National News:
IIABA, MAIA Descend on Washington, DC ...

Last month 24 representatives from MAIA joined 1,000 other independent insurance agents from around the country for IIABA’s National Legislative Conference in Washington, DC. This event is the largest property/casualty insurance political gathering annually, where independent insurance agents meet with their members of Congress to discuss issues of importance to small business, in general, and insurance agents, in particular. The IIABA Legislative Conference has been held since 1977.

MAIA representatives met with each member of the Massachusetts Congressional delegation and/or staff, to discuss a number of issues on the House and Senate agendas. On the top of the list was the reauthorization of the National Flood Insurance Program, which is slated to expire next year. Other issues reviewed were the repeal of the “Cadillac Tax” under Obamacare, the maintaining of state regulation of insurance, the expansion of risk retention groups, among other issues.

MAIA and many of our members maintain good relationships with the Massachusetts delegation. Our visits to Washington reinforce these relationships.

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relationships and provide the members of the House and Senate with valuable information on how issues they are considering will impact those of us back home. These visits also bolster the lobbying strength of IIABA’s Government Affairs team in Washington, who deal on a daily basis with Senators, Representatives and their staffs. The ability of IIABA to tie an independent insurance agent with a member of Congress is invaluable.

While insurance is still generally regulated on the state level, the federal government continues to play a role in some aspects of the insurance business. Thus, independent insurance agents must remain vigilant on what is happening in the nation’s capital.

**Member Milestones:**

**Bridge Elected Chairman at 189th Annual Meeting of Vermont Mutual Insurance Group**

The 189th annual meeting of Vermont Mutual Insurance Group® was held on April 20, 2016, where current President & CEO, Daniel C. Bridge, was also elected Chairman of the Board of Directors.

“Since joining Vermont Mutual in 2009, Dan has played an integral role in guiding the direction of this well-respected group of companies” said Thomas J. Tierney, Vermont Mutual’s former Chairman, President and CEO. “The Board is more than pleased to have Dan accept the responsibilities of Chairman and we have every confidence in his ability to continue to lead the organization into the future.”

“I am truly honored to accept the position of Chairman” said Mr. Bridge. “As we move forward we are blending a rich and successful history with modernization efforts that will allow us to remain a stable, predictable and competent partner for our agents and a financially secure insurance solution for our policyholders.”

In commenting on 2015 results, Bridge stated, “In spite of the historic snowfall and resulting losses in parts of our territory in 2015, we were pleased to remain profitable and achieve our growth goals for the year. We also executed several key strategic initiatives that will benefit our company, agency partners and customers for years to come. Bridge added, “We are also very pleased to be recognized by Ward Group, with our seventh consecutive Top 50 Company award, and the affirmation of our A+ (Superior) rating by A.M. Best.”

The full list of officers elected at this year’s annual meeting are as follows:

Daniel C. Bridge, Chairman, President & Chief Executive Officer
Mark J. McDonnell, Executive Vice President and Chief Operating Officer
Richard N. Bland, Vice President, General Counsel and Secretary
Susan L. Chicoine, Vice President Human Resources
Joanne M. Currier, Vice President Information Technology
David N. DeLuca, Vice President Claims
Brian C. Eagan, Vice President, Chief Financial Officer and Treasurer
Shaun P.T. Farley, Vice President Marketing
Terry J. Moore, Vice President Underwriting

**Vermont Mutual Names Mark J. McDonnell Executive Vice President and Chief Operating Officer**

Vermont Mutual Insurance Group® announced that Mark J. McDonnell, CPCU, CIC, AIT, AAM, AIM has been promoted to Executive Vice President and Chief Operating Officer of the Group. Mr. McDonnell is an industry veteran with 30 years of property casualty experience, having held a variety of management positions of increasing responsibility with both regional and national carriers prior to joining Vermont Mutual as Senior Vice President in 2014.

In his new role, McDonnell will assume responsibility for Claims, while retaining his existing responsibilities for Marketing, Underwriting, Product Development, R&D/Pricing, Loss Control, Compliance and Communications.
Member Milestones ... continued from page 2

“Since joining Vermont Mutual, Mark has been instrumental in directing a number of strategic initiatives, as well as providing day to day leadership support within our organization. His leadership and wealth of experience will help to ensure the long-term growth and success of Vermont Mutual Insurance Group and I look forward to partnering with Mark as we move the organization forward” said President and Chief Executive Officer, Daniel C. Bridge.

Mr. McDonnell said “I’m very grateful for the support and confidence shown in me by Dan and our Board of Directors, and look forward to continuing to work with the great team at Vermont Mutual, and our Agency Partners that represent us so well in their markets.”

Barbara Kelly Earns CPIA Designation ...

Barbara Kelly, Client Service Representative at the Milford office of Kaplansky Insurance, was recently awarded the Certified Professional Insurance Agent (CPIA) designation. The CPIA is conferred by the American Insurance Marketing and Sales Society (AIMS Society).

Ms. Kelly successfully completed three Insurance Success Seminars to earn the CPIA, which stands for professionalism, commitment to sales training and results, and technical knowledge. The CPIA Insurance Success Seminars are offered by MAIA on behalf of the AIMS Society in locations throughout Massachusetts. Click here for more information on the CPIA designation.

Comp. Corner:
Workers’ Compensation Commissions Remain at the Discretion of Insurers ...

The recently-announced agreement that workers’ compensation rates will increase on an average of 1.5% effective July 1, 2016 was a welcomed reversal of years of rates either decreasing or remaining neutral. While the rate increase was less than the 6.4% sought by the industry, it may reflect a recognition by the Division of Insurance and the Office of the Attorney General that the workers’ compensation system in Massachusetts is unhealthy and rate relief is necessary.

Unlike under the old auto insurance fixed and establish system where the Division of Insurance set the commission to be paid, the workers’ compensation rate setting process does not set a commission. Rather, the insurers maintain the flexibility to pay commission levels at their discretion. Nothing in the stipulation reached by the parties in the workers’ compensation rate case changed that flexibility.

During the last three workers’ compensation rate cases (2012, 2014, 2016), the Office of the Attorney General and the State Rating Bureau have targeted commissions as an expense that should come under increased scrutiny. During these hearings MAIA has coordinated with the Workers’ Compensation Rating and Inspection Bureau to present witnesses and testimony to defend the commission paid to independent insurance agents. Our success means that workers’ compensaton commissions will continue to be set by insurers rather than by the state.

WCRIBMA Issues Two Additional Circulars on Workers’ Compensation Rate Revision ...

On the heels of the approval of a workers’ compensation rate stipulation on April 20th, the Workers’ Compensation Rating and Inspection Bureau of Massachusetts (WCRIBMA) has issued some additional circulars of interest:

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| 04/27/2016 | Residual Market | sb06-16 0 Residual Market Loss Ratio and Burden Estimate | The Pool Reserving Committee estimate (as of 12/31/15) of the Massachusetts loss ratio for policy year 2015 is 75% with a resulting residual market burden of 3.48%.
| 04/21/2016 | Rates and Values | cl2281 - Manual Rates and Rating Values Effective July 1, 2016 | July 1, 2016 manual rates and rating values.
| 04/21/16 | Rates and Values | cl2280 - Changes in Manual Rates by Class and Effects of July 1, 2016 Rate Change | Changes in manual rates by class and a summary of the effects of the July 1, 2016 rate change. |
CAR News:
CAR Files Private Passenger Residual Market Rates, Rules, Forms ...

On April 8, 2016, CAR (MAIP) made a rate, rule and forms filing proposing a rate level increase of 4.5%. The filing has a proposed effective date of October 1, 2016. The filing also includes proposed updates to CAR's Massachusetts Private Passenger Residual Marketing Automobile Insurance Manual, including the adoption of Medical Payments endorsement M-0109-S, as well as a number of additional clarifications to the Rules.

The filing, including corresponding amendments to rate pages, rating factor tables, rules and forms, has been filed with the Division of Insurance and will be posted on CAR's website when the Division of Insurance places the changes on file.

Request for Proposal - Commercial Servicing Carrier Program ...

In early March, CAR announced that the agreements with the four carriers that service commercial ceded business will expire on December 31, 2016. As a result, the CAR Governing Committee authorized CAR staff to solicit bids from interested parties. A Request for Proposal (RFP) was developed for that purpose.

The final date for submitting proposals (4/15/16) has passed, and the Selection Committee is now charged with evaluating proposals. Current Limited Servicing Carriers -- Arbella, MAPFRE and Safety -- have submitted bids to continue. The only other bidder was Pilgrim Insurance.

The timeline for the final selection process is as follows:

Selection Committee Evaluation of Proposals  May 2 - 27, 2016
Governing Committee Decision  June 15, 2016
Servicing Carrier Appointment Notification  June 16, 2016
ERP Distribution Notification  September 1, 2016
ERPs Contracted by Servicing Carriers  October 31, 2016
Servicing Carrier Implementation of Services  January 1, 2017

Request for Proposal - Taxi/Limousine Program

The agreements with Pilgrim Insurance and Safety Insurance to service taxi, limousine and car service ceded business through CAR's Taxi/Limousine Program will expire as of December 31, 2016. CAR's Governing Committee has authorized CAR to solicit bids from interested parties in accordance with the specific provisions of the Request for Proposal (RFP) designed for that purpose.

The final date for submitting proposals (4/15/16) has passed, and the Selection Committee is now charged with evaluating proposals. The bidders were the current carriers for the program, Pilgrim Insurance and Safety Insurance, and the only new bidder was Arbella.

The timeline for the final selection process is the same as the Commercial Servicing Carrier Program:

Selection Committee Evaluation of Proposals  May 2-27, 2016
Governing Committee Decision  June 15, 2016
Servicing Carrier Appointment Notification  June 16, 2016
ERP Distribution Notification  September 1, 2016
ERPs Contracted by Servicing Carriers  October 31, 2016
Servicing Carrier Implementation of Services  January 1, 2017

NHTSA News:
Takata Air Bag Recalls ...

Takata air bags installed in tens of millions of U.S. vehicles are subject to recall due to a safety defect that may cause their inflators to explode and cause serious injuries or deaths. According to the announcement on the National Highway Traffic Safety Administration's (NHTSA) website, if your car or truck is included in this list of affected vehicles you should contact your dealer for the appropriate repair. The notice says that the NHTSA site will be updated as necessary to ensure that NHTSA keeps affected vehicle owners informed.

We've received a number of calls from agents regarding these recalls. Most of the recent calls have been about the free rental vehicles being offered by Honda to owners whose vehicles have been recalled. We thought this was the best case scenario for the owners affected until we heard that:

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1. The replacement parts are not available and may not be available for up to six months;
2. Dealers do not have the space to store all of the recalled vehicles, so owners are retaining them; and
3. Because the vehicles are NOT safe to drive, dealers have asked owners to sign a statement certifying that they will not drive the recalled vehicles until they are repaired.

Under ordinary circumstances, the recalled vehicles would be considered Your Auto under the 2008 MAP policy definition (keep in mind that there are other policy forms in use):

5. **Your Auto** – means:
   B. Any auto while used as a temporary substitute for the described auto while that auto is out of normal use because of a breakdown, repair, servicing, loss or destruction. But the term “your auto” does not include a substitute vehicle owned by you or your spouse.

BUT, are the recalled vehicles really "out of normal use because of a breakdown, repair, servicing, loss or destruction" since they are still in the owners' possession?

The other scenario we ran across was with Acuras that were recalled. Some Acura owners were offered a short-term lease (three months), the cost of which the Acura owner -- not the manufacturer -- would be paying. This scenario presents very different insurance issues for the owner.

The Acura owner would probably consider the short-term leased vehicle a "temporary substitute" that meets the definition of Your Auto, but does the policy? That's a very good question.

The "Acura" situation is quite different from the "Honda" situation from an insurance perspective. The "Honda" temporary vehicle is rented by the manufacturer and provided to the Honda owner free of charge while the recalled vehicle which is too dangerous to drive is waiting to be repaired. The "Acura" temporary vehicle is leased to the Acura owner for a short time (three months) ... unfortunately not long enough to be added to the policy (most policies require a 12 month lease). Does the insurer consider the short-term lease to be Your Auto or does it look at the short-term lease in the same way as, say, a vacation rental? Is three months too long of a short-term lease or rental???

We decided to ask some of the largest writers of personal auto insurance in Massachusetts about their stance on the recall, and here is what a few had to say:

**Arbella: Arbella Extending Coverage to Vehicles with Recalled Airbags**

In response to recent recalls by automobile manufacturers of vehicles equipped with defective airbags, Arbella recognizes the potential safety issues confronting our insureds and mutual customers. The situation has been worsened by replacement part shortages, creating repair delays that could extend several months. Therefore, Arbella has decided to extend coverage to such rental or other replacement vehicles provided for by the automobile manufacturer, deeming same as temporary substitute vehicles for "your auto" while out of normal use for repairs.

This coverage period extension will remain in effect until the airbags are available for repair. Naturally, any claim filed during this extended period will be evaluated based upon the particular facts, circumstances and merits surrounding the claim for purposes of determining coverage. Further, the coverage extension period will be limited only to vehicles awaiting defective airbag recall repairs. It is essential that you and our insureds appreciate and understand that any vehicle requiring airbag part(s) replacement must not only remain out of use, but also, must remain registered, and insured during this coverage extension period.

We at Arbella feel compelled to provide this extraordinary extension of coverage at this challenging time in order to ensure the safety, comfort, and well-being of our customers as well as to demonstrate our commitment and desire to partner with you in providing best-in-class service. Further, while Arbella is honored to accommodate our customers through these unusual circumstances, any action by Arbella, including, but not limited to, claim payments made within the coverage extension period, should not be considered as a waiver of any of the terms, conditions and exclusions of the policy of insurance.

**Citizens/Hanover: Takata Airbag Recall: Substitute Vehicles Notification**

The Hanover is committed to providing your customers with valuable coverage solutions for their needs. Recently there has been an expanded recall of vehicles equipped with potentially defective Takata air bags. At
May 5, 2016

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The Hanover, customer safety is our top priority, and we encourage all customers who receive a notice to have their vehicle repaired at a licensed shop as soon as possible. Unfortunately, due to the limited availability of replacement parts, it could take up to several months for the repairs to be completed.

So here is some good news. Many manufacturers are providing replacement vehicles to those customers during that repair time. We want you to know that the physical damage coverage that your customers have selected for their own autos will be extended to their substitute vehicles while their own autos are out of use. This extension is part of the base Hanover auto policy and does not require the customer to notify The Hanover of the substitute vehicle and applies for as long as the customer’s own auto is out of use.

Please note that coverage is fact-specific and our claim organization will evaluate each claim individually to determine whether coverage applies.

MAPFRE: Airbag Recall

As you are aware, many automobile manufacturers have issued and/or expanded recalls of vehicles equipped with potentially defective air bags. Replacement parts for the potentially defective air bags are not readily available for certain vehicles and reportedly it may be months until they are available and repairs can be completed. In response, some automobile manufacturers are offering rental or other replacement vehicles until the repair can be completed.

MAPFRE understands that our agents and insureds are concerned about coverage while using these vehicles. Each claim requires evaluation of the facts and circumstances specific to that claim to fully determine coverage. However, for auto policies issued by MAPFRE companies, we consider such rental or other replacement vehicles, under the circumstances described above, to be temporary substitute vehicles for "your auto" while out of normal use, pending the airbag recall repair. Although in some jurisdictions the policy may limit the amount of time coverage will be provided for a rental vehicle, MAPFRE will extend that coverage period until the replacement airbag parts are available for repair. This coverage period extension is limited, however, to defective airbag recall repairs. Additionally, it is important for insureds to understand that the vehicle requiring the airbag replacement part(s) must remain out of use while the insured has the rental or other replacement vehicle provided by the manufacturer.

Please click here to view the Airbag Recall FAQ document that can assist you with any questions you or your customers may have.

MAPFRE is always concerned for the safety and security of our insureds and is pleased to extend this courtesy to our insureds who need it.

Safeco Insurance: Honda Airbag Recall - Safeco/Peerless Extends Physical Damage Coverage for Temporary Substitute Vehicles

Safeco recently sent a notice to its agents explaining that Honda Motor Company has expanded its recall for vehicles equipped with potentially defective air bags and is providing replacement vehicles until the repair can be completed, which could be several months due to the availability of replacement parts.

In response to questions from its agents, Safeco announced that they have decided to extend physical damage coverage to temporary substitute vehicles. This coverage extension applies to vehicles provided by Honda Motor Company to its Acura and Honda customers affected by the manufacturer’s airbag inflator recall.

Safety: Honda and Acura Recall

Recently, Honda and Acura recalled a number of vehicles equipped with potentially defective airbags. Due to the large number of vehicles recalled, Honda and Acura have offered replacement vehicles until the repairs can be made. The manufacturers have said this recall may take up to six months to complete.

Safety will consider the replacement vehicles described above to be temporary substitute vehicles for “your auto” while out of normal use, pending the repair of the airbag. It is important for your insureds to understand that the vehicle requiring the airbag replacement must be out of use while the rental or other replacement vehicle provided by the auto manufacturer is in use. The term “temporary” is generally considered to be 30 days. In some cases, a replacement vehicle used for more than 30 days may still qualify as a “temporary” substitute based on the documented non-availability of the recalled vehicle as a result of continued repairs and or service.

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Safety will carefully evaluate each claim situation individually based on the fact specifics to determine if coverage applies in accordance with our policy. For more information regarding the recall, please click here.

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Before we leave this topic, we'd like to point out that Honda and Acura are not the only vehicles impacted. The other manufacturers involved in the Takata Airbag Recall include: Audi, BMW, Chevrolet, Chrysler, Daimler Trucks North America (Sterling Bullet), Daimler Vans USA LLC (Sprinter), Dodge/Ram, Ford, GMC, Infiniti, Mazda, Mercedes-Benz, Mitsubishi, Nissan, Pontiac, Saab, Saturn, Subaru, Toyota and Volkswagen (VW). Click here to view the models and model years involved.

MAIA offers its thanks to those insurers who have permitted us to reprint or summarize their stance on this important issue.

NARAB NEWS:
White House Nominates Big “I” Agent Leader to NARAB Board ...

In encouraging news for the Big “I” and our members nationwide, today the White House announced that Big “I” agent leader Angela Ripley has been nominated for the National Association of Registered Agents and Brokers (NARAB) board of directors. Angela joins five previous nominations for the board.

Angela has been the President of V.W. Brown Insurance Service in Columbia, MD since 2000. As a member of the Big “I”, Angela has held numerous leadership positions in the past including, serving as chairman of the Independent Insurance Agents of Maryland and InsurPac chair for Maryland. Angela currently serves on the national association’s government affairs committee as the state government affairs chair and on the national board, representing Maryland.

The first six nominations have now been sent to the U.S. Senate, which must confirm nominees before they begin service on the NARAB board. Additional NARAB nominations are expected to be released in the coming months to complete the board. The Big “I” is hopeful that the Senate will quickly confirm these NARAB nominees, as well as any future nominees once it receives them.

The association welcomes the news of Angela’s nomination and looks forward to the board beginning its important work to help streamline the agent licensing process. As previously reported NARAB will be a private, nonprofit, nongovernmental entity, and a 13-member board of directors will manage it. Eight state insurance regulators and five private-sector representatives will comprise the board, which must operate transparently and will not be part of any federal agency. NARAB will provide agents and agencies with a vehicle for obtaining the authority necessary to operate on a multistate, nonresident basis. It is designed to establish true licensing reciprocity and create a one-stop compliance vehicle for nonresident licenses.

MAIA would like to acknowledge our 2016 Agent Awareness Campaign Diamond and Platinum company partners. Please support those companies that support the Independent Insurance Agent.