



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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ADDITIONAL INFORMATION

TO MEMBERS OF THE ACTUARIAL COMMITTEE

FOR THE MEETING OF:

Wednesday, October 11, 2017 at 1:00 p.m.

AC

17.04 Quota Share Credits for Policies Effective April 1, 2018 and Later

Attached are summaries of the results for the proposal initiated by Safety Insurance Company that incorporates both the yearly "indexing" of the Residual Market Groupings and the addition of Merit Rating Group parameters into the credit calculation. (Docket #AC17.04, Exhibit #13)

AC

17.05 Rule 21.D. Constraints on Placement of Clean-in-Three Risks through the MAIP

Attached are exhibits pertaining to the effort to assist the remaining eligible former Exclusive Representative Producers seeking a voluntary appointment for their private passenger book of business. (Docket #AC17.05, Exhibits #2, #3 and #4)

Additionally, attached is correspondence from Mr. Sumner Gilman requesting that the Committee consider adopting criteria in CAR's Rule 29.D. to apply to the remaining producers without a voluntary contract or brokerage agreement. Pertinent existing language from Rule 29.D. and Rule 21.D.6. is also attached. (Docket #AC17.05, Exhibits #5, #6 and #7)

SHANNON CHIU
Actuarial/Statistical Analyst

Attachments

Boston, Massachusetts
October 6, 2017

Commonwealth Automobile Reinsurers
4/1/2018 Credit Offer - Data Through July, 2017 (2016 Rates)
Summary by Rate Class
Safety Proposal (Indexed Credit Grouping with Merit Rating)

Potential Credit Premium

Credit Eligible Exposures

2017 Credit Factors

2017 Credit Factors

	<u>00</u>	<u>1-6</u>	<u>7+</u>	<u>98</u>	<u>99</u>	<u>TOT</u>
10	67,434,227	144,658,946	33,767,270	43,694,042	215,125,416	504,679,901
15	697,550	3,438,832	720,197	1,017,147	7,378,118	13,251,843
17,18	68,646,503	41,683,563	12,580,783	26,112,555	235,427	149,258,830
20,21,25,26	147,540,704	27,396,775	4,125,035	63,608	231,432	179,357,555
30	138,851	246,308	86,055	86,332	370,821	928,367
M/M	1,598,045	1,579,132	445,403	424,927	1,733,009	5,780,515
Total	286,055,880	219,003,556	51,724,743	71,398,611	225,074,222	853,257,012

	<u>00</u>	<u>1-6</u>	<u>7+</u>	<u>98</u>	<u>99</u>	<u>TOT</u>
10	43,535	61,639	9,132	29,778	163,251	307,336
15	476	1,573	213	746	6,062	9,070
17,18	36,554	17,653	4,019	14,926	127	73,278
20,21,25,26	41,561	5,976	700	21	77	48,335
30	91	108	24	61	296	581
M/M	4,895	4,253	809	1,807	8,295	20,060
Total	127,111	91,203	14,898	47,339	178,109	458,661

2018 Credit Factors - Proposed Safety Methodology

2018 Credit Factors - Proposed Safety Methodology

	<u>00</u>	<u>1-6</u>	<u>7+</u>	<u>98</u>	<u>99</u>	<u>TOT</u>
10	171,538,141	234,432,911	218,270,776	22,600,861	65,882,984	712,725,673
15	2,586,529	12,880,773	20,715,019	1,383,592	1,717,988	39,283,900
17,18	43,622,313	39,922,389	37,840,797	3,415,349	-	124,800,848
20,21,25,26	132,736,801	37,255,679	9,879,165	-	-	179,871,645
30	587,282	1,270,257	4,223,874	177,798	-	6,259,211
M/M	2,693,056	4,741,372	2,529,970	190,093	52,973	10,207,465
Total	353,764,122	330,503,381	293,459,601	27,767,692	67,653,945	1,073,148,741

	<u>00</u>	<u>1-6</u>	<u>7+</u>	<u>98</u>	<u>99</u>	<u>TOT</u>
10	132,426	108,442	77,308	14,089	47,691	379,956
15	2,104	6,807	9,936	1,128	1,404	21,379
17,18	21,032	16,547	10,980	1,319	-	49,879
20,21,25,26	37,104	9,463	2,103	-	-	48,669
30	359	512	1,550	124	-	2,545
M/M	9,784	17,754	4,918	736	242	33,433
Total	202,809	159,525	106,795	17,396	49,336	535,862

% Difference 2018 Proposed / 2017

% Difference 2018 Proposed / 2017

	<u>00</u>	<u>1-6</u>	<u>7+</u>	<u>98</u>	<u>99</u>	<u>TOT</u>
10	154.4%	62.1%	546.4%	-48.3%	-69.4%	41.2%
15	270.8%	274.6%	2776.3%	36.0%	-76.7%	196.4%
17,18	-36.5%	-4.2%	200.8%	-86.9%	-100.0%	-16.4%
20,21,25,26	-10.0%	36.0%	139.5%	-100.0%	-100.0%	0.3%
30	323.0%	415.7%	4808.3%	105.9%	-100.0%	574.2%
M/M	68.5%	200.3%	468.0%	-55.3%	-96.9%	76.6%
Total	23.7%	50.9%	467.3%	-61.1%	-69.9%	25.8%

	<u>00</u>	<u>1-6</u>	<u>7+</u>	<u>98</u>	<u>99</u>	<u>TOT</u>
10	204.2%	75.9%	746.5%	-52.7%	-70.8%	23.6%
15	342.4%	332.6%	4555.7%	51.2%	-76.8%	135.7%
17,18	-42.5%	-6.3%	173.2%	-91.2%	-100.0%	-31.9%
20,21,25,26	-10.7%	58.3%	200.3%	-100.0%	-100.0%	0.7%
30	293.8%	373.2%	6357.3%	103.1%	-100.0%	338.2%
M/M	99.9%	317.4%	508.2%	-59.3%	-97.1%	66.7%
Total	59.6%	74.9%	616.9%	-63.3%	-72.3%	16.8%

Commonwealth Automobile Reinsurers
4/1/2018 Credit Offer - Data Through July, 2017 (2016 Rates)
Credit Eligible Exposures by Territory/Merit Rating Group
Safety Proposal (Indexed Credit Grouping with Merit Rating)

<u>2017 Credit Eligible Exposures</u>							<u>2018 Credit Eligible Exposures</u>						<u>% Difference (2018 Proposed / 2017)</u>							
<u>Terr</u>	<u>00</u>	<u>1-6</u>	<u>7+</u>	<u>98</u>	<u>99</u>	<u>TOT</u>	<u>Terr</u>	<u>00</u>	<u>1-6</u>	<u>7+</u>	<u>98</u>	<u>99</u>	<u>TOT</u>	<u>Terr</u>	<u>00</u>	<u>1-6</u>	<u>7+</u>	<u>98</u>	<u>99</u>	<u>TOT</u>
1	-	-	-	-	-	-	1	-	944	3,485	-	-	4,429	1	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2	1,001	136	22	-	6	1,165	2	-	-	5,206	-	-	5,206	2	-100.0%	-100.0%	23833.3%	0.0%	-100.0%	346.8%
3	2,326	325	44	(0)	7	2,702	3	-	-	11,149	-	-	11,149	3	-100.0%	-100.0%	25095.3%	-100.0%	-100.0%	312.7%
4	1,339	186	32	2	3	1,562	4	-	-	6,809	-	-	6,809	4	-100.0%	-100.0%	21402.1%	-100.0%	-100.0%	336.0%
5	3,026	492	62	1	4	3,584	5	-	3,924	12,219	-	-	16,143	5	-100.0%	698.1%	19502.5%	-100.0%	-100.0%	350.4%
6	1,575	252	31	-	4	1,862	6	-	4,055	8,396	-	-	12,451	6	-100.0%	1509.8%	27204.1%	0.0%	-100.0%	568.8%
7	8,607	3,172	775	2,493	20	15,067	7	24,350	2,446	8,551	-	-	35,347	7	182.9%	-22.9%	1002.9%	-100.0%	-100.0%	134.6%
8	4,254	1,787	416	1,424	12	7,893	8	-	4,174	4,869	-	-	9,043	8	-100.0%	133.6%	1070.2%	-100.0%	-100.0%	14.6%
9	5,999	2,137	461	1,541	23	10,161	9	13,000	3,612	5,007	-	-	21,619	9	116.7%	69.0%	985.8%	-100.0%	-100.0%	112.8%
10	2,574	1,114	227	729	9	4,654	10	7,119	1,143	2,401	-	-	10,664	10	176.6%	2.6%	955.7%	-100.0%	-100.0%	129.1%
11	573	66	9	-	(1)	647	11	-	1,143	1,593	-	-	2,736	11	-100.0%	1629.5%	18645.1%	0.0%	-100.0%	322.8%
12	4,682	1,687	385	1,564	14	8,331	12	21,977	3,711	5,098	-	-	30,786	12	369.4%	120.1%	1225.8%	-100.0%	-100.0%	269.5%
13	9,894	4,309	838	2,282	2,979	20,301	13	34,706	35,432	6,342	-	-	76,480	13	250.8%	722.4%	656.7%	-100.0%	-100.0%	276.7%
14	4,235	1,436	264	825	818	7,578	14	12,330	12,443	2,075	164	-	27,013	14	191.2%	766.4%	684.8%	-80.1%	-100.0%	256.4%
15	1,454	535	101	342	477	2,909	15	4,231	4,166	708	75	-	9,180	15	191.0%	679.1%	604.6%	-78.1%	-100.0%	215.6%
16	2,990	2,619	370	1,357	5,876	13,211	16	3,136	2,861	393	28	-	6,418	16	4.9%	9.2%	6.2%	-97.9%	-100.0%	-51.4%
17	290	105	22	92	0	509	17	1,065	2,287	386	19	-	3,757	17	266.9%	2078.0%	1686.5%	-79.6%	-100.0%	638.0%
18	2,109	2,637	445	1,307	7,520	14,018	18	2,287	2,643	490	1,176	-	6,596	18	8.4%	0.2%	10.0%	-10.0%	-100.0%	-53.0%
19	364	96	19	123	4	605	19	2,192	2,181	366	31	-	4,770	19	502.7%	2184.1%	1815.3%	-74.7%	-100.0%	688.4%
20	2,396	3,191	557	1,567	7,676	15,387	20	2,801	3,775	625	1,805	7,675	16,681	20	16.9%	18.3%	12.2%	15.2%	0.0%	8.4%
21	7,672	9,910	1,474	4,964	24,610	48,631	21	8,181	10,120	1,517	5,049	19,667	44,533	21	6.6%	2.1%	2.9%	1.7%	-20.1%	-8.4%
22	3,198	3,381	529	1,686	7,364	16,157	22	3,198	3,357	529	1,686	7,251	16,021	22	0.0%	-0.7%	0.0%	0.0%	-1.5%	-0.8%
23	1,878	471	80	434	245	3,108	23	2,317	6,950	824	-	-	10,092	23	23.4%	1375.1%	928.9%	-100.0%	-100.0%	224.7%
24	863	176	26	58	169	1,292	24	1,641	772	554	36	-	3,003	24	90.2%	340.0%	1998.1%	-37.9%	-100.0%	132.5%
25	352	106	20	141	3	621	25	324	179	389	34	109	1,036	25	-7.9%	68.6%	1888.5%	-76.0%	4250.0%	66.7%
26	1,076	315	64	218	136	1,808	26	3,727	778	534	31	133	5,202	26	246.4%	147.1%	737.5%	-85.9%	-2.6%	187.7%
27	1,692	197	25	3	4	1,921	27	-	-	7,680	-	-	7,680	27	-100.0%	-100.0%	30723.7%	-100.0%	-100.0%	299.8%
40	3,049	3,063	449	1,642	9,234	17,437	40	3,518	3,105	474	-	-	7,097	40	15.4%	1.4%	5.7%	-100.0%	-100.0%	-59.3%
41	11,131	11,456	1,868	5,678	22,579	52,712	41	12,274	11,651	2,009	-	-	25,934	41	10.3%	1.7%	7.5%	-100.0%	-100.0%	-50.8%
42	11,786	12,349	1,869	5,802	31,734	63,538	42	11,991	13,232	2,066	172	-	27,461	42	1.7%	7.2%	10.6%	-97.0%	-100.0%	-56.8%
43	8,670	8,311	1,246	3,758	19,706	41,691	43	9,303	1,357	1,387	46	-	12,093	43	7.3%	-83.7%	11.4%	-98.8%	-100.0%	-71.0%
44	8,333	6,148	800	3,144	14,720	33,144	44	8,940	6,791	865	2,936	14,502	34,033	44	7.3%	10.5%	8.2%	-6.6%	-1.5%	2.7%
45	7,724	9,042	1,370	4,166	22,154	44,455	45	8,201	10,291	1,557	4,109	-	24,158	45	6.2%	13.8%	13.7%	-1.4%	-100.0%	-45.7%
99	-	-	-	-	-	-	99	-	-	243	-	-	243	99	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOT	127,111	91,203	14,898	47,339	178,109	458,661	TOT	202,809	159,525	106,795	17,396	49,336	535,862	TOT	59.6%	74.9%	616.9%	-63.3%	-72.3%	16.8%

Commonwealth Automobile Reinsurers
4/1/2018 Credit Offer - Data Through July, 2017 (2016 Rates)
Potential Premium by Territory/Merit Rating Group
Safety Proposal (Indexed Credit Grouping with Merit Rating)

<u>2017 Potential Premium (000)</u>							<u>2018 Potential Premium (000)</u>						<u>% Difference (2018 Proposed / 2017)</u>							
<u>Terr</u>	<u>00</u>	<u>1-6</u>	<u>7+</u>	<u>98</u>	<u>99</u>	<u>TOT</u>	<u>Terr</u>	<u>00</u>	<u>1-6</u>	<u>7+</u>	<u>98</u>	<u>99</u>	<u>TOT</u>	<u>Terr</u>	<u>00</u>	<u>1-6</u>	<u>7+</u>	<u>98</u>	<u>99</u>	<u>TOT</u>
1	-	-	-	-	-	-	1	-	1,922	6,383	-	-	8,305	1	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2	2,211	382	83	-	14	2,690	2	-	-	9,135	-	-	9,135	2	-100.0%	-100.0%	10864.1%	0.0%	-100.0%	239.5%
3	5,453	960	169	(1)	17	6,597	3	-	-	20,694	-	-	20,694	3	-100.0%	-100.0%	12147.0%	-100.0%	-100.0%	213.7%
4	3,525	623	137	5	8	4,299	4	-	-	14,452	-	-	14,452	4	-100.0%	-100.0%	10478.4%	-100.0%	-100.0%	236.2%
5	7,423	1,517	258	1	9	9,207	5	-	837	25,257	-	-	26,094	5	-100.0%	-44.8%	9703.4%	-100.0%	-100.0%	183.4%
6	4,304	868	141	-	10	5,323	6	-	5,065	22,373	-	-	27,438	6	-100.0%	483.7%	15749.8%	0.0%	-100.0%	415.5%
7	15,752	6,334	1,975	3,308	30	27,399	7	21,187	515	22,961	-	-	44,664	7	34.5%	-91.9%	1062.6%	-100.0%	-100.0%	63.0%
8	8,281	3,805	1,171	2,075	23	15,354	8	-	6,903	14,011	-	-	20,913	8	-100.0%	81.4%	1096.6%	-100.0%	-100.0%	36.2%
9	12,582	4,792	1,324	2,263	49	21,009	9	14,547	4,803	13,219	-	-	32,569	9	15.6%	0.2%	898.6%	-100.0%	-100.0%	55.0%
10	5,257	2,473	653	1,100	15	9,497	10	6,962	1,725	7,145	-	-	15,833	10	32.4%	-30.2%	994.6%	-100.0%	-100.0%	66.7%
11	1,959	287	47	-	(2)	2,292	11	-	2,318	5,510	-	-	7,827	11	-100.0%	706.4%	11512.3%	0.0%	-100.0%	241.5%
12	10,964	4,379	1,254	2,715	27	19,339	12	34,322	7,312	17,634	-	-	59,268	12	213.1%	67.0%	1306.2%	-100.0%	-100.0%	206.5%
13	20,180	7,806	1,971	3,010	607	33,573	13	56,978	65,938	22,482	-	-	145,398	13	182.4%	744.7%	1040.5%	-100.0%	-100.0%	333.1%
14	11,366	3,638	882	1,422	168	17,477	14	24,232	28,249	9,070	39	-	61,590	14	113.2%	676.5%	927.8%	-97.2%	-100.0%	252.4%
15	4,181	1,298	322	592	298	6,690	15	8,179	9,287	3,026	20	-	20,513	15	95.6%	615.6%	839.8%	-96.6%	-100.0%	206.6%
16	6,251	6,022	1,279	1,936	7,145	22,634	16	6,824	6,502	1,623	9	-	14,958	16	9.2%	8.0%	26.8%	-99.5%	-100.0%	-33.9%
17	717	264	68	158	0	1,207	17	1,245	4,172	1,341	5	-	6,762	17	73.6%	1480.1%	1876.4%	-97.0%	-100.0%	460.3%
18	4,280	6,029	1,538	1,905	9,312	23,064	18	4,440	6,026	2,141	1,621	-	14,228	18	3.7%	0.0%	39.2%	-14.9%	-100.0%	-38.3%
19	1,035	305	78	246	9	1,674	19	3,760	4,597	1,428	7	-	9,793	19	263.2%	1408.4%	1719.9%	-97.2%	-100.0%	485.1%
20	5,833	7,846	2,101	2,415	9,872	28,066	20	5,922	8,852	4,191	2,666	9,874	31,505	20	1.5%	12.8%	99.5%	10.4%	0.0%	12.3%
21	23,054	29,204	6,473	9,036	37,610	105,377	21	24,873	30,793	10,751	9,221	31,880	107,517	21	7.9%	5.4%	66.1%	2.0%	-15.2%	2.0%
22	10,227	10,353	2,437	3,107	11,339	37,463	22	11,202	10,726	3,862	3,107	11,259	40,156	22	9.5%	3.6%	58.5%	0.0%	-0.7%	7.2%
23	5,936	1,434	291	795	61	8,517	23	6,753	15,491	3,062	-	-	25,306	23	13.8%	980.2%	950.5%	-100.0%	-100.0%	197.1%
24	2,377	339	49	14	39	2,819	24	4,118	1,462	1,730	47	-	7,356	24	73.2%	331.2%	3403.3%	222.0%	-100.0%	161.0%
25	1,120	378	88	318	9	1,913	25	1,012	473	1,569	9	24	3,086	25	-9.7%	25.3%	1681.9%	-97.2%	155.0%	61.3%
26	3,457	861	196	360	37	4,910	26	6,954	1,661	2,230	46	29	10,920	26	101.2%	92.9%	1038.5%	-87.3%	-21.0%	122.4%
27	3,176	468	78	4	8	3,734	27	-	-	11,447	-	-	11,447	27	-100.0%	-100.0%	14583.3%	-100.0%	-100.0%	206.6%
40	5,863	6,170	1,369	2,074	9,910	25,386	40	6,308	6,240	1,426	-	-	13,974	40	7.6%	1.1%	4.2%	-100.0%	-100.0%	-45.0%
41	15,428	19,527	4,921	6,174	20,927	66,977	41	18,249	20,155	6,729	-	-	45,133	41	18.3%	3.2%	36.8%	-100.0%	-100.0%	-32.6%
42	26,459	30,943	7,305	9,130	42,195	116,033	42	26,107	31,590	8,051	46	-	65,794	42	-1.3%	2.1%	10.2%	-99.5%	-100.0%	-43.3%
43	19,097	20,792	4,712	5,870	26,381	76,853	43	19,598	3,573	5,611	67	-	28,848	43	2.6%	-82.8%	19.1%	-98.9%	-100.0%	-62.5%
44	15,525	11,862	2,301	3,804	14,649	48,142	44	15,028	12,686	3,018	3,208	14,588	48,528	44	-3.2%	6.9%	31.1%	-15.7%	-0.4%	0.8%
45	22,783	27,045	6,052	7,563	34,298	97,741	45	24,964	30,631	9,291	7,650	-	72,536	45	9.6%	13.3%	53.5%	1.1%	-100.0%	-25.8%
99	-	-	-	-	-	-	99	-	-	607	-	-	607	99	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOT	286,056	219,004	51,725	71,399	225,074	853,257	TOT	353,764	330,503	293,460	27,768	67,654	1,073,149	TOT	23.7%	50.9%	467.3%	-61.1%	-69.9%	25.8%

Clean in Three – 2017 Former ERP Voluntary Offer Effort - Chronology

At its November 16, 2016 meeting, CAR's Governing Committee voted to amend Rule 21 of the CAR/MAIP Rules of Operation to extend the clean in three renewals for qualifying former Exclusive Representative Producers (ERPs). As a result, clean in three risks cannot be non-renewed by the former ERP Servicing Carrier, pursuant to the Rules, through March 31, 2018. The Governing Committee also voted to have CAR participate in assisting the remaining eligible former ERPs seek voluntary appointments for their private passenger book of business.

In early March 2017, CAR emailed the remaining eleven (11) former ERPs to solicit interest in participating in an assistance effort and to inquire about their agency efforts and experience to date in seeking voluntary private passenger markets.

In early April, CAR followed up with the ERP agencies that failed to respond to the March email to confirm their understanding of the Governing Committee's directive and to ascertain participation.

In early May, CAR contacted all eleven former ERPs and defined the solicitation process. The ERPs were informed that their responsibility would be to provide CAR with informational documentation that would assist insurance companies in determining whether or not a voluntary relationship with your agency is desired and that **CAR's role in the process would be to distribute the information, supplied by the ERP agency, to the industry for their consideration.** CAR provided with the following suggestions as to the development of information:

The internet offers several sites that may be helpful to you in developing information relative to your voluntary agreement solicitation effort. Search for "preparing your agency for a carrier appointment" or similar search criteria. The following topics are general suggestions as to the information you may desire to include in your solicitation documentation. You are not required to provide any specific information.

Suggested Agency Information

Experience in the business

A proven track record of selling and marketing

*A geographically desirable marketing territory (including **MAIP credit opportunities**)*

A solid business plan

Agency profile

Books and lines of the agency business (experience, profile, etc.)

Note:

CAR provides a great deal of auto information for your agency in the Agency Profile section of the MAIP Policy Application. The Agency Profile is located at the bottom of the landing page after you log into the MAIP. The Profile may be helpful to you in providing a breakdown of your book of business, loss experience, breakdowns by rate class, territories, coverage limits, etc. Please use the + button next to the listed profile categories to expand the information. Also note that there may be several options within each category (for example: in the Book of Business section you will be able to select a profile by Rate Class, Limits and Merit Rating).

Agency Profiles/Business Plans were due to CAR by June 30, 2017. CAR followed up for plans with non-responding agencies during the first 2 weeks of July.

On July 21, 2017 CAR sent a spreadsheet identifying the eleven (11) former ERP agencies currently eligible for renewal of their clean in three book through March 2018 along with agency profiles/ business plans submitted by 5 of the eleven agencies to all Assigned Risk Companies in Massachusetts. The information contained on the spreadsheet was from company reported statistical data for the ERP agencies. The ARCs were asked to review the agency document submissions and respond back to my attention any intention to pursuing or not pursue an opportunity to offer a voluntary offer to any of the agencies **by Friday, September 29, 2017.**

Subsequently, during the first week in October 2017, CAR followed up with the Assigned Risk Companies and with the 11 former ERP agencies to determine the results of the efforts.

Results as of October 3, 2017

Approximately a dozen 12-13 ARCs responded that they were not interested in pursuing any of the listed agencies relative to a voluntary offer.

One agency received a voluntary contract offer – Warren Insurance (Dorchester) 104 clean in three exposures – Safety Insurance Company

The remaining 10 former ERP agencies have a combined total of 403 clean in three exposures.

10/3/17

Clean in Three - Voluntary Offer Solicitation - Agency Review
Former ERPs Without a Voluntary Market (no Contract or Brokerage agreement)

	<i>AGY #</i>	<i>Agency Name</i>	<i>Principal</i>	<i>Agency Tel. #</i>	<i>Agency Town</i>	<i>Book</i>	<i>ID1</i>	<i>%</i>	<i>3yr LR</i>	<i>Agy. Doc.</i>
1	5538	AARON'S INSURANCE AGENCY INC	GERALD PAGLIUCA	978-441-2020	LOWELL	234	8	3.42%	96%	Yes
2	559	CAMBRIDGEPORT INSURANCE AGENCY	E DENISE SIMMONS	617-491-0872	CAMBRIDGE	162	53	32.72%	59%	Yes
3	1246	EMPIRE INSURANCE AGENCY	QUENTIN MILES	617-445-5555	ROXBURY	460	144	31.30%	103%	Yes
4	2423	MARRAM INSURANCE AGENCY INC	SHELDON MARRAM	617-232-6820	BROOKLINE	70	27	38.57%	83%	
5	5477	MAZZUCCO INSURANCE AGENCY INC	MONA L MAZZUCCO	508-580-2223	BROCKTON	18	9	50.00%	104%	
6	2540	MCKENNA INSURANCE AGENCY	BARBARA A MCKENNA	781-333-6378	MEDFORD	180	69	38.33%	74%	Yes
7	3155	RAWLING INSURANCE AGENCY	CATHERINE A CORCORAN	508-879-1572	FRAMINGHAM	90	33	36.67%	102%	Yes
8	3311	RYDER INSURANCE AGENCY INC	JAMES J ALDRED	781-963-0390	RANDOLPH	28	24	85.71%	33%	
9	5106	SEA INSURANCE AGENCY INC	WILLIAM CUNNINGHAM	508-767-1611	WORCESTER	101	2	1.98%	61%	
10	3725	THEODAT INSURANCE AGENCY INC	MARIE THEODAT	617-825-7497	DORCHESTER	164	34	20.73%	95%	
11	<i>3924</i>	<i>WARREN INSURANCE AGENCY INC E L</i>	<i>EDWARD L WARREN</i>	<i>617-265-1414</i>	<i>DORCHESTER</i>	<i>366</i>	<i>104</i>	<i>28.42%</i>	<i>84%</i>	

1873 507 27.07%

less 104

403 exposures

Book = Total Private Passenger Book of Business (Exposures)

ID1 = Clean in Three (Exposures)

% = percentage of Clean in Three exposures to Book

3 Year Loss Ratio (2014-2016)

Italic/Red = Obtained a voluntary offer

Report Date: October 2, 2017 (data reported August 2016 through July 2017)

**CLEAN in THREE FORMER ERP AGENCIES ELIGIBILITY BY YEAR
2014 to 2018**

Eligible Effective to:

4/1/2014

AGY #	Town	Book	ID1	%
1	5538 LOWELL	511	54	10.57%
2	5580 BRIGHTON	722	128	17.73%
3	559 CAMBRIDGE	195	59	30.26%
4	4190 BROOKLINE	342	0	0.00%
5	5039 LONGMEADOW	53	40	75.47%
6	1673 MATTAPAN	299	136	45.48%
7	1219 SPRINGFIELD	3107	495	15.93%
8	1246 ROXBURY	787	245	31.13%
9	4488 NORWOOD	70	33	47.14%
10	1976 MATTAPAN	40	32	80.00%
11	2170 HAVERHILL	660	251	38.03%
12	2423 BROOKLINE	169	80	47.34%
13	5477 BROCKTON	81	36	44.44%
14	2540 MEDFORD	359	201	55.99%
15	3155 FRAMINGHAM	110	49	44.55%
16	3311 RANDOLPH	56	40	71.43%
17	5106 SPRINGFIELD	75	23	30.67%
18	2510 WESTFIELD	1579	477	30.21%
19	3725 DORCHESTER	390	95	24.36%
20	3924 DORCHESTER	479	147	30.69%
		10084	2621	25.99%

4/1/2015

AGY #	Town	Book	ID1	%
1	5538 LOWELL	412	38	9.22%
2	559 CAMBRIDGE	183	63	34.43%
3	4190 BROOKLINE	245	0	0.00%
4	5039 LONGMEADOW	48	33	68.75%
5	1246 ROXBURY	694	223	32.13%
6	4488 NORWOOD	63	31	49.21%
7	1976 MATTAPAN	28	24	85.71%
8	2170 HAVERHILL	487	207	42.51%
9	2423 BROOKLINE	124	70	56.45%
10	5477 BROCKTON	62	23	37.10%
11	2540 MEDFORD	348	179	51.44%
12	3155 FRAMINGHAM	112	49	43.75%
13	3311 RANDOLPH	48	40	83.33%
14	5106 SPRINGFIELD	73	20	27.40%
15	2510 WESTFIELD	1267	412	32.52%
16	3725 DORCHESTER	354	78	22.03%
17	3924 DORCHESTER	407	133	32.68%
		4955	1623	32.75%

4/1/2016

AGY #	Town	Book	ID1	%
1	5538 LOWELL	331	24	7.25%
2	559 CAMBRIDGE	176	58	32.95%
3	5039 LONGMEADOW	44	27	61.36%
4	1246 ROXBURY	548	194	35.40%
5	1976 MATTAPAN	16	13	81.25%
6	2170 HAVERHILL	352	152	43.18%
7	2423 BROOKLINE	100	54	54.00%
8	5477 BROCKTON	57	16	28.07%
9	2540 MEDFORD	274	127	46.35%
10	3155 FRAMINGHAM	99	42	42.42%
11	3311 RANDOLPH	40	33	82.50%
12	5106 SPRINGFIELD	61	15	24.59%
13	3725 DORCHESTER	282	52	18.44%
14	3924 DORCHESTER	389	133	34.19%
		2769	940	33.95%

4/1/2017

AGY #	Town	Book	ID1	%
1	5538 LOWELL	264	14	5.30%
2	559 CAMBRIDGE	165	49	29.70%
3	1246 ROXBURY	482	167	34.65%
4	1976 MATTAPAN	12	8	66.67%
5	2423 BROOKLINE	71	35	49.30%
6	5477 BROCKTON	31	10	32.26%
7	2540 MEDFORD	227	106	46.70%
8	3155 FRAMINGHAM	94	36	38.30%
9	3311 RANDOLPH	36	29	80.56%
10	5106 SPRINGFIELD	71	14	19.72%
11	3725 DORCHESTER	235	41	17.45%
12	3924 DORCHESTER	345	114	33.04%
		2033	623	30.64%

Eligibility Ending 4/1/2018

AGY #	Town	Book	ID1	%
1	5538 LOWELL	234	8	3.42%
2	559 CAMBRIDGE	162	53	32.72%
3	1246 ROXBURY	460	144	31.30%
4	2423 BROOKLINE	70	27	38.57%
5	5477 BROCKTON	18	9	50.00%
6	2540 MEDFORD	180	69	38.33%
7	3155 FRAMINGHAM	90	33	36.67%
8	3311 RANDOLPH	28	24	85.71%
9	5106 WORCESTER	101	2	1.98%
10	3725 DORCHESTER	164	34	20.73%
11	3924 DORCHESTER	366	104	28.42%
		1873	507	27.07%

Book = Total Exposures

ID1 = Clean in Three exposures with ERP company

% = percentage of Clean in Three exposures to Book

Report Date: October 3, 2017

Exposures for 4/1/2018 chart: August 2016 through July 2017

ECONOMY INSURANCE AGENCY, INC.

Sumner D. Gilman
PRESIDENT

September 28, 2017

Commonwealth Automobile Reinsurers
Ms. Lynellen Ramirez, Chairperson
Actuarial Committee
101 Arch Street Ste 400
Boston, MA 02110

RE: Clean-in-Three Rule

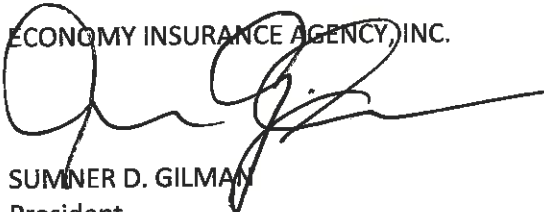
Dear Ms. Ramirez:

I thought it would be helpful if you knew in advance that I will not advocate for an extension of the Clean-in-Three Rule at your meeting on October eleventh. I agree with CAR staff, however, that it would be very advantageous to the remaining ERPs if the Actuarial Committee were to adopt language in CAR's Rule 29D that would provide producers 120 days advance notice of policies that will not be renewed.

Thank you in advance for your consideration with regard to this matter.

Most sincerely,

ECONOMY INSURANCE AGENCY, INC.


SUMNER D. GILMAN
President

Cc: Ms. Natalie Hubley
Mr. John Metcalfe

SDG/jc

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This adjustment will apply regardless of whether the initial policy inception date with the Newly Writing Company pre-dates the calendar months underlying the latest rolling 12-month voluntary exposure based market share used to determine the Member(s) current premium Quota Share.

2. To determine the current premium Quota Share of a Newly Writing Company that becomes eligible for appointment as an ARC pursuant to Rule 30.A.2 before that Member is required to submit detailed statistical data under the provisions of the Massachusetts Private Passenger Automobile Statistical Plan, the Member is required to report interim summary data to CAR. The Member shall begin reporting summary data no later than 45 days after the close of the month of the Member's initial Private Passenger Motor Vehicle Insurance rates and rate manual effective date. The Member will be required to report written private passenger property damage liability car months of exposure by CAR identification code, policy effective month, territory, classification, and merit rating status as defined in the Massachusetts Private Passenger Automobile Statistical Plan. Monthly summary data will be reported thereafter until the Member commences reporting detailed statistical data to CAR.

D. Assignment Period

1. An Eligible Risk shall be insured by a designated ARC for a period of three consecutive years.

At the expiration of the three year assignment period, the designated ARC may offer to write the policy on a voluntary basis, or may non-renew the policy.

2. If the designated ARC intends to non-renew the policy at the end of the three year assignment period the following procedures shall apply.

On or about the first business day of the month, the designated ARC will distribute to the ARP a list of policies that the ARC does not intend to renew and which will expire during the month at least 120 days from the distribution date, thereby providing the ARP an opportunity to seek replacement coverage in the voluntary market. If replacement coverage is obtained for the risk, the ARP shall submit a Notice of Transfer of Insurer to the former ARC identifying the new carrier.

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No less than 60 days prior to the expiration date, if replacement coverage is not obtained for the Eligible Risk, the ARP shall submit an application to the MAIP. The application will be assigned to a Member such that the designated ARC is different than the former ARC. Upon receiving the assignment, the ARP shall submit a Notice of Transfer of Insurer to the former ARC identifying the newly designated ARC. A down payment is not required and upon receipt of the application, the newly designated ARC will bill the applicant for 20% of the premium to be charged, which shall be the lower of the MAIP premium or the voluntary premium for which the applicant qualifies. The pre-inspection requirement shall be waived provided that the vehicle(s) to be insured is the same as the vehicle(s) insured under the previous policy.

If a Notice of Transfer of Insurer is not received, the designated ARC will issue a Notice of Expiration of Policy Assignment to the named insured at least 45 days prior to the expiration date with a copy sent to the ARP.

Upon receipt of the Notice of Expiration of Policy Assignment, the Eligible Risk may reapply for coverage through the MAIP. Such reapplication shall be considered a new business application and the Eligible Risk shall be assigned to a different Member such that the designated ARC is different than the former ARC.

3. In the case of a non-resident military person, pursuant to Rule 26.A.1.c., the designated ARC need not renew if at the time of the renewal the policyholder is stationed in another state and his motor vehicle is not registered in Massachusetts.

E. Credit Programs

Credits shall be reviewed annually and submitted to the Commissioner for approval. Any premium credited under this Rule that in aggregate exceeds 100% of the overall Quota Share may not be credited against the Quota Share.

1. Voluntary Credit
 - a. For policies with effective dates of April 1, 2015 and subsequent, a Member shall receive a credit for any exposure that it insures voluntarily in the territory and operator classes pursuant to Sections E.2. and E.3.

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and did not subsequently receive a voluntary contract or brokerage agreement with a Member prior to October 7, 2015.

5. For policies effective April 1, 2017 through March 31, 2018, a Clean-in-Three Risk can not be non-renewed by the Member except as provided by Rule 21.D.1. if the producer did not have a voluntary contract or brokerage agreement with any Member as of April 1, 2010 and did not subsequently receive a voluntary contract or brokerage agreement with a Member prior to November 16, 2016.
6. For policies effective April 1, 2018 and subsequent, the restriction on the non-renewal of a Clean-in-Three Risk no longer applies. However, no later than December 1, 2017, CAR shall confirm that the end date should be ratified based on a review of then-current data relating to Clean-in-Three Risks.

E. Obligations of Assigned Risk Companies Relative to Clean-in-Three Business

The Producer of a Clean-in-Three Risk, renewed by an Assigned Risk Company (ARC) pursuant to Rule 21.D., shall continue as the risk's producer of record and shall be paid commissions owed on such business, even if the producer does not hold a voluntary contract with the ARC. The producer's commission and the term of commission payments are governed by Rule 30.C.1.d.