



NATALIE A. HUBLEY  
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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## RECORDS OF MEETING

### BUDGET COMMITTEE – SEPTEMBER 3, 2020

#### Members Present

Ms. Elizabeth Brodeur – Chair	Safety Insurance Company
Mr. Thomas DePaulo	Cabot Risk Strategies, LLC
Ms. Gail Eagan	Arbella Insurance Group
Ms. Paula Gold	Plymouth Rock Assurance Corporation
Mr. John Kelly	MAPFRE U.S.A. Corporation
Mr. John Olivieri, Jr.	J.K. Olivieri Insurance Agency, Inc.

Substituted for:  
N/A

Not in Attendance:  
N/A

#### 19.01 Records of Previous Meeting

On a roll call vote, the Committee unanimously voted to approve the Records of the Budget Committee meeting of September 11, 2019. The Records have been distributed and are on file.

#### 20.04 Fiscal Year 2021 Budget and Business Plan

Ms. Natalie Hubley reviewed highlights of CAR's proposed Fiscal Year 2021 (FY21) Business Plan including continuing staff support of planned committee activity focusing on commercial market initiatives. Notably, CAR will pursue changes to its rating methodology and file indicated rates pursuant to the recommendations of the Joint Actuarial Commercial Lines Committee. In addition, CAR will complete an RFP and appointment of Servicing Carriers for terms to begin as of January 1, 2022, and will expand its audit procedures to include additional classes of business. During FY21 CAR will implement a pre-fill of vehicle information imported to the MAIP policy application from Registry systems, and CAR will evaluate the feasibility of introducing an electronic MAIP stamp and incorporating RMV registration forms into the MAIP policy application. Finally, CAR will continue its migration of mainframe applications to the web platform, improving the Member Company user experience.

Ms. Hubley indicated that CAR Management is requesting a FY21 budget allocation of \$9,557,900, which represents an increase of 0.3%, or \$33,100, over FY20. As CAR is projecting to close FY20 \$166,400 under budget, she noted that the proposal recommends that a portion of the surplus be allocated

to level-fund the FY21 expense assessment, and that the remaining surplus be allocated to fund CAR pension expenses.

Mr. Steven Gautieri provided a detailed review of the proposed FY21 budget, providing explanations and rationale where projected variances exist between FY20 and FY21. He also further explained CAR's approach to pre-paid pension funding, which ensures level budget funding through FY23, maximizes assets to improve funded status, and minimizes guaranty fund insurance assessments.

Following a brief discussion, on a roll call vote, the Committee unanimously voted to recommend to the Governing Committee adoption of the proposed FY21 administrative expense budget and business plan, and to allocate prior year surplus funds as proposed.

STEVEN GAUTIERI  
Controller

Boston, Massachusetts  
September 8, 2020

**ATTACHMENT LISTING**

Docket #BC20.02, Exhibit #1

Attendance Listing

