

# CAR turns aside Arbella bid for commission deviation clarification

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BOSTON — Arbella Mutual Insurance Co. came up empty-handed last week in its efforts to find out if it can deviate agents' private passenger auto insurance commissions downward for business ceded to Commonwealth Auto Reinsurers.

After Arbella learned this summer that a competitor, Plymouth Rock Assurance Corp., was doing just that — deviating commissions for business ceded to CAR — Arbella requested a review by the Ad Hoc ERP Commission Deviations Committee of CAR with the belief that Plymouth Rock was violating the law.

Arbella complained that it had to end its own commission deviation plan, which was based on loss ratio, after a previous CAR ruling, while Plymouth Rock's deviation plan gives the company an unfair competitive edge.

Initially Arbella's representative John Kittel did not want to have to declare Arbella as an aggrieved party. The Committee would not make any such determination however, unless Arbella declared itself an aggrieved party. But when Kittel did just that, it didn't make much of a difference. The motion failed and the Arbella's request to be considered an aggrieved party was denied.

## See What Happens

Committee members asked Kittel why Arbella doesn't just put a program in place and see what happens.

Kittel argued that Arbella's situation is different from a company that never had such a program in place before.

"This is disruptive to our agents and our agency relationships," he said. "We don't want to be put into a position where we're putting programs into place and then are forced to reverse our position."

In the end, Kittel said Arbella might go ahead anyway as the committee suggested.

"Arbella is considering putting a program in place similar to the Plymouth Rock program but it would clearly be far less destructive to the marketplace to have a ruling first, prior to putting such a program into place," he said. □