



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 AUTOMOBILE COMMITTEE – MARCH 30, 2022

Members Present

Mr. Thomas DePaulo – Chair	Cabot Risk Strategies, LLC
Mr. Thomas Bird ⁽¹⁾	Acadia Insurance Company
Mr. Michael Brady ⁽²⁾	Pilgrim Insurance Company
Mr. Donald Bredberg	Norfolk and Dedham Group
Ms. Kristina Broskey	MAPFRE U.S.A. Corporation
Ms. Annmarie Castonguay	The Hanover Insurance Company
Ms. Sheila Doherty	Doherty Insurance Agency, Inc.
Ms. Mary McConnell	Safety Insurance Company
Mr. John Olivieri, Jr.	J.K. Olivieri Insurance Agency, Inc.
Mr. Thomas Skelly, Jr.	Deland, Gibson Insurance Associates, Inc.
Mr. Mark Winiker	A-Affordable Insurance Agency, Inc.
Mr. David Zawilinski	Arbella Insurance Group

Substituted for:

⁽¹⁾Ms. Sharon Murphy

⁽²⁾Mr. Barry Tagen

Not in Attendance:

N/A

22.01 Records of Previous Meeting

On a roll call vote, the Committee unanimously voted to approve the Records of the Commercial Automobile Committee meeting of February 3, 2022. The Records have been distributed and are on file.

19.05 Commercial Residual Market Issues

Ms. Wendy Browne reported that the list of issues impacting the commercial residual market has been updated to reflect the prioritization of items based on the Committee deliberations at the last meeting. Ms. Browne noted that the new list has been separated into two sections, the list of issues under consideration by the Commercial Automobile Committee and issues that have been referred to other committees. She noted at today's meeting the Committee will discuss the Manual Rules and Forms recently adopted by Automobile Insurance Bureau (AIB) and whether they are appropriate for the residual market.

Ms. Browne also notified the Committee that the vendor who provided the inspection form required for new business for taxi, limousine, and car service residual market policies will no longer be providing

that service. She indicated that CAR has been asked to consider creating an inspection form for all Serving Carriers to utilize. She advised the Committee that CAR's Compliance Audit Department has reviewed the existing form and saw benefits in modifying it to include questions related to the Massachusetts residual market. She asked for the Committee's consensus to move forward with allocating resources to build the modified form. The Committee noted that a common form would ensure consistency among all Servicing Carriers and agreed that staff should move forward in its efforts.

22.05 AIB Commercial Automobile Insurance Manual and Endorsement Changes

Mr. Galligan introduced a summary exhibit highlighting new commercial automobile endorsements recently adopted by the AIB for use in the Massachusetts voluntary market. Mr. Galligan noted that the initial discussion is intended to obtain feedback as to which endorsements may be appropriate for the residual market. Based on the Committee's feedback, Staff will draft applicable forms and rules for consideration at a subsequent meeting. The Committee reviewed and discussed the endorsements as follows:

1. Cannabis Exclusion Endorsements

The Committee considered three endorsements excluding coverage for cannabis operations and use, with and without exceptions for hemp, and hemp and lessor's risk. Committee members indicated that they have observed instances of cannabis growing and/or selling activities in garage operations and expressed interest in ensuring that the exclusion of losses associated with such activities is clarified. However, they noted that the AIB endorsements are applied to the general liability section of the auto dealers coverage form and requested that Counsel consider whether the endorsement forms are needed for the MA garage policy, or to what extent they would need to be modified to clarify coverage under the garage operations section.

2. Replacement Cost Coverage Endorsement for PPT's

The Committee discussed the endorsement to amend physical damage coverage for PPT vehicles to pay the amount to replace a covered auto for a "total" loss that occurs within 24 months of ownership and less than 24K miles on the odometer. The Committee consensus was that this coverage was not appropriate for the residual market.

3. Broadened Non-Ownership Endorsements

The Committee reviewed two endorsements broadening the non-owned coverage. The first endorsement extends non-owned coverage to apply to any volunteers, not just social service agency volunteers. The second endorsement extends non-owned coverage to partners and LLC members when using autos owned by them or a household member.

While some members questioned whether such coverage has been commonly requested, producers suggested that this coverage is being bound currently. Other members noted requests for this coverage that had been turned away. In order to ensure consistency among carriers and appropriate rating procedures, the consensus was to direct staff to move forward with consideration of the broadened endorsement forms.

4. Volunteer Hire Auto Coverage

Consistent with the non-owned coverage discussion, the Committee directed staff to also move forward with consideration of the volunteer hired auto coverage.

5. On Hook Tow Coverage

This endorsement would provide coverage as part of towing operations if the insureds do not have a garage or service location. Staff informed the Committee that it has received questions relative to whether the MA garage policy form provides on-hook coverage, and whether it should be afforded for all tow operations.

Members agreed that there are common misunderstandings about this coverage, noting differences between towing operations and auto hauling services. They also discussed the importance of the right pricing if this coverage is added, with many high value vehicles being towed. The Committee was in favor of considering this coverage, but felt a more thorough review should be conducted in conjunction with the difference in policy forms and garage keepers coverage, as well as the issue of limits and appropriate rating.

6. Designated Location(s) Products and Work you Performed Aggregate Limit for Certain General Liability Coverages

The Committee reviewed an endorsement that amends the aggregate limit for general liability coverage from a per-policy basis to per-designated-location basis. Servicing Carriers commented that this expanded coverage would be difficult and expensive to implement. In addition, the Committee noted the increased exposure to the residual market and was not in favor of pursuing it further.

7. Limited General Liability Coverage for Designated Unmanned Aircraft for Dealerships

The Committee reviewed four endorsements to add drone coverage options for Dealerships. The Committee agreed that this coverage was not appropriate for the commercial automobile residual market and noted that ample general liability coverage for drones is available in the surplus market.

8. Unmanned Aircraft Exclusion Endorsement (UVA)

The Committee discussed whether the Unmanned Aircraft Exclusion endorsements were needed. It was noted that the MA garage policy includes language that states “any” aircraft is excluded. However, as aircraft is not specifically defined, the Committee agreed that the endorsements should be considered for use in the residual market to eliminate ambiguity.

9. Cross Suits Liability Exclusion Endorsements

Servicing Carriers noted that, while cross suits claims are rare, they do occur and increase liability to the residual market. Accordingly, the Committee recommended adoption of this clarification to protect the residual market from this exposure.

10. Comprehensive and Collision Coverage for Watercraft in the Insureds Care

Staff noted that the MA garage policy excludes coverage for watercraft, except those in the care of the insured. The Committee agreed that this additional coverage is not appropriate in the commercial automobile residual market.

11. Mobile Home Contents Coverage for Comprehensive

Staff noted that CAR requires Servicing Carriers to exclude coverage for mobile home contents with endorsement CA 20 27. Servicing Carriers indicated that they are not aware of requests from insureds

and noted that coverage is available through other lines. Accordingly, the Committee agreed that this additional coverage is not appropriate for the commercial automobile residual market.

12. Physical Damage Coverage to Autos Held for Sale by Non-Dealers

The Committee agreed that this endorsement is not appropriate for the commercial automobile residual market, noting that it is readily available in other markets.

13. Automatic Insured Status for Newly Acquired or Formed Limited Liability Companies – Other Than Covered Auto Coverages

The Committee agreed that this coverage is not appropriate for the commercial automobile the residual market.

14. ATV/UTV Coverage

The Committee agreed that ATV/UTV coverage is not appropriate for the commercial automobile residual market, noting that coverage is widely available in other markets for these types of vehicles. Additionally, similar vehicle types including golf mobiles, snowmobiles, and low speed vehicles are not cedable to the commercial automobile residual market.

15. Towing and Labor Extended to Light and Medium Trucks

The Committee discussed whether towing and labor coverage should be offered for light and medium trucks in the residual market. While the coverage is believed to be rarely used, in part due to its availability from manufacturers and dealers, members agreed that the need does exist, and that this coverage should be considered for offering. Discussion ensued about the varying sizes, weights, and values of these vehicles, and the Committee agreed that an appropriate rate to address these differences should be considered.

Lastly, Ms. Natalie Hubley noted the consistent comments among committee members relative to consideration of the new endorsement forms addressing the need to consider the different policy forms on file for use in the residual market. That is, CAR has not adopted the auto dealers coverage form or the motor carrier coverage form, but rather continues to use the MA garage policy and the truckers policy forms, respectively. Accordingly, to implement the recommended changes, a thorough review of the differences in the forms will be required to draft unique endorsements appropriate use with the forms on file for CAR. Ms. Hubley suggested that staff prepare a comparison the of the forms and a summary of the Committee's prior discussions. The Committee may then evaluate whether circumstances in the current market support adoption of the newer forms or to affirm the use of CAR's current policy forms. The Committee members agreed and also suggested a review of CAR's rating manual to address ambiguities that may lead to inconsistent procedures among the Servicing Carriers.

TIMOTHY GALLIGAN
Director of Actuarial and Statistical Services

Boston, Massachusetts
April 5, 2022

ATTACHMENT LISTING

Docket #CAC22.02, Exhibit #2

Attendance Listing

**COMMERCIAL AUTOMOBILE COMMITTEE MEETING
MEETING ATTENDEES
MARCH 30, 2022**

Individual's Name

Company / Agency

PLEASE PRINT

Mr. Thomas DePaulo	Cabot Risk Strategies, LLC
Mr. Donald Bredberg	Norfolk and Dedham Group
Ms. Kristina Broskey	MAPFRE U. S. A. Corporation
Ms. Annmarie Castonguay	The Hanover Insurance Company
Ms. Sheila Doherty	Doherty Insurance Agency, Inc.
Ms. Mary McConnell	Safety Insurance Company
Mr. Thomas Bird	Acadia Insurance Company
Mr. John Olivieri, Jr.	J.K. Olivieri Insurance Agency, Inc.
Mr. Thomas Skelly, Jr	Deland, Gibson Insurance Associates, Inc.
Mr. Michael Brady	Pilgrim Insurance Company
Mr. Mark Winiker	A-Affordable Insurance Agency, Inc.
Mr. David Zawilinski	Arbella Insurance Group
Mr. John Magadieu	Arbella Insurance Group
Ms. Linda Zarella	Arbella Insurance Group
Ms. Monique Miller	AIB
Ms. Mary Ellen Thompson	Division of Insurance
Ms. Kathy Cormier	MAIA
Mr. Benjamin Hincks	TSH & D – CAR Counsel
Mr. Steven Torres	TSH & D – CAR Counsel
Mr. Mark Alves	CAR Staff
Ms. Wendy Browne	CAR Staff
Ms. Shannon Chiu	CAR Staff
Mr. Richard Dalton	CAR Staff
Mr. Timothy Galligan	CAR Staff

**COMMERCIAL AUTOMOBILE COMMITTEE MEETING
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MARCH 30, 2022**

Individual's Name

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Ms. Natalie Hubley	CAR Staff
Ms. Cheryl Kopas	CAR Staff
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