



NATALIE A. HUBLEY  
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110  
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**ADDITIONAL INFORMATION  
TO MEMBERS OF THE GOVERNING COMMITTEE**

**FOR THE MEETING OF:**

**Wednesday, February 14, 2018 at 10:30 a.m.**

**GC**

**18.07 Financial Audit Committee**

The Records of the Financial Audit Committee meeting of February 7, 2018 are attached. (Docket #GC18.07, Exhibit #1)

The Records of the Financial Audit Committee meeting of February 7, 2018 have been distributed and are on file.

**GC**

**18.08 Personnel Committee**

The Records of the Personnel Committee meeting of February 8, 2018 are attached. (Docket #GC18.08, Exhibit #1)

The Records of the Personnel Committee meeting of February 8, 2018 have been distributed and are on file.

NATALIE A. HUBLEY  
President

Attachments

Boston, Massachusetts  
February 9, 2018



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## RECORDS OF MEETING

### FINANCIAL AUDIT COMMITTEE – FEBRUARY 7, 2018

#### Members Present

Mr. Robert McKenna – Chair	MAPFRE U.S.A. Corporation
Mr. Matthew Anglim	Plymouth Rock Assurance Corporation
Ms. Pamela Bodenstab-Krynicky	P L Krynicky Insurance Agency
Ms. Linda Chaplin <sup>(1)</sup>	Quincy Mutual Group
Mr. David McCormick	McCormick & Sons Insurance Agency, Inc.
Mr. Sean Moone	The Norfolk & Dedham Group

Substituted for:

<sup>(1)</sup>Mr. Thomas Harris

Not in Attendance:

Mr. Thomas LaFrancois

Arbella Insurance Group

#### 17.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Financial Audit Committee meeting of September 12, 2017. The Records have been distributed and are on file.

#### 18.04 Annual Audit of CAR for Fiscal Year Ending 2017

Mr. Peter Brennan, representing PricewaterhouseCoopers (PwC), provided a detailed overview that emphasized the reduction in scope between a traditional audit in accordance with generally accepted auditing standards and those procedures conducted by PwC to perform CAR's engagement. Mr. Brennan advised that, based on the agreed upon procedures performed in accordance with standards established by the American Institute of Certified Public Accountants, and its review of CAR's financial statements, PwC will issue a clean, unqualified review report as of and for the year ended September 30, 2017. Mr. Brennan discussed the procedures performed, and stated that no management letter items are noted. Mr. Brennan also stated that no changes were made to the agreed upon procedures. Finally, Mr. Brennan explained that, while the financial statements and review report will be available upon request submitted to CAR management, the AUP report is intended for the CAR Governing Committee and Member Companies only. To that end, he advised that a copy of the required acknowledgement form is included with the Financial Audit Committee communications. After a brief discussion, the Committee unanimously voted to recommend Governing Committee approval of CAR's financial statements for the fiscal year ending September 30, 2017.

### **18.05 Independent Auditor Contract Review**

The independent audit services contract agreement between CAR and PwC expires at the conclusion of the fiscal year 2017 engagement. Pursuant to CAR's contract review policy, the Committee considered whether to recommend that the contract be extended an additional year or to direct CAR staff to conduct a Request for Proposal. The Committee unanimously voted to recommend that the Governing Committee extend the contract for auditor services with PwC through Fiscal Year 2018.

MARK ALVES  
Director – Compliance Audit

Boston, Massachusetts  
February 9, 2018



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## RECORDS OF MEETING

### PERSONNEL COMMITTEE – FEBRUARY 8, 2018

#### Members Present

Mr. Thomas DePaulo – Chair	Cabot Risk Strategies, LLC
Ms. Paula Gold	Plymouth Rock Assurance Corporation
Mr. James Hyatt	Arbella Insurance Group
Mr. John Kelly	MAPFRE U.S.A. Corporation

#### Substituted for:

Not in Attendance:	
Mr. Sumner Gilman	Economy Insurance Agency, Inc.

#### 17.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Personnel Committee meeting of February 6, 2017. The Records have been distributed and are on file.

#### 18.04 2018 Annual Merit Increase

Mr. Timothy Costain reviewed an annual merit increase survey of member companies represented on the Governing Committee, as well as industry-funded like organizations. He noted that the average 2018 merit increase for current Governing Committee members responding to the survey is provided for reference, but that CAR has historically been measured against its industry-funded peers. Mr. Costain reviewed the average approved 2018 merit increase for those organizations and recommended a comparable merit increase of 3.25% for CAR.

Following discussion, the Committee agreed that an increase percentage slightly lower than staff's recommendation would be appropriate.

The Committee unanimously voted to recommend to the Governing Committee adoption of a merit increase of 3.00% for calendar year 2018.

#### 18.05 Annual Range Movement

Mr. Costain reviewed salary range survey information compiled by CAR among member companies represented on the Governing Committee, as well as industry-funded like organizations. He identified average 2018 salary range increases among Governing Committee member companies and industry-funded organizations and noted that the average salary range increase for CAR over the past

several years has fallen below those of like organizations. Mr. Costain recommended a 2.2% salary range increase for 2018.

Following discussion, the Committee unanimously voted to recommend to the Governing Committee a salary range increase percentage as recommended by staff for calendar year 2018.

#### **18.06 Officer Salary Recommendations**

Ms. Natalie Hubley provided current salary and salary range information for Ms. Wendy Browne, Vice President of Business Operations. She provided highlights of Ms. Browne's performance during 2017, including her involvement with commercial automobile market issues under consideration by several committees. Ms. Browne engaged in personal and staff training necessitated by those issues, including CAR's Audit and Actuarial department staff, resulting in the expansion of CAR's long-term commercial market knowledge base. She also led efforts to enhance member company statistical reporting compliance in accordance with CAR's data quality assurance program. Ms. Hubley proposed a 2018 salary increase for Ms. Browne equal to the merit percentage approved for CAR staff.

Ms. Hubley provided the Committee with current salary and salary range information for Mr. Peter McCabe, Vice President of Technical Operations. She informed the Committee that Mr. McCabe performed at a high level throughout 2017 and cited key accomplishments, including his role in the development of a more comprehensive disaster recovery plan, his collaboration and increased visibility with the committee process and the uninterrupted system availability indicative of the high daily operational performance level of CAR's IT department.

Ms. Hubley proposed a salary increase for Mr. McCabe equal to the merit percentage approved for CAR staff for 2018.

The Committee unanimously voted to recommend to the Governing Committee a 2018 salary increase for Wendy Browne, Vice President of Business Operations and Peter McCabe, Vice President of Technical Operations, as proposed by Ms. Hubley.

#### **18.07 President's Salary Recommendation**

Chairman Thomas DePaulo provided a review of President Natalie Hubley's job performance during 2017. Mr. DePaulo noted that input on her performance was solicited from Governing Committee members, Chairs of advisory committees and CAR's senior staff. He indicated that responses were universally positive and comments noted that Ms. Hubley projects a more confident leadership presence than when she first assumed the CAR Presidency and has taken the initiative on a number of occasions to reach out to industry participants and the Commissioner in the interests of the residual market.

Mr. James Hyatt identified certain objectives developed for Ms. Hubley in 2018 and recommended a merit increase consistent with that of staff and its officers.

Following discussion, the Committee unanimously voted to recommend to the Governing Committee a salary increase for Ms. Hubley as proposed by Mr. Hyatt.

The Committee also discussed the extent to which staff may need bolstering, in light of the numerous commercial market issues currently being considered and the perceived pedestrian pace of efforts at the advisory committee level to resolve them. It was noted that CAR as an organization is required to work through a committee process that cannot be ignored or abandoned. The committee agreed to the

extent that staff can be more proactive in introducing efficiency to the deliberative process, examination of additional resource options should be considered.

TIMOTHY COSTAIN  
Chief of Staff

Boston, Massachusetts  
February 9, 2018