



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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

NOTICE OF MEETING

ACTUARIAL COMMITTEE

A meeting of the Actuarial Committee will be held virtually via Zoom video conferencing software,
on

WEDNESDAY, AUGUST 5, 2020 AT 10:30 A.M.

If you plan to attend this meeting and are not a member of this Committee, please RSVP by completing the Visitor Security Form located in the Contact Us/Visitor Information section of CAR's website. CAR will then forward to you, via email, meeting access information. Please do not share access information provided by CAR, but refer others wishing to attend the meeting to CAR's Visitor Security Form.

MEMBERS OF THE COMMITTEE

Ms. Lynellen Ramirez – Chair
Arbella Insurance Group

Mr. Geoffrey Arnold
Ms. Sarah Cast
Ms. Sarah Clemens
Mr. Christopher Dupill
Ms. Jennifer Graunas
Mr. Glenn Hiltbold
Mr. Todd Lehmann
Ms. Meredith Woodcock

Plymouth Rock Assurance Corporation
Allstate Insurance Company
MAPFRE U.S.A. Corporation
EM Freedman Insurance Agency, Inc.
The Hanover Insurance Company
Safety Insurance Company
Quincy Mutual Group
Liberty Mutual Insurance Companies

AGENDA

AC

20.01 Records of Previous Meeting

The Records of the Actuarial Committee meeting of March 4, 2020 should be read and approved.

AC

20.03 CAR Conflict of Interest Policy

The Chair will read a statement relative to CAR's Conflict of Interest Policy.

AC

20.06 Review of Motorcycle/Miscellaneous Class Codes in Quota Share

G.L. c. 175, § 113U has exempted antique motor cars from the provisions of § 113H since 1998. Prior to this exemption, antique auto exposures were included among the motorcycle and miscellaneous classes that were counted in the calculation of residual market participation after applying a factor of 0.33, reflective of the lower average premium for these classes.

The statute defines an antique motor car as "any motor vehicle over twenty-five years old which is maintained solely for use in exhibitions, club activities, parades and other functions of public interest and which is not used primarily for the transportation of passengers or goods over any way, provided that the application for registration thereof is accompanied by an affidavit upon a form provided by the registrar which shall include a statement of the age and intended use of such motor vehicle.

Staff has recently become aware of antique automobile programs written in the voluntary market that include coverage for some vehicles described as "classic cars" which do not meet the statutory definition of an antique automobile due to the age of the vehicle. For those programs known to CAR at this time, the classic car exposures have recently been added to the quota share data. Staff requests that the Committee consider whether the motorcycle/miscellaneous class factor should be applied to the classic car exposures. To assist the Committee in its discussion, an exhibit is attached identifying the current average premium of the motorcycle and miscellaneous classes, and the average premium as compared to the "pure private passenger" classes combined. (Docket #AC20.06, Exhibit #1)

A recommendation to factor classic car exposures would require amendments to Rule 29. (Docket #AC20.06, Exhibit #2) In addition, statistical plan classification codes to identify this data for quota share determination would be presented to the Compliance and Operations Committee for consideration.

Other Business

To transact any other business that may properly come before this Committee.

Executive Session

The Actuarial Committee may convene in Executive Session in accordance with the provisions of G.L. c. 30A, § 21.

SHANNON CHIU
Actuarial/Statistical Analyst

Attachments

Boston, Massachusetts
July 21, 2020

**Commonwealth Automobile Reinsurers
Motorcycle/Miscellaneous Private Passenger Classification
Average Premium Comparison**

2019 Policy Year Total Market Premium and PDL Exposures @ 12 Months

Description	Class Code	Voluntary Market			Residual Market			Total Market	
		PDL Exposure	Written Premium	Average Premium	PDL Exposure	Written Premium	Average Premium	Average Premium	Percent of PP
Electric Car	* 0400	538	\$730,173	\$1,356	0	\$0	\$0	\$1,356	114%
Snowmobile	* 0426	398	\$109,097	\$274	0	\$0	\$0	\$274	23%
Motor Home	0455	10,056	\$8,863,529	\$881	51	\$76,660	\$1,491	\$885	74%
Low Speed Vehicles	0460	3	\$995	\$385	1	\$1,325	\$1,325	\$647	54%
Golf/Lawnmower	0495	598	\$79,692	\$133	0	\$0	\$0	\$133	11%
All Other	0499	14	\$65,935	\$4,654	0	\$0	\$0	\$4,654	391%
Veh's - Sch. Chld.	0539	6	\$8,255	\$1,357	0	\$0	\$0	\$1,357	114%
Antique	0483	51,617	\$12,907,518	\$250	0	\$0	\$0	\$250	21%
<i>Subtotal</i>		63,230	22,765,194	\$360	52	77,985	\$1,488	\$361	30%
PP Trailer (Phys Dam Only)	0453	0	\$4,133,449	\$0	0	\$16,915	\$0	\$0	0%
Travel Terr. (Phys Dam Only)	0459	0	\$5,468,784	\$0	0	\$12,651	\$0	\$0	0%
Total Miscellaneous		63,230	\$32,367,427	\$512	\$52	\$107,551	\$2,052	\$513	43%
*Total Motorcycles		152,273	\$51,610,483	\$339	1,697	\$808,871	\$477	\$340	29%

Total Market Average Private Passenger Premium \$1,189
Classic Cars Estimated Average Premium \$363 31% of PP

* Denotes classes eligible for a 0.33 factor in Quota Share calculation.

Notes: Electric Cars (Class Code 0400) will be eliminated in 2021

CAR | **Rules of Operation**
Rule 29 | **Assignment Process**
Revision Date | **2019.07.23**
Page | **1 of 7**

A. Assignment of Applications

The MAIP shall randomly assign applications that are eligible for coverage based on each Member's individual Quota Share. A Member's Quota Share shall reflect that Member's proportion of Private Passenger Motor Vehicle MAIP premiums that its respective voluntary private passenger property damage liability direct written exposures bears to the statewide total of voluntary private passenger property damage liability direct written exposures of all companies in the state.

1. For the purpose of such distribution as described above: (1) voluntary private passenger property damage liability direct written exposures; and (2) private passenger MAIP premiums shall be defined as below:
 - a. Voluntary private passenger property damage liability direct written exposures shall be the number of private passenger property damage liability car years written by the company for the most recent 12 months, regardless of the type of Motor Vehicle Insurance policy under which such property damage liability car years are written, excluding private passenger liability car years written through the MAIP. Exposures for motorcycles, snowmobiles, and electric motor vehicles will be adjusted by a factor of 0.33.
 - b. For the purpose of establishing the Quota Share of a Newly Writing Company that becomes eligible for appointment as an ARC pursuant to Rule 30 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 pursuant to Section B.
 - c. Private Passenger Motor Vehicle MAIP premiums shall be developed from the MAIP rates and rating plan and shall include the total of: 20/40 bodily injury (including guest), \$100,000 property damage liability, and \$8,000 personal injury protection manual premiums excluding subsidies calculated using MAIP cost-based rates and adjusted for the MAIP merit rating plan for Private Passenger Motor Vehicle MAIP insureds and any risk voluntarily insured that is eligible for premium credits allowed pursuant to this Rule.
2. MAIP will assign applications to the most undersubscribed Member as defined by the ratio of the Member's assigned MAIP premium to the