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## RECORDS OF MEETING

### COMMERCIAL CLASSIFICATION SUBCOMMITTEE – NOVEMBER 16, 2017

#### Members Present

Mr. Glenn Hiltbold – Chair  
Ms. Sarah Clemens  
Mr. Barry Tagen  
Mr. Hugh Thai<sup>(1)</sup>

Safety Insurance Company  
MAPFRE U.S.A. Corporation  
Pilgrim Insurance Company  
Arbella Insurance Group

Substituted for:

<sup>(1)</sup>Ms. Lynellen Ramirez

Not in Attendance:

N/A

#### 17.04 Development of Commercial Classification Plan

The Commercial Classification Subcommittee has been charged with exploring opportunities for the development of rating classifications to address risk factors evolving out of changes in market conditions, with an initial focus on Private Passenger Type (PPT) risks. Ms. Natalie Hubley stated that CAR has been directed to work with its consulting actuaries at the Automobile Insurers Bureau (AIB) to develop a classification plan for these risks that may be based upon such factors as driving experience and driver history. She noted that since additional data would be required to support an initial filing, input is needed from the Servicing Carriers to identify data that they currently have available and can provide to CAR. This information may initially be gathered using a manual data call and then captured going forward in a more automated manner, such as reporting statistically via the Commercial Statistical Plan. Ms. Hubley indicated that CAR will later address with the Subcommittee the drafting of manual rules, ongoing data collection needs, and whether and how to modify forms such as the insurance application, policy form and endorsements.

Ms. Kim Barber, CAR consulting actuary, provided the Subcommittee with a summary of research performed relative to PPT classification plans in Massachusetts and other commercial automobile markets. She noted that the CAR and AIB advisory rating plan currently provides for a single rate for non-fleet PPT risks which varies only by territory and limit, and this is also common with many companies and within other state filings. However, the AIB is now observing a broadening of filed PPT classification plans in the competitive market. Relative to the type of information that would be needed to develop a rating plan, she stated that it's a matter of finding the best combination of rating variables and risk characteristics and that whatever is included in the rating plan must be reportable so that proper analysis may be performed. Ms. Barber further indicated that although it would be sufficient on the initial data call to collect whatever data is available to support a filing, any mechanism going forward should allow for the collection of both voluntary and ceded market data.

Discussion ensued relative to a range of risk characteristics that may be included in a classification plan. Responding to the question of data availability, Mr. Barry Tagen indicated that Pilgrim currently captures information relative to years of driving experience and driving history as his company currently uses a driver class factor in its voluntary filing. Mr. Glenn Hiltbold indicated that Safety is currently not collecting this data but has plans to do so going forward. The representatives from both MAPFRE and Arbella indicated that this data is available for underwriting purposes but not stored on a company system in a reportable format.

For the next meeting, the Subcommittee directed staff to study other state filings in order to develop a list of recommended risk attributes to be included in a PPT classification plan. Subcommittee members also agreed to review data availability within their own organizations in order to be prepared to advise staff with respect to the ability to respond to a data call for an initial filing.

MARIAN ADGATE  
Corporate Documentation Specialist

Boston, Massachusetts  
December 12, 2017

**ATTACHMENT LISTING**

Docket #CCS17.02, Exhibit #1

Attendance Listing



