



NATALIE A. HUBLEY
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COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

MARKET REVIEW COMMITTEE – APRIL 9, 2024

Members Present

Ms. Sheila Doherty – Chair	Doherty Insurance Agency, Inc.
Ms. Pamela Bodenstab-Krynicky	P.L. Krynicky Insurance Agency
Ms. Sarah Clemens ⁽¹⁾	MAPFRE U.S.A. Corporation
Ms. Roberta Fitzpatrick	Arbella Insurance Group
Ms. Jean Houghton	Norfolk & Dedham Group
Ms. Mary McConnell	Safety Insurance Company
Mr. Kenneth Willis	Plymouth Rock Assurance Corporation
Mr. Mark Winiker	A-Affordable Insurance Agency, Inc.

Substituted for:

⁽¹⁾Mr. Gary Sjolin

Not in Attendance:

Mr. Thomas Skelly, Jr., Deland Gibson Insurance Associates, Inc.

18.01 Records of Previous Meeting

The Committee voted with five members in favor and two recused, Ms. Sarah Clemens and Ms. Roberta Fitzpatrick, to approve the Records of the Market Review Committee meeting of December 19, 2018. The Records have been distributed and are on file.

24.04 Calianos Insurance Agency/Norfolk and Dedham Mutual Fire Insurance Company

Mr. Jason Calianos of the Calianos Insurance Agency requested a review contesting the practice undertaken by Norfolk & Dedham Mutual Fire Insurance Company (the Company) of demanding payment in full of the remaining outstanding premium balance upon issuance of a third cancellation notice. He asserts that the practice is in violation of Rule 28.C.2. of CAR's Rules of Operation. Ms. Jean Houghton of Norfolk & Dedham Group recused herself from participating in the discussion and vote.

In discussion of his request, Mr. Calianos claimed that in undertaking this practice, the Company had terminated the installment plan, stating that Rule 28.C.4. of CAR's Rules of Operation sets forth the remedy available to Assigned Risk Carriers (ARCs) when a policyholder fails to pay an installment premium by the applicable due date. That is, the Rule allows for the assessment of a late fee or cancellation fee of \$29.

Mr. Calianos cited the experience of one Calianos Insurance Agency insured as evidence of the alleged Rule violation. Specifically, he reviewed the cancellation notices issued to the policyholder, claiming that language contained in the second cancellation notice requiring payment in full if a third cancellation notice was issued is not in compliance with 211 CMR 97.04. Further, Mr. Calianos detailed associated communications with the Company as well as CAR staff findings with respect to 3 complaints filed regarding the matter. Mr. Calianos opined that because rates for MAIP policies are typically higher than policies written in the voluntary market, this practice places an added burden on the assigned risk and is therefore unfair and discriminatory. Finally, Mr. Calianos referred the Committee to CAR Rule 28, and indicated that the Rule did not provide for the cancellation of the payment plan, but rather provided for the assessment of a late payment fee.

Mr. Sean Moone representing the Norfolk & Dedham Mutual Fire Insurance Company explained that the Company's practice of requiring payment in full on the third cancellation notice had long been in place for both policies assigned through the MAIP and policies written voluntarily. He also pointed out that the cancellation notices contain the mandatory language prescribed by 211 CMR 97.04, plus additional language. Mr. Moone asserted that the policyholder had violated the billing plan by failing to adhere to the payment schedule. He confirmed that the company uses the CAR billing plan, and maintained that the billing plan set forth in the CAR Rule is silent as to actions that can be taken in instances where payments by the risk are not timely and therefore the nine equal monthly installments are no longer feasible.

The Committee asked questions of Mr. Moone regarding the Company's use of the MAIP billing plan, how the installment plan functions in cases of late payments, the language contained in the cancellation notices, the Company's use and administration of cancellation notices in the voluntary market, and its filing with the Division of Insurance relative to the billing plan and cancellation notices.

Significant discussion ensued focusing on the language in Rule 28.C. of CAR's Rules of Operation. Some members suggested that the Rule does not address remedies when late payments make equal monthly installments infeasible, resulting in ambiguity with respect to acceptable procedures in this case. Ms. Clemens noted that a strict read of the Rule as asserted by Mr. Calianos could mean that other company practices, that for example bill to equity, may be violative of the same provision. Messrs. Willis and Winiker, however, agreed that the remedy provided in the Rule calls only for the assessment of a late payment fee.

After discussion, the Committee voted with five in favor, two opposed, and one recused, that the Calianos Insurance Agency had not established that by requiring its policyholders issue payment in full of the remaining policy premium balance upon issuance of the third cancellation notice, Norfolk & Dedham Mutual Fire Insurance Company violates Rule 28.C.2. of CAR's Rules of Operation.

The Committee then voted with five in favor, two opposed and one recused, that the Calianos Insurance Agency had not established that Norfolk & Dedham Mutual Fire Insurance Company's practice of requiring that its policyholders issue payment in full of the remaining policy premium balance upon issuance of the third cancellation notice is unfair, unreasonable, or improper.

Ms. Rosenberg then advised that a subsequent review by the Governing Committee Review Panel may be requested pursuant to Rule 40 – Review and Appeal upon the submission of a Request for Review form.

RICHARD DALTON
Residual Market Liaison

Boston, Massachusetts
April 19, 2024

ATTACHMENT LISTING

Docket #MR24.02, Exhibit #1

Attendance Listing

