



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110
www.commauto.com 617-338-4000

February 12, 2021

COMMERCIAL LINES NOTICE NO. 144

Calendar Year 2021 Interim Commercial Expense Allowance

For policies effective January 1, 2021 – December 31, 2021, commercial Servicing Carriers will be provided an expense allowance of \$428 per exposure. On an interim basis, this allowance is converted to a percentage of premium based on an estimated average premium using policy year 2020 statistical data.

The premium tax and commission rate components underlying the CAR rates effective July 1, 2020 are used for the interim expense allowance. The resulting interim expense ratios are as follows:

	<u>Interim Allowance</u>
Expense per Exposure	\$428
Expense Per Exposure %	10.30%
Premium Tax	2.30%
Commission	8.34%
Total	20.94%

In the event of a mid-year rate change, the interim expense allowance will be updated to reflect the new rates as necessary.

Ceding expenses will be trued-up after the close of each calendar year, based on actual reported exposures and will reflect premium tax and commission provisions included in the underlying rates.

Questions may be directed to the undersigned at tgalligan@commauto.com.

TIMOTHY GALLIGAN
Director of Actuarial & Statistical Services