



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

COMMERCIAL AUTOMOBILE COMMITTEE – DECEMBER 8, 2023

Members Present

Mr. Thomas DePaulo – Chair	Cabot Risk Strategies, LLC
Ms. Annmarie Castonguay	The Hanover Insurance Company
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. 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
Mr. Jesse Zimmerman	MAPFRE U.S.A. Corporation

Substituted for:
N/A

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 October 27, 2023. The Records have been distributed and are on file.

23.04 Eligibility of Peer-to-Peer Vehicle Sharing Programs

At the October 27, 2023 meeting, the Committee identified several questions, comments and suggestions that were listed in the notice of meeting for further discussion of peer-to-peer vehicle sharing program eligibility in the MA residual market. Chair Thomas DePaulo advised that Staff will continue its review and research of the topics listed in order to enable continued committee discussion.

23.06 Implementation of Commercial Policy Coverage and Endorsement Forms

The Committee continued its review of manual rule amendments related to the implementation of new policy coverage and endorsement forms already approved by the Committee. Ms. Katy Proctor outlined the amendments to Section III – Trucks, Tractors and Trailers, highlighting the addition of references to specific endorsements, language modifications for consistency and the addition of towing and labor coverage as directed by the Committee. She also noted that staff recommends withdrawing the Truckers – Excess Coverage for the Named Insured and Names Lessors for Leased Autos (CA 23 08) and Truckers- Named Lessee as Insured (CA 23 12) endorsements. These two endorsements must be in accordance with a written hold harmless agreement, which is not applicable in the residual market, nor does CAR currently have applicable rates or rules. Furthermore, Ms. Proctor indicated that the proposed updates to the manual currently reference the 2020 version of the motor carrier endorsement and that CAR plans to adopt the 2023 version once it becomes available in MA. At this time, the Committee had no comments or questions regarding the presented amendments to Section III or the withdrawal of the two endorsements.

Ms. Proctor next reviewed the amendment to Section IV – Private Passenger Types for the Committee, noting only language modification for consistency was needed. At this time, the Committee had no comments or questions regarding the presented amendments to Section IV.

Finally, Ms. Proctor reviewed proposed amendments to Section VII – Special Types and Operations, again highlighting the addition of references to specific endorsements, language modifications for consistency as well as some changes to stay in sync with the AIB’s updated Commercial Automobile Insurance Manual. Ms. Proctor also stated that staff recommends the removal of Contingent Coverage, Rule 120.C.1.B and withdrawal of the Leasing and Rental Concerns – Contingent Coverage endorsement (CA 20 09). Currently CAR does not have a rate for this coverage and a review of historical data indicates that this type of coverage has not been written in the residual market. The Committee had no comments or questions regarding the presented amendments to Section VII, including the withdrawal of the endorsements.

Ms. Wendy Browne informed the Committee that staff is in the process of drafting amendments to the Auto Dealers section of the Commercial Automobile Insurance Manual and has identified a point of clarification regarding “who is an insured” with respect to covered auto liability coverage for customers. The Massachusetts Garage Insurance Policy defaults to limited customer coverage and the Garage Declarations – Massachusetts form enables the risk to opt for full customer coverage. While the Auto Dealers coverage form also defaults to limited customer coverage, the Massachusetts Mandatory Endorsement deletes the language relating to limited customer coverage thereby enabling only full customer coverage. Ms. Browne noted that currently only one Servicing Carrier has written ceded auto dealer risks with limited customer coverage, representing less than 10% of ceded auto dealer premium. She inquired whether the Committee thought this coverage should continue being offered in the residual market.

Discussion ensued, with members agreeing that limited customer coverage should continue to be offered in the residual market. Accordingly, Ms. Browne noted that staff will move forward with draft changes maintaining both limited and unlimited customer coverage in the Auto Dealers section. She noted that staff has already raised this issue with the AIB and will continue to work with them to develop an option to enable limited customer coverage. Staff will provide an update at a future meeting.

Mr. DePaulo noted that, as the Committee had no additional input relating to the proposed amendments presented to date, CAR staff should continue to move forward with preparing the remaining sections of the Commercial Automobile Insurance Manual for presentation at the next CAC meeting on January 10, 2024. It is anticipated that the manual, in its entirety, will then be presented to the Committee in February for final review and approval.

23.08 Default Radius Standardization

In its previous meeting, the Commercial Auto Committee discussed a list of objectives for 2024 and determined that a review of the default radius class for trucks, tractors, and trailers, and certain public classes should be prioritized. Ms. Lynne Rosenberg began discussion by explaining that the concern arose from Servicing Carriers having noticed that the procedure to default to the intermediate radius classification as outlined in Chapter X of CAR's Manual of Administrative Procedures can result in a lower premium determination, which provides incentive for risks to withhold proper documentation. It was noted that CAR staff has begun reviewing different rating options to determine which scenarios produce consistent results to incentivize applicants to provide proper documentation with the goal of ensuring an accurate classification.

Discussion ensued regarding the scope of concerns relating to this issue. Servicing Carriers indicated that missing documentation is prevalent and requires significant resources to address. Committee members supported thoughtful consideration of default alternatives, noting that as rates are updated, risks are incented accordingly and that guidelines should ensure consistency among carriers.

23.09 Consistency in Determining Classification

Another item that the Committee prioritized at its last meeting pertains to the issue of inconsistency in determining the classification of certain public vehicle risks, including school and NOC buses, and mixed-use scenarios involving social services and other public classifications. Ms. Browne opened the discussion by addressing agents' concerns over differences among Servicing Carriers in classification and premium determination. The Committee was then asked to assist in identifying the issues causing these discrepancies to determine how improved consistency can be brought about in classifying these exposures.

Mr. David Zawilinski commented that a common issue involves the timing of securing municipal contracts and the need to have insurance in place to respond to an RFP for school bus services. Absent a contract in place, the underwriter employs judgement in assigning classification. Committee members also noted that certain buses have been found to have mixed uses such as secondary use of school buses to provide charter services or transportation for social service agencies.

As other committee members provided input, an apparent trend emerged in which the rates and premium determinations for such mixed-use cases are subject to the underwriter's judgement on a case-by-case basis. In some cases, the underwriter may assign a classification based on the primary use of the vehicle while others may employ the bus NOC classification. Members noted that in the voluntary market, carriers may choose not to insure a risk engaged in certain incidental use, and others may add additional charges for certain incidental or alternate use.

Ms. Sharon Murphy suggested that the Committee consider further clarification in defining primary operation and evaluate the feasibility of additional charges to ensure appropriate pricing. Mr. Barry Tagen cautioned that a solution to ensure consistency among Servicing Carriers requires the assumption that each carrier will be provided the same information from the insured and the producer, which is often not the case. Therefore, any proposed guidelines should identify required documentation to the extent possible.

Ms. Browne noted that staff will consider the committee's comments as it prepares options for Committee discussion at a future meeting.

TIMOTHY GALLIGAN
Director of Actuarial and Statistical Services

Boston, Massachusetts
December 28, 2023

ATTACHMENT LISTING

Docket #CAC23.02, Exhibit #5

Attendance Listing

**COMMERCIAL AUTOMOBILE COMMITTEE MEETING
MEETING ATTENDEES
DECEMBER 8, 2023**

Individual's Name

Company / Agency

PLEASE PRINT

Thomas DePaulo	Cabot Risk Strategies, LLC
Annmarie Castonguay	The Hanover Insurance Company
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David Zawilinski	Arbella Insurance Group
Jesse Zimmerman	MAPFRE U.S.A. Corporation
Beth Poplawski	MAPFRE U.S.A. Corporation
Matthew Devine	Arbella Insurance Group
Linda Zarella	Arbella Insurance Group
Mary Ellen Thompson	Division of Insurance
Nicholas Fyntrilakis	MAIA
Laura Poulin	MAIA
Monique Miller	AIB
Mark Alves	CAR Staff
Wendy Browne	CAR Staff
Shannon Chiu	CAR Staff
Richard Dalton	CAR Staff
Timothy Galligan	CAR Staff
Steven Gautieri	CAR Staff

**COMMERCIAL AUTOMOBILE COMMITTEE MEETING
MEETING ATTENDEES
DECEMBER 8, 2023**

Individual's Name

Company / Agency

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Matthew Hirsh	CAR Staff
Natalie Hubley	CAR Staff
Cheryl Kopas	CAR Staff
Katy Proctor	CAR Staff
Tiffany Manning	CAR Staff
James Robery	CAR Staff
Lynne Rosenburg	CAR Staff
Alison Ruggiero	CAR Staff
Evan Ross	CAR Staff
Robin Tigges	CAR Staff