



NATALIE A. HUBLEY  
PRESIDENT

**COMMONWEALTH AUTOMOBILE REINSURERS**

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**RECORDS OF MEETING**

**ACTUARIAL COMMITTEE – NOVEMBER 1, 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.
Ms. Jennifer Graunas <sup>(1)</sup>	The Hanover Insurance Company
Mr. Glenn Hiltbold	Safety Insurance Company
Ms. Meredith Woodcock	Liberty Mutual Group

Substituted for:  
<sup>(1)</sup> Mr. Adam Kreuser

Not in Attendance:	
Mr. Greg Karabinos	The Norfolk & Dedham Group
Mr. Todd Lehmann	Quincy Mutual Group

**18.01 Records of Previous Meeting**

The Committee unanimously voted to approve the Records of the Actuarial Committee meeting of September 11, 2018. The Records have been distributed and are on file.

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

At the last meeting, the Committee voted to approve the Allstate proposal for recommendation to the Governing Committee, based on the current Rule 29 methodology and including a five year transition period. Actuarial Committee Chair Lynellen Ramirez noted that staff was directed to update the model to include data reported through August, 2018, consistent with past practice, and to draft amendments to Rule 29 reflecting the Committee’s recommendation. Staff noted that, reflecting current data, the proposal results in a projected .2% increase to credit eligible exposures, and a 15.5% decrease to potential credit premium for the twelve month period beginning April 1, 2019, first year of the transition.

Ms. Ramirez also noted that attached to the Notice of Meeting was a statement submitted by Plymouth Rock Assurance Corporation in opposition to the Committee’s recommendation, which included an alternative proposal.

After brief discussion, Ms. Sarah Clemens made a motion, which was seconded by Mr. Glenn Hiltbold, to approve the amendments to Rule 29 corresponding to the methodology voted on by the Actuarial Committee at its September 11, 2018 meeting.

In ensuing discussion, Mr. Geoff Arnold spoke against the motion, opining that the recommendation is not consistent with CAR's statutory obligation. Mr. Arnold commented that the proposal makes no effort to enhance the prospects that no class or territory is disproportionately represented, pointing out that with the fifth year of the transition, 80% of today's credit eligible exposures will no longer be eligible for credit and that cumulatively over the 5 year period, the potential credit premium will be reduced by approximately 73%. Mr. Arnold highlighted the proposed reductions occurring in the key territories of concern noted by the Division of Insurance, while also referencing past submissions by the Attorney General in opposition to reducing credits in those territories.

Ms. Ramirez expressed concern with language included in the Plymouth Rock letter characterizing the Committee's proposal as non-compliant with the law, and requested that Counsel advise the Committee regarding this implication. Accordingly, Mr. Steven Torres, CAR Counsel, advised that Plymouth Rock's characterization of the Committee's proposal as not compliant with the law reflects the company's opinion and employs a term often used when advocating for the approval or rejection of a legal concept. It would be the role of CAR counsel to advise if a committee were to take action that is contrary to a particular statute or regulation. Rather, he advised that the matter at hand is not particularly violative of a statute, but rather an issue where reasonable parties may disagree; it is for this Committee to decide which particular proposal is in the best interest of the motoring public and should be presented to the Governing Committee.

There being no further discussion, the motion passed with 4 members in favor and 3 opposed.

**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 migration to the ATLAS system by the Registry of Motor Vehicles (RMV), which occurred in late March, 2018. Because of the data issues, the February, 2018 Rule 29 Credit Edit error rates in place before the conversion occurred have been held constant for all companies and applied to reported credit premium since the March, 2018 Quota Share report.

Ms. Browne noted that there are still ongoing data issues that companies are trying to resolve. CAR Staff is assisting companies in identifying reporting problems within their control, as some of the reporting issues are related to how data is being provided to companies in the new system. Ms. Browne informed the Committee that the Registry has developed a new focus group that CAR is participating in, and that should provide a good forum for the communication of the data issues. While the error rates have begun to marginally improve, CAR is still working with the companies and the Registry to resolve the issues. Ms. Browne indicated that she anticipates providing a more specific plan to address lingering problems and overall data quality at an upcoming Compliance and Operations Committee meeting.

TIMOTHY GALLIGAN  
Actuarial/Statistical Services Director

Boston, Massachusetts  
November 12, 2018

**ATTACHMENT LISTING**

Docket #AC18.02, Exhibit #3

Attendance Listing

ACTUARIAL COMMITTEE MEETING  
 SIGN-IN SHEET  
 November 1, 2018

Individual's Name	Company / Agency
Timothy Gallagher	CAR Staff
Lynelle Ramirez	Arbella
Natalie Hubley	CAR
Steve Tomos	CAR Counsel - TSHD
Wendy Browne	CAR
Glenn Hissop	Safety Insurance
Geoffrey Arnold	Plymouth Rock
Hall Snowden	Aerstat
Meredith Woodcock	Liberty Mutual
Chris Dupic	EM Freedman Insurance
Sarah Clemens	MAPPER
Jennifer Graunas	Hanover
Shannon Chiu	CAR
Ken Willis	Plymouth Rock
Ben Hines	CAR Counsel - TSHD