



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

COMMERCIAL AUTOMOBILE COMMITTEE – JULY 18, 2023

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
Mr. Andrew Denton ⁽¹⁾	Deland, Gibson Insurance Associates, Inc.
Ms. Mary McConnell	Safety Insurance Company
Ms. Sharon Murphy	Acadia Insurance Company
Mr. John Olivieri, Jr.	J.K. Olivieri Insurance Agency, Inc.
Mr. Tiago Prado	BRZ Insurance, LLC.
Mr. Barry Tagen	Pilgrim Insurance Company
Mr. Jeanne Weathers ⁽²⁾	Arbella Insurance Group
Mr. Mark Winiker	A-Affordable Insurance Agency, Inc.

Substituted for:

⁽¹⁾Mr. Thomas Skelly, Jr.

⁽²⁾Mr. David Zawilinski

Not in Attendance:

N/A

23.01 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 26, 2023. The Records have been distributed and are on file.

22.05 AIB Commercial Automobile Insurance Manual and Endorsement Changes

Ms. Natalie Hubley informed the Committee that staff has completed its review and comparison of the current forms in use for the residual market to the most recent Commercial coverage forms on file. A complete packet of the comparison review was attached to the agenda, which incorporates comments from the Committee, staff, and counsel. Ms. Hubley also informed the Committee that staff had modified the schedule of forms and endorsements that will require adoption of updated versions to accompany the new coverage forms.

Ms. Hubley highlighted the changes in the forms and endorsements summary document since the prior meeting noting the following:

- A newer version of the Motor Carrier Endorsement will be available prior to the implementation of these changes. The schedule will be updated when placed on file with the DOI.
- The Massachusetts Mandatory Endorsements are currently under review by the AIB and will be adopted for the residual market when placed on file with the DOI.
- The Unmanned Aircraft Exclusion for General Liability Coverages Endorsement (CA 27 06) will be updated prior to implementation of these changes. The schedule will be updated when the newer version is placed on file.
- The Unmanned Aircraft Exclusion for General Liability Coverages Endorsement for Personal and Advertising Injury (CA 27 07), previously recommended by the Committee, is no longer needed as these coverages will be excluded with the more recent version of CA 25 54.
- AIB will be filing amendments to the Massachusetts Premium Adjustment and Coverage Endorsement, and the Massachusetts Rate Modification Endorsement to add a reference to the Auto Dealers Form.

Ms. Hubley informed the Committee that if other form changes become available prior to implementation of the new coverage forms, the schedule of forms and endorsements will be updated in accordance with any Committee recommendations and distributed to the Servicing Carriers and producers.

Ms. Hubley emphasized that Staff's analyses are intended to assist Servicing Carriers in identifying the scope of system changes and areas where claims and underwriting training may be needed. She advised that the documents are not intended to serve as an exclusive source of information for both Servicing Carriers and producers. Ms. Hubley advised those using these analyses to refer to relevant Insurance Service Office (ISO) circulars and Automobile Insurers Bureau (AIB) Notices as primary source references.

At the last meeting, Ms. Hubley informed the Committee that the Commercial Program Oversight Committee would meet to discuss the Servicing Carriers concerns with the substantial lead time and costs required to implement the form changes. After considerable discussion, the Oversight Committee recommended that implementation of the new commercial coverage forms coincide with the next Servicing Carrier appointment term beginning January 1, 2027. Ms. Hubley informed the Committee that, at its next meeting, the Oversight Committee will review a schedule that initiates the RFP in June 2024 to allow sufficient time for the appointed Servicing Carriers to plan, budget, make system changes, and train staff.

After a brief discussion, the Commercial Automobile Committee unanimously voted to conceptually approve the forms update project with implementation to coincide with the next Servicing Carrier appointment term. Ms. Hubley then advised the Committee that staff will move forward with the next phase of the implementation, which includes drafting related rate and manual rule amendments that will target the February 2024 Governing Committee for approval. Staff will also consult with the State Rating Bureau (SRB) to discuss the proposed implementation schedule and coordinate filings accordingly. Upon approval, staff will draft corresponding updates to the CAR's Rules of Operation and Manual of Administrative Procedures to address minor changes in coverage availability.

23.04 Eligibility of Peer-to-Peer Vehicle Sharing Programs

The Committee continued discussion regarding the eligibility for cession of risks engaged in peer-to-peer vehicle sharing programs. Ms. Wendy Browne summarized issues raised by the Committee at its previous meeting including the nature and classification of the risk, the contractual arrangements between parties, and filed legislation. At the time, the Committee recognized that these complex issues make this exposure difficult to define.

Ms. Browne reported on additional research by staff that highlights the growing number of platforms facilitating vehicle sharing of a wide array of vehicle types including, but not limited to, personal autos, box trucks, pick-up trucks, moving vans, tractor-trailers, and RVs. She pointed out that some vehicles available for sharing are owned by companies engaged in their own commercial operations while others are privately owned. Staff's research has shown that most platforms provide master insurance policies; some are automatically incorporated into the sharing agreements and others are optional. CAR staff noted its concern about the additional complexity when vehicles are shared for multiple purposes, including mixed-use programs and varying exposure layers when vehicles are used for both business and pleasure. Ms. Browne noted that given the unknown nature of the exposure, the ongoing discussions by the legislature, the availability of coverage through the platforms and emerging voluntary markets, as well as the potential impacts to the size of the residual market, the Committee should consider monitoring how this issue develops over time.

Given Ms. Browne's research with respect to the availability of coverage through the vehicle sharing platforms, questions were raised as to the original request for review. It was suggested that there may be a lack of coverage when the vehicle is awaiting a client on the platform. Mr. Tiago Prado commented that, because the MA auto policy will not cover vehicle sharing, those engaged in that activity may have their policies cancelled for misrepresentation. Staff was directed to inquire with the MAIA to better understand the concerns about potential gaps in coverage.

23.05 2023 Annual Evaluation of Market Need for ERP Appointments

Mr. Richard Dalton stated that in accordance with Rule 14 – Exclusive Representative Producer Requirements, an applicant for an ERP appointment to a Servicing Carrier must meet the conditions for addressing market need as determined by criteria established by CAR's Governing Committee. The approved criteria include a provision that an annual assessment be made to determine if a market need exists for appointments. He noted that attached to the Notice of Meeting was the approved criteria and data reports to assist the Committee in evaluating accessibility to the residual market throughout the Commonwealth through producers experienced in servicing all classes of commercial automobile risks. He indicated that the Committee should focus on determining whether a market need exists for the appointment of an ERP without a voluntary commercial automobile contract and developing a recommendation for the annual determination of market need for the Governing Committee's consideration.

Mr. Dalton informed the Committee that during the past year, there have been 7 new ERP appointments made to producers with a voluntary contract in place, and 6 requests from producers without voluntary contracts that were not approved. There are currently 4 requests pending. The Committee observed that the current data reflects results similar to the prior year. The Committee concluded that there continues to exist ample access to the residual market through qualified producers throughout the Commonwealth with experience servicing complex commercial risks.

Accordingly, on a roll call vote, the Committee unanimously voted to recommend to the Governing Committee that a market need does not exist for the appointment of new non-voluntary contracted ERPs at this time.

TIMOTHY GALLIGAN
Director of Actuarial and Statistical Services

Boston, Massachusetts
August 17, 2023

ATTACHMENT LISTING

Docket #CAC23.02, Exhibit #3

Attendance Listing

**COMMERCIAL AUTOMOBILE COMMITTEE MEETING
MEETING ATTENDEES
JULY 18, 2023**

Individual's Name

Company / Agency

PLEASE PRINT

Thomas DePaulo	Cabot Risk Strategies, LLC
Kristina Broskey	MAPFRE U.S.A. Corporation
Annmarie Castonguay	The Hanover Insurance Company
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Barry Tagen	Pilgrim Insurance Company
Mark Winiker	A-Affordable Insurance Agency, Inc.
Jeanne Weathers	Arbella Insurance Group
Benjamin Hincks	TSH & D – CAR Counsel
Steven Torres	TSH & D – CAR Counsel
Meaghan Gill	Arbella Insurance Group
Julie O'Donnell	Arbella Insurance Group
Peter Barton	Safety Insurance Company
Janet Lassetter	Star Indemnity & Liability Company
Kathy Cormier	MAIA
Laura Poulin	MAIA
John Magadiou	Arbella Insurance Group
Monique Miller	AIB
Shannon Chiu	CAR Staff
Timothy Costain	CAR Staff

