



COMMONWEALTH OF MASSACHUSETTS
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DIVISION OF INSURANCE

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Property & Casualty Insurance
Filing Guidance Notice 2021-A

TO: Carriers Offering Private Passenger Motor Vehicle Insurance
In the Commonwealth of Massachusetts

FROM:  Matthew Mancini, Director, State Rating Bureau

DATE: March 11, 2021

RE: Private Passenger Motor Vehicle Rate/Rule Filings for 2021

The purpose of this notice is to inform carriers of certain Division of Insurance (“Division”) expectations regarding the filing of Private Passenger Automobile (“PPA”) Rate/Rule Filings to take into account changing market dynamics associated with COVID-19.

Impact of COVID-19

Insurance coverage plays a critical role in the stability of the Commonwealth’s economy and the protection of its residents. COVID-19 has imposed unique risks to our insurance market and has had a dramatic impact on the daily lives of Massachusetts residents. A significant share of the population has adapted to working remotely and has reduced in-person frequenting of stores, restaurants and other public locations.

Over the past year, the Division has issued numerous bulletins to the insurance industry because it is essential that government and business leaders take all appropriate steps to safeguard the well-being of the Commonwealth’s citizens.

For example, with the economic impact of COVID-19, the Division issued Bulletin 2020-05 (Flexibility in the Issuance and Administration of Insurance) on March 23, 2020 to notify carriers to work closely with policyholders to explore any and all feasible means to maintain existing coverage during this public health emergency. In response, carriers writing 98% of auto insurance in the Commonwealth distributed policyholder dividends, refunds or premium credits to reflect the changes in driving patterns. The Division also issued Bulletin 2020-30 (Continued Flexibility in the Issuance and Administration of Insurance) on December 29, 2020 to remind carriers to take steps to help address concerns about maintaining coverage and preserving the Massachusetts insurance market during the COVID-19 public health crisis. Recognizing that policyholders have been

experiencing financial hardship as a result of COVID-19, carriers were directed to proactively provide policyholders with information about how to contact the carrier to investigate options that may be available to prevent a loss of coverage.

Impact on PPA Coverage and Filing of Rates

During 2020, in accordance with Filing Guidance Notice 2020-B, almost every PPA carrier filed rules introducing premium refunds or credits. The Division expects that Massachusetts driving patterns will continue to be different than they were before the onset of the COVID-19 crisis. Despite the availability of COVID-19 vaccines, it will take time for Massachusetts residents to return to “normal” activities. As work practices in many industries have adapted to the pandemic, it is possible that commuting patterns, including with respect to personal vehicle use and use of public transit, may never fully return to their pre-COVID-19 levels.

While carriers may continue to offer premium credits or refunds per the requirements of Filing Guidance Notice 2020-B, it is the Division’s expectation that each PPA carrier will submit a rate filing by no later than June 30, 2021 that includes 2020 claims and expense experience and a view of future loss trends. Given the impact COVID-19 has on a variety of factors ranging from traffic density, vehicle speeds, availability of medical care, delays in court proceedings, etc., each carrier’s filing should document how it has adjusted its data in response. The Division’s actuarial staff will carefully review all filings to make sure that this experience is taken into account when calculating actuarially appropriate rates for 2021 and future years.

If you have any questions, please contact Matthew Mancini at matthew.mancini@mass.gov.