehicles classified as public and vehicles classified as non-public on a single policy. Servicing Carriers were requested to provide staff with feedback relative to resource requirements to implement such an endorsement and any concerns with this approach.

Ms. Browne advised that the feedback received varied among Servicing Carriers, but, in general, indicated that a vehicle specific endorsement would require significant resources and system changes on the part of the company. One Servicing Carrier commented that staff's recommended approach seemed inconsistent in that some vehicles for which coverage would otherwise be excluded, would be permitted to engage in TNC activities because they are placed on a policy with public vehicles.

Another Servicing Carrier suggested that the feasibility of a class specific endorsement should be revisited. However, Counsel reiterated concerns relative to determining the coverage at the time of loss based upon classification. Mr. Steven Torres cautioned that the classification of vehicles is agreed upon by the insurer and the producer in order to determine premium as defined in the rating manuals, but classification is not defined within the policy documents.

Finally, Ms. Browne referred to the draft CR 99 06 exclusion endorsement and noted that, as originally drafted, the endorsement was intended to be used with all ceded commercial automobile policies, except those providing coverage for any public automobile. Based on the discussions at the previous meeting, staff drafted the CR 99 07 exclusion endorsement for the Committee's consideration. This endorsement would specify vehicles listed on policies providing coverage for both public and non-public automobile classes to which the exclusion applies.

Considerable discussion ensued during which members agreed that there needs to be an avenue for TNC coverage in the residual market. There was also general agreement that vehicles used for TNC activities should be classified as public vehicles. The Committee then discussed alternative approaches to

construct rules and forms that would accomplish the objective for policies including both public vehicles and non-public vehicles.

Some Committee members expressed concern with the exclusive use of the “other insurance condition” endorsement, as it exposes the residual market to unintended risk of TNC operation of vehicles not classified as public. Further some members expressed concern that coverage should only be afforded in instances where intended use for TNC activities is declared. However, the members agreed that a vehicle specific exclusion is cumbersome and cost prohibitive. Accordingly, it was suggested that the Committee consider an endorsement that addresses vehicle operation as opposed to classification. In addition, the Committee members supported a suggestion to consider the feasibility of an exclusion and buy-back approach.

The Committee also discussed concern with changes to an insured’s business operations that may occur during a policy term. Ms. Roberta Fitzpatrick noted that courts have said that insurers need to make it more clear to policyholders that changes must be brought to the attention of the insurer. She suggested that the Committee consider a disclosure notice with every renewal policy, making clear to policyholders their obligations for reporting any material changes during the policy term, including intended use for TNC activities. She also pointed out that the statutory requirements of the TNC company are silent with respect to the delivery of goods, possibly impacting the availability of primary coverage through the TNC.

After further discussion, staff advised that it would further research the alternative approaches discussed by the Committee, including a review of approaches currently in use in the voluntary personal lines market.

## **20.08 Physical Damage Procedures**

Mr. Timothy Galligan referred the Committee to the exhibit attached to the Notice of Meeting and noted that the Committee has been asked to consider the development of enhanced guidelines for improving consistency among Servicing Carriers with regards to the use of appraisals in applying stated amount and agreed value options for pricing physical damage coverage. He explained that to assist the Committee in its discussion, staff provided an overview of Rule 42 – Physical Damage Coverage Rating Procedures of the Commercial Automobile Insurance Manual that identifies the procedures related to the determination of physical damage premium. He requested that the Servicing Carriers comment on their procedures, and under which circumstances they use appraisals in order assist the Committee to consider whether further direction is needed.

Committee discussion ensued, with each of the Servicing Carriers indicating that for stated amount coverage, an appraisal is not required or requested. The Servicing Carriers also noted that very few policies are written on an agreed value basis and in those instances an appraisal is consistently obtained from the insured, reviewed in-house, and if questions arise, the vehicle is further evaluated by the company’s independent appraiser. The Committee agreed that although the use of different vendors may result in some variation in determining agreed value, Servicing Carriers consistently require appraisals. In light of the limited use of the agreed value option, the Committee determined that no enhanced procedures are needed at this time.

MARIAN ADGATE  
Corporate Documentation Specialist

Boston, Massachusetts  
June 7, 2021

**ATTACHMENT LISTING**

Docket #CAC21.02, Exhibit #4

Attendance Listing

**COMMERCIAL AUTOMOBILE COMMITTEE MEETING  
MEETING ATTENDEES  
MAY 25, 2021**

Individual's Name

Company / Agency

PLEASE PRINT

Thomas DePaulo	Cabot Risk Strategies, LLC
Kristina Broskey	MAPFRE U.S.A. Corporation
Anmarie Castonguay	The Hanover Insurance Company
Sheila Doherty	Doherty Insurance Agency, Inc.
Bryan Hurwitz	The Norfolk & Dedham Group
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Mark Winiker	A-Affordable Insurance Agency, Inc.
David Zawilinski	Arbella Insurance Group
Monique Miller	AIB
Roberta Fitzpatrick	Arbella Insurance Group
John Magadieu	Arbella Insurance Group
Mary Ellen Thompson	Division of Insurance
Kathy Cormier	MAIA
Peter Barton	Safety Insurance Company
Benjamin Hincks	TSH & D – CAR Counsel
Steve Torres	TSH & D – CAR Counsel
Marian Adgate	CAR Staff
Mark Alves	CAR Staff
Wendy Browne	CAR Staff
Shannon Chiu	CAR Staff
Timothy Costain	CAR Staff
Richard Dalton	CAR Staff

**COMMERCIAL AUTOMOBILE COMMITTEE MEETING  
MEETING ATTENDEES  
MAY 25, 2021**

Individual's Name

Company / Agency

PLEASE PRINT

Timothy Galligan	CAR Staff
Matt Hirsh	CAR Staff
Natalie Hubley	CAR Staff
Cheryl Kopas	CAR Staff
Daniel Mason	CAR Staff
John Metcalfe	CAR Staff
Katy Proctor	CAR Staff
James Robery	CAR Staff
Lynne Rosenburg	CAR Staff
Allison Ruggiero	CAR Staff
Robin Tigges	CAR Staff