



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

BUDGET COMMITTEE – SEPTEMBER 6, 2018

Members Present

Mr. James Hyatt – Chair
Mr. Thomas DePaulo
Ms. Paula Gold
Mr. John Kelly
Mr. John Olivieri, Jr.

Arbella Insurance Group
Cabot Risk Strategies, LLC
Plymouth Rock Assurance Corporation
MAPFRE U.S.A. Corporation
J.K. Olivieri Insurance Agency, Inc.

Substituted for:
N/A

Not in Attendance:
N/A

17.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Budget Committee meeting of September 14, 2017. The Records have been distributed and are on file.

18.04 Fiscal Year 2019 Budget and Business Plan

President Natalie Hubley presented the Fiscal Year 2019 (FY19) Budget and Business Plan, noting management's proposal for a net operating budget of \$9,435,100. The proposed budget reflects an increase of \$240,000 over the FY18 approved budget, due to employee related costs. The salary account increase is due to the impact of the FY18 merit increase for an additional quarter during FY19, as well as a budgeted merit increase effective January 1, 2019. In addition, the proposed budget fills an authorization left unfunded in FY18 to staff the Compliance Audit Department with strengthened commercial underwriting expertise. The Committee discussed the position to be filled and concluded that additional funding is required to adequately fill the position sooner than initially planned. The Committee also confirmed the pension funding strategy in place, and recommended adjustments to the proposed merit and savings plan increases pending Personnel Committee discussions in February.

The Committee discussed an allocation of \$50,000 in service contracts account to fund a second actuarial engagement to review the methodologies underlying its commercial rate filings. Following discussion the Committee agreed to retain the budget funding, but to revisit the issue for further consideration by the Governing Committee of potential CAR advisory committee involvement.

Following discussion, the Committee unanimously voted to recommend to the Governing Committee approval of an FY19 administrative expense budget amended pursuant to the Budget Committee discussion.

After final review of the impact to the salary and related accounts of the amendments approved by the Budget Committee to the proposed staffing, annual merit adjustment, and employee savings plan proposals, staff calculates a final budget allocation of \$9,457,100, representing a \$262,000, or 2.8%, increase over the fiscal year 2018 budget.

REGINA NAGLE
Administrative Services Assistant

Boston, Massachusetts
September 11, 2018

ATTACHMENT LISTING

Docket #BC18.02, Exhibit #1

Attendance Listing

