

Insurance Times: Hanover appeals DOI dismissal of ERP complaint

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BOSTON — Hanover Insurance is plowing ahead with its fight to punish Arbella Mutual.

The Massachusetts company is appealing a Division of Insurance decision to dismiss its complaint against Arbella for allegedly paying a Hanover ERP to secretly take over some of its higher-loss risks.

Hanover, in its Superior Court complaint, argues that the DOI decision wasn't consistent with previous Massachusetts case law.

Exclusive representative producers handle the Bay State's high-risk automobile insurance business through the Commonwealth Automobile Reinsurers, which the DOI argued should be the venue for any change of the ERP system.

Hanover says the ERP actions were unfair and cost it \$3 million in extra losses, but Arbella denies any wrongdoing.

Hanover is also suing the ERP in question – Rapo & Jepsen -- for breach of contract, in connection with the case.

In a related matter, CAR's June 19 Governing Committee meeting was expected to indirectly address the issue of ERPs shifting business to other CAR carriers.

The Governing Committee was expected to consider a proposed addition to Rule 13 that would ban a servicing carrier from offering financial incentives to the ERP of another servicing carrier to accept or buy its book of business.