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NOTICE OF MEETING

MAIP STEERING COMMITTEE

A meeting of the MAIP Steering Committee will be held virtually via Zoom video conferencing software on

WEDNESDAY, JANUARY 25, 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. Barry Tagen – Chair
Pilgrim Insurance Company

Mr. Allen Chaves
Ms. Sarah Clemens
Ms. Ida Denard Jones
Ms. Sheila Doherty
Mr. Shaun Farley
Ms. Jean Houghton
Mr. Robert Jackson
Ms. Nicole Martorana
Ms. Mary McConnell
Mr. Henry Risman
Mr. Christopher Taylor
Mr. Mark Winiker

Arbella Insurance Group
MAPFRE U.S.A. Corporation
Denard Insurance Agency, Inc.
Doherty Insurance Agency, Inc.
Vermont Mutual Insurance Group
Norfolk and Dedham Group
GEICO
FBInsure, LLC
Safety Insurance Company
Risman Insurance Agency, Inc.
The Hanover Insurance Company
A-Affordable Insurance Agency, Inc.

AGENDA

MSC

22.01 Records of Previous Meeting

The Records of the MAIP Steering Committee meeting of June 28, 2022 should be read and approved.

MSC

23.03 CAR Conflict of Interest Policy

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

MSC

22.04 Electronic MAIP Stamp

Staff will provide an update on the project completion of the electronic MAIP stamp and will present an overview of the planned implementation to the Committee for its review and comments. Proposed updates to the Assigned Risk Producer Procedures Manual are attached for the Committee's review. (Docket #MSC22.04, Exhibit #1)

MSC

22.06 Private Passenger Definition

At its last meeting, the Committee considered recommended changes to Rule 27 – Private Passenger Definition of the MAIP rating manual to include SUVs in the eligibility definition, address vehicles with a gross vehicle weight up to 16,000 pounds and to ensure consistency with the commercial manual. Staff will review the current draft, which has been amended to address the Committee's comments. (Docket #MSC22.06, Exhibit #2)

MSC

22.08 MAIP Physical Damage Maximum Loss Payable

At its last meeting, the Committee requested additional information to assist in its discussion of a physical damage maximum loss payable for the private passenger residual market. The Committee requested information relative to any statutory obligations in Massachusetts, a comparison of limits in other residual market jurisdictions, and any relevant data on high valued vehicles currently in the MAIP. (Docket #MSC22.08, Exhibit #1)

MSC

23.04 MAIP Policy Application Update – Risk Email Address

An Assigned Risk Company (ARC) has requested CAR consider adding an email address field to the MAIP Policy Application for enhanced insured contact purposes. Staff will report on feedback solicited and obtained from ARCs relative to the scope of resources required to implement the potential change to the data feed transmitted to ARCs and intention to use the added data element. The Committee should be prepared to consider the request and provide staff direction on this matter.

Other Business

To transact any other business that may properly come before this Committee.

Executive Session

The MAIP Steering Committee may convene in Executive Session in accordance with the provisions of G.L. c. 30A, § 21.

ADRIANNE DONOVAN
Residual Market Services Liaison

Attachments

Boston, Massachusetts
January 12, 2023

January 25, 2023

Assigned Risk Producer Procedures Manual Updates

Memorandum of Changes

The following modifications are proposed to Chapter II – Assigned Risk Producer Responsibilities and Chapter IV – Assignment of an Application to an ARC:

Chapter II – Assigned Risk Producer Responsibilities

- Section A.6 – MAIP Stamp Requirements – language has been added to reference the availability and use of MAIP E-Stamps for vehicle registration certifications as an option in addition to the use of a MAIP wet stamp. Also, language has been added to specifically identify wet stamps in some procedures.

Chapter IV – Assignment of an Application to an ARC

- Section B.6 – MAIP Stamp – language has been added to reference the availability and use of MAIP E-Stamps for vehicle registration certifications as an option in addition to the use of a MAIP wet stamp.

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be added to that individual's security profile. The agency's Security Administrator may add the locations by accessing the Detail Users page from the Manage Users function menu, clicking on the user's name and then adding the location.

- f. In order to assure that the tax identification information needed for the commission process is automatically provided to the company to which a MAIP application is assigned, the Security Administrator must make sure that agency tax information is entered into the MAIP system. This can be done via the Enter Tax ID function which is available on the Security Administration Menu. Tax identification information is maintained on an encrypted file and is only made available to ARCs via the transfer of assigned applications.

Note that some companies may also request agencies to complete additional forms.

5. Activation of MAIP Policy Application Access – Tutorial Requirements

Every individual securing a MAIP User ID and password must complete a MAIP Policy Application tutorial prior to being permitted to place business through the MAIP. The tutorial will educate individuals on how to enter, edit and submit policy applications for assignment to an ARC. Completion of the tutorial will satisfy the certification provision of Rule 31 – Assigned Risk Producer Requirements requiring electronic access to the MAIP.

Once the tutorial has been completed, entry of the MAIP User ID will activate the MAIP Policy Application and the individual will then be able to enter policy application data.

6. MAIP Stamp Requirements

Upon completion of the ARP certification requirements specified in Section A.1. of this Chapter, each certified ARP office location will be provided with two MAIP wet stamps. MAIP E-Stamps are also available for vehicle registration certifications within the MAIP Policy Application, which includes instructions for use.

The MAIP stamp, once affixed to RMV forms, will provide proof of insurance to the RMV. The stamp will contain a MAIP agency

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number specific to the office location as assigned by CAR and will contain lines for the name and company number of the ARC to which the policy is assigned and the ARP's signature. The RMV will be provided with a listing of all active and certified agency numbers. The MAIP stamps may be used on appropriate registration forms once an assignment to a company has been made. The ARP is required to assure that the accurate assigned company's name and three-digit company number appears legibly. ~~accurately and legibly print the assigned company's name and number on the stamped RMV form for acceptance at the RMV.~~

a. Authorization

Use of MAIP stamps is authorized by CAR specific to a particular agency and agency office location. The authorization is valid as long as the producer information on file at CAR remains unchanged, the agency license remains current and the producer maintains all certification requirements. Copying the MAIP wet stamp and/or unauthorized use of a MAIP stamp is prohibited and such action will result in the decertification of the producer and the producer's inability to place business through the MAIP.

Note that a the MAIP stamp may not be used as a courtesy to certify registration forms. A courtesy stamp may only be performed by a producer that represents the company insuring the applicant's vehicle, using that company's stamp.

b. Duplication, Replacement or Request for Additional Stamps

Any replacement or request for additional MAIP wet stamps must be approved by CAR. A MAIP Wet Stamp Request form may be found on the MAIP Producer page of CAR's website, under Forms (refer to Exhibit II-A-4).

c. Return of MAIP Stamps

An agency sale, merger, acquisition, termination, decertification or individual office location closing must be immediately reported to CAR. In any such case, all MAIP wet stamps must be promptly returned to CAR.

d. Power of Attorney

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An Authorization to Certify Motor Vehicle Insurance Coverage form (refer to Exhibit II-A-5) may be used to grant (or revoke) licensed and non-licensed agency employees the authority to certify, through the use of the ARP's MAIP stamps, the existence of motor vehicle insurance coverage for risks assigned to an ARC. This form must be completed and signed by a licensed and certified agency principal. Such authority is extended only to those policies issued through the MAIP and produced in the course of the individual's employment agreement with the insurance agency. The Authorization to Certify Motor Vehicle Insurance Coverage form may be found on the MAIP Producer page of CAR's website, under Forms, using the Power of Attorney Authorization link.

7. Ongoing Assigned Risk Producer Requirements

An ARP is also responsible for fulfilling many ongoing requirements, several of which are listed below. Failure to do so will be grounds for revocation of certification. Refer to Rule 31.B. – Assigned Risk Producer Requirements of CAR's Rules of Operation for a complete list of all ARP requirements.

- a. Based upon the MAIP eligibility requirements outlined in Rule 26 – Policyholder Rights and Responsibilities of CAR's Rules of Operation, assure that all applications submitted for MAIP placement meet the established MAIP eligibility criteria.
- b. Assure that MAIP application information, and any additional or supplemental information is submitted on the proper forms and that each application is submitted accurately and in its entirety by taking the following steps:
 - (1) List all licensed operators in the household, including those not used for classifications purposes.
 - (2) Verify through the RMV Registration Inquiry System, the driver's license for each listed operator who holds a Massachusetts driver's license. The ARP must submit a photocopy of the license of any operator holding an out-of-state or a foreign driver's license with the new business application.

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which contains either a company link or an email address for each ARC. Via these links, companies provide ARPs with information relative to their company rates, underwriting, billing, claims and SIU operations, pre-inspection requirements and inspection sites, premium deposit payment information and billing remittance address, supplemental application information requirements and any other information necessary for successful policy submission and maintenance.

6. MAIP Stamps

In order to provide proof of insurance to the RMV, all RMV forms must be stamped with a MAIP stamp.

The MAIP **wet** stamp will contain the MAIP Agency Number as assigned by CAR. **MAIP wet stamps** and will contain lines for the name and company number of the ARC to which the policy is assigned and the ARP's signature. The ARP is required to accurately and legibly print the assigned company's name and number on the stamped RMV form for acceptance at the Registry. Two **wet** MAIP stamps will be provided to each certified ARP office location.

MAIP E-Stamps are also available for authorized use and can be found in the E-Stamp section of the MAIP Policy Application. The ARP is required to accurately select the correct E-Stamp for the assigned company and three-digit company number and apply an authorized signature for use with an RMV form.

Note that ~~the~~ MAIP stamps may not be used as a courtesy to certify registration forms. A courtesy stamp may only be performed by another producer that represents the company insuring the applicant's vehicle, using that company's stamp.

For additional information regarding the authorization of stamp use, the duplication, replacement or request for additional stamps, the return of MAIP **wet** stamps and the use of the Authorization to Certify Motor Vehicle Insurance Coverage form, refer to Chapter II of this Manual.

7. Documents to be Provided to the Assigned ARC

Within two business days of policy assignment, the ARP must provide the assigned ARC with the following:

January 25, 2023

Private Passenger Residual Market Automobile Insurance Manual Updates

Memorandum of Changes

The following modifications are proposed to Section II – Private Passenger Automobiles – Rule 27 Private Passenger Definition:

- Section B – the definition of the vehicle type has been expanded to include SUV
- Section B.1 – in conjunction with changes to 540 CRM plate definition to indicate that a pick-up truck or cargo van weighing less than 16,000 pounds can now have a private passenger plate, the gross vehicle weight has been updated from 10,000 pounds to 16,000 to maintain consistency with Registry procedures.

SECTION II - PRIVATE PASSENGER AUTOMOBILES

RULE 27. PRIVATE PASSENGER DEFINITION

- A. A motor vehicle of the private passenger or station wagon type that is owned or leased under contract for a continuous period of at least twelve months by one or more individuals, excluding (1) partnerships, (2) corporations, (3) unincorporated business associations, and (4) other legal business entities with a federal employer identification number, and is not used as a public or livery conveyance nor rented to others. A vehicle which meets the conditions of Rule 31, regarding the transportation of fellow employees, students or others for consideration, is included in this definition, provided such vehicle is not registered for carrying passengers for hire.
- B. A motor vehicle that is a pick-up, ~~or~~ van, or SUV that is owned or leased under contract for a continuous period of at least 12 months by one or more individuals, excluding (1) partnerships, (2) corporations, (3) unincorporated business associations, and (4) other legal business entities with a federal employer identification number, and
1. has a gross vehicle weight rating of less than ~~10,000~~ 16,000 pounds or has a vehicle rating group assigned to it by the Automobile Insurers Bureau of MA (AIB), and
 2. is not used for the delivery or transportation of goods or materials unless such use is incidental to the insured's business of installing, maintaining or repairing furnishings or equipment.
- C. Gross Vehicle Weight Rating means the value specified by the manufacturer as the loaded weight of a single vehicle.
- D. An eligible vehicle under this rule whose title has been transferred to a trust may be insured under a policy issued by assignment through the MAIP, subject to the following requirements: the grantor of the trust must be an individual or lawfully married individuals residing in the same household, and must be the only insured(s) named in Item 1 of the Coverage Selections Page. All vehicle(s) insured under the policy must be owned by the trust. A vehicle owned by a trust in which the grantor is a partnership or corporation must be written under a commercial auto policy.

If a motor vehicle is leased as described in the foregoing paragraphs, and the lessee is obtaining the insurance, the policy must be issued to the lessee as named insured and Endorsement M-0070-S, "Coverage For Anyone Renting An Auto To You," must be attached to the policy.

RULE 28. PRIVATE PASSENGER CLASSIFICATIONS

A. Operator Classes

- 10 Experienced Operator.** The operator has been licensed at least six years and is under the age of 65 and the automobile is not used in the occupation, profession or business of the insured.
- 15 Experienced Operator - age sixty-five or more.** The operator has been licensed at least six years and is sixty-five years of age or more and the automobile is not used in the occupation, profession or business of the insured.
- 17 Inexperienced Principal Operator - licensed three or more years.** The operator of the automobile has been licensed at least three years and less than six years and is the principal operator of the automobile.
- 18 Inexperienced Occasional Operator - licensed three or more years.** The operator has been licensed at least three years and less than six years and is not the principal operator of the automobile.
- 20 Inexperienced Principal Operator - licensed less than three years. No driver training.** The operator has been licensed less than three years, is the principal operator of the automobile, and has not completed a Satisfactory Driver Training Program.
- 21 Inexperienced Occasional Operator - licensed less than three years. No driver training.** The operator has been licensed less than three years, is not the principal operator of the automobile, and has not completed a Satisfactory Driver Training Program.

MAIP Steering Committee

MAIP Physical Damage Maximum Loss Payable Review

Committee Discussions:

As directed by the MAIP Steering Committee at its June 28, 2022 meeting, staff has initiated a review of the maximum physical damage coverage limits for the private passenger residual market. The Committee requested CAR staff and Counsel to evaluate several factors including the volume of these vehicles, adequate pricing and loss experience, statutory coverage obligations, and other states' limits regarding providing physical damage coverage.

1. Volume of Vehicles

Vehicle Counts by Original Cost New*							
OCN (000)		PY 19		PY 20		PY 21	
>=	<	Counts	%	Counts	%	Counts	%
0	50	29,307	96.73%	18,560	96.30%	12,427	95.50%
50	100	842	2.78%	601	3.12%	444	3.41%
100	150	53	0.17%	41	0.21%	32	0.25%
150	200	30	0.10%	25	0.13%	29	0.22%
200	250	40	0.13%	22	0.11%	34	0.26%
250	300	10	0.03%	10	0.05%	21	0.16%
>350		17	0.06%	14	0.07%	26	0.20%
Total		30,299		19,273		13,013	

*Data is based on the Original Cost New (OCN) provided in the MAIP application

2. Loss Experience

Physical Damage Losses - COLL and OTC Combined							
Loss Range (000)		PY 19		PY 20		PY 21	
>=	<	Phys Dam		Phys Dam		Phys Dam	
		Accidents	Losses	Accidents	Losses	Accidents	Losses
0	10	6,852	12,060,821	4,516	8,398,094	3,294	6,246,382
10	20	329	4,327,310	250	3,260,063	280	3,907,030
20	30	53	1,245,703	38	894,325	61	1,480,864
30	40	12	412,184	2	62,250	16	530,921
40	50	2	88,200	2	82,740	3	132,111
50	60	1	57,937	1	54,489	2	116,263
60	70	0	0	-	0	0	0
70	80	0	0	-	0	1	78,805
80	90	0	0	-	0	1	88,099
90	100	1	95,079	-	0	0	0
> 100		0	0	2	388,301	1	115,005
Total		7,250	18,287,234	4,811	13,140,262	3,659	12,695,480

3. Statutory Coverage Obligations

Counsel will advise the Committee on the statutory physical damage coverage obligations as outlined in Massachusetts General Laws c.175 § 113H - Assigned Risk Plans.

4. Summary of Other States Residual Market Physical Damage Limits:

a. No Physical Damage Insurance Offered

1. California
2. Kentucky
3. Nebraska

b. No Maximum Loss Payable Amount (similar to Massachusetts)

1. Connecticut
2. Georgia

c. Maximum Loss Payable Amount Restrictions

<i>State</i>	<i>Maximum Loss Payable</i>
District of Columbia	\$25,000
Illinois	\$50,000
Indiana	\$25,000
Louisiana	\$25,000
Maine	\$75,000
New Jersey	\$60,000
New York	\$75,000
Pennsylvania	\$35,000
Rhode Island	\$75,000
Vermont	\$75,000

d. Original Cost New (OCN) / MSRP Restrictions

<i>State</i>	<i>Original Cost New Limit</i>
Alabama	\$50,000
Florida	\$45,000
Iowa	\$25,000
Kansas	\$100,000
Minnesota	\$75,000
Nevada	\$25,000
North Dakota	\$75,000
Ohio	\$25,000
Oklahoma	\$40,000
Virginia	\$75,000

Considerations for Implementation:

Introduction of a physical damage coverage limit for the private passenger residual market will require amendment to the Rules of Operation, as well as adoption of Rating Manual Rules and Forms. If the Committee recommends this action, staff will prepare the following for Committee consideration at a subsequent meeting.

- a. **Rules of Operation:** The CAR Rules of Operation define the coverages limits that must be made available for residual market risks. Staff will draft amendments to introduce the recommended coverage limit.
- b. **MAIP Insurance Manual:** Staff will draft amendments to appropriate Manual rules that identify the coverages available for assigned risks and impacted rating and documentation procedures as appropriate.
- c. **Physical Damage Coverage Endorsement:** ISO endorsement MP 00 06 enables physical damage coverage limitations not defined within the private passenger coverage form. Staff will request that AIB place this form, or other appropriate endorsement, on file to enable CAR adoption.