



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

ACTUARIAL COMMITTEE – JUNE 13, 2018

Members Present

Ms. Lynellen Ramirez – Chair	Arbella Insurance Group
Mr. Geoffrey Arnold	Plymouth Rock Assurance Corporation
Ms. Sarah Clemens	MAPFRE U.S.A. Corporation
Mr. Hall Crowder	Allstate Insurance Company
Mr. Christopher Dupill	EM Freedman Insurance Agency, Inc.
Mr. Glenn Hiltbold	Safety Insurance Company
Mr. Greg Karabinos	The Norfolk & Dedham Group
Mr. Todd Lehmann	Quincy Mutual Group
Mr. Jared Stuckey ⁽¹⁾	Liberty Mutual Group
Mr. Christopher Taylor ⁽²⁾	The Hanover Insurance Company

Substituted for:

⁽¹⁾Ms. Meredith Woodcock

⁽²⁾Mr. Adam Kreuser

Not in Attendance:

N/A

17.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Actuarial Committee meeting of October 11, 2017. The Records have been distributed and are on file.

18.04 Quota Share Credits for Policies Effective April 1, 2019 and Later

The Actuarial Committee began discussions relative to the April 1, 2019 Quota Share credit offer. Staff reviewed exhibits to facilitate discussion, including a historical residual market share exhibit, a take-out credit exhibit, and an informational exhibit on the estimated impact of changes to rate levels on the available quota share credit premium.

Recognizing that there has been little change in the size of the residual market, and noting the continued depopulation of several class/territory cells that have been more significantly represented in the MAIP, the Committee questioned whether a change to credit factors would be approved by the Division of Insurance (DOI). The Committee discussed prior year Decisions issued on this topic and noted that the

DOI cautioned CAR not to consider changes to credit eligibility absent a compelling reversal in the size of the residual market.

However, several members continued to voice concerns with the substantial volume of available credit premium and that freezing credit factors, while preventing the elimination of credits in certain urban areas of concern, prohibits increases and decreases to credit factors in other areas that appear to be warranted. These members believe that allowing for the increases and decreases would not result in market disruption. One member pointed out that prior Committee discussions have consistently noted the self-correcting nature of the model defined in Rule 29, and suggested that adoption of a multi-year gradual transition in cells indicated to eliminate credit eligibility would comply with the DOI directive while allowing to test the assumptions noted by Committee members favoring a change.

After discussion, the Committee agreed to study alternative approaches to allow for gradual changes to credit factors to minimize market impact while allowing a transition toward indicated credit need. The Committee directed staff to prepare several alternative models for consideration at its next meeting.

Additionally, the Committee agreed to recommend no change to take-out credits.

AC

18.05 Potential Impact of Registry System Changes on Quota Share Credits

Ms. Wendy Browne provided the Committee with the status of data quality issues related to the recent migration to the ATLAS system by the Registry of Motor Vehicles (RMV), which occurred in late March, 2018. As part of the new ATLAS system, the RMV has initially eliminated Inquiry functionality for out-of-state operators, resulting in increased error rates in the Rule 29 Credit Edit verification. It was noted that staff believes that this problem will worsen as more data is impacted. The RMV has proposed changes to its systems and is currently soliciting feedback from insurance companies. Accordingly, to negate the impact of this issue, Ms. Browne noted that data used for the March, 2018 Rule 29 Credit Edit results that ran at the end of May was not used in the recent base data update. Instead, the February, 2018 error rates were held constant for all companies and applied to credit premium through March.

After some discussion, the Committee agreed with staff's approach, and unanimously voted to direct staff to continue to hold the error rates at the February, 2018 result until a resolution is determined.

Staff will continue to evaluate the impacts of Registry system issues on company reported data, specific to MAIP Premium, Credit Premium, and the Rule 29 Credit Edit. Furthermore, staff will continue to work with the RMV and monitor any corrective action and report on the status of its review at the next meeting.

TIMOTHY GALLIGAN
Actuarial/Statistical Services Director

Boston, Massachusetts
June 15, 2018

ATTACHMENT LISTING

Docket #AC18.02, Exhibit #1

Attendance Listing

ACTUARIAL COMMITTEE MEETING
SIGN-IN SHEET
June 13, 2018

Individual's Name	Company / Agency
CHRIS TAYLOR	HANOVER
Sarah Clemens	MAPFRE
Chris Dupice	EM Freedman Ins
Todd Lehmann	Quincy Mutual
Grey Karabinos	ND Group
HAUL CROWDER	ALLSTATE
Jared Stuckey	Liberty
Geoffrey Arnold	Plymouth Rock
Glenn Harpaz	Safety Insurance
Wendy Brunne	CAR
Natalie Hubley	CAR
Lynellen Ramirez	Arbella
Tina Kelly	CAR Staff
Shannon Chiu	CAR

