

CAR moves toward limited servicing carriers

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BOSTON — The state's residual auto market is considering changing one of the fundamental ways it operates. Commonwealth Automobile Reinsurers (CAR) has approved a motion to study a limited servicing carrier approach towards handling residual business in the commercial market. They said they planned to study the approach next year for implementation of new methodology in 2005.

Taking a cue from the way taxicabs are written now, CAR will set up five or six companies to make sure the residual market doesn't overflow. If an agent cannot write a certain client with his or her existing carriers there would always be a company that would take that client, and there would be no limitations on how many of the agent's clients could go there.

Such clients might include some of the classes that were added as excluded classes for 2004, such as van pools, armored cars, driver training vehicles and church buses.

CAR is still in the infancy of its draft timeline, however. The Commercial Automobile Subcommittee is soliciting input from the Governing Committee, and if approved would have to establish the parameters of a limited servicing carrier. They are looking at a June 2004 deadline for the recommendation.

Frank Mancini, executive vice president of the Massachusetts Association of Insurance Agents, is enthusiastic about the limited servicing carrier approach since losses from taxicabs have gone down from the same sort of program.

"These are generally automobiles that are seen as bad risks, and if it's working for taxis, let's transfer it to the whole commercial lines market and see how it works," he said. □