



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110

www.commauto.com

617-338-4000

NOTICE OF MEETING

GOVERNING COMMITTEE

A meeting of the Governing Committee will be held at the Automobile Insurers Bureau Conference Center at 101 Arch Street, 7th Floor, Boston, on

WEDNESDAY, JUNE 20, 2018 AT 10:30 A.M.

MEMBERS OF THE COMMITTEE

Mr. James S. Hyatt – Chair
Arbella Insurance Group

Ms. Pamela L. Bodenstab-Krynicki	P.L. Krynicki Insurance Agency, Inc.
Mr. Thomas C. DePaulo	Cabot Risk Strategies, LLC
Mr. Christopher D. Dupill	EM Freedman Insurance Agency, Inc.
Mr. Sumner D. Gilman	Economy Insurance Agency, Inc.
Ms. Paula W. Gold	Plymouth Rock Assurance Corporation
Mr. Thomas A. Harris	Quincy Mutual Group
Mr. Christopher Jarrard	GEICO
Mr. John V. Kelly	MAPFRE U.S.A. Corporation
Mr. M. John Olivieri, Jr.	J.K. Olivieri Insurance Agency, Inc.
Ms. Kellie A. Thibodeau	The Hanover Insurance Company
Ms. Meredith M. Woodcock	Liberty Mutual Group

AGENDA

GC

18.01 Transcript of Previous Meeting

The Transcript of the Governing Committee meeting of April 11, 2018 should be read and approved.

GC

18.03 CAR Conflict of Interest Policy

The Chair will read a statement relative to CAR's Conflict of Interest Policy.

GC

18.04 President's Report

Commonwealth Automobile Reinsurers' President will report on matters affecting CAR.

GC

18.05 Counsel's Report

Commonwealth Automobile Reinsurers' counsel will report on pending litigation, CAR Rule changes and any other matters relevant to legal issues at CAR.

GC

18.09 Commercial Automobile Committee

The Governing Committee will hear the report of the Commercial Automobile Committee meeting of June 12, 2018.

The Records of the Commercial Automobile Committee meeting of June 12, 2018 will be distributed as additional information prior to the meeting.

GC

18.10 Loss Reserving Committee

The Governing Committee will hear the report of the Loss Reserving Committee meeting of June 4, 2018.

A Summary of the Loss Reserving Committee meeting of June 4, 2018 is attached. (Docket #GC18.10, Exhibit #2)

The Records of the Loss Reserving Committee meeting of June 4, 2018 have been distributed and are on file.

GC

18.12 Compliance and Operations Committee

The Governing Committee will hear the report of the Compliance and Operations Committee meeting of June 6, 2018.

The Records of the Compliance and Operations Committee meeting of June 6, 2018 will be distributed as additional information prior to the meeting.

GC

18.13 Actuarial Committee

The Governing Committee will hear the report of the Actuarial Committee meeting of June 13, 2018.

Other Business

To transact any other business that may properly come before this Committee.

Executive Session

The Governing Committee may convene in Executive Session in accordance with the provisions of G.L. c. 30A, § 21.

NATALIE A. HUBLEY
President

Attachment

Boston, Massachusetts
June 8, 2018



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NATALIE A. HUBLEY
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SUMMARY OF MEETING

LOSS RESERVING COMMITTEE – JUNE 4, 2018

Ms. Lynellen Ramirez – Chair	Arbella Insurance Group
Mr. Jonathan Blake ⁽¹⁾	The Hanover Insurance Company
Ms. Melissa Vaughn ⁽²⁾	Safety Insurance Company

Substituted for:

⁽¹⁾Ms. Alyssa Potter
⁽²⁾Mr. Glenn Hiltbold

Not in Attendance:
Mr. Warren Ehrlich, MAPFRE U.S.A. Corporation

18.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Loss Reserving Committee meeting of March 9, 2018. The Records have been distributed and are on file.

18.06 Policy Year Deficit and Loss Ratio Report

The Committee set loss and loss adjustment expense reserves, using data through March 31, 2018. The Committee estimated a policy year 2017 commercial deficit of \$34.6 million with a loss ratio of 93.9 percent, a policy year 2016 commercial deficit of \$42.8 million with a loss ratio of 99.8 percent, and a policy year 2015 commercial deficit of \$17.9 million with a loss ratio of 86.2 percent. Ultimate loss ratio and deficit projections for policy years 2015-2017 are detailed in the attached exhibit.

The following summary displays the results from June 4, 2018 meeting:

Total AO

CAL/AY	Earned Premium(000)	Loss & Allocated Loss Adjustment Expense (000)				Number of Open Claims
		Paid	Case Outstanding	IBNR	Held Ultimate	
2008	111,743	75,165	130	(1)	75,294	2
2009	95,938	73,819	23	(1)	73,841	3
2010	88,176	73,656	477	(6)	74,127	7
2011	91,576	64,735	1,213	(95)	65,853	16
2012	102,216	72,076	10,363	(54)	82,385	77
2013	117,843	90,385	10,797	812	101,994	136
2014	140,066	92,660	16,622	4,355	113,637	402
2015	160,241	89,924	52,104	15,689	157,717	1,044
2016	175,377	79,088	59,192	30,210	168,490	3,969
2017	45,958	9,711	11,342	21,587	42,640	1,969
Total	1,129,134	721,219	162,263	72,496	955,978	7,625

Total PP

<u>CAL/AY</u>	<u>Earned Premium(000)</u>	<u>Loss & Allocated Loss Adjustment Expense (000)</u>			<u>Held Ultimate</u>	<u>Number of Open Claims</u>
		<u>Paid</u>	<u>Outstanding</u>	<u>IBNR</u>		
2009	82,820	81,505	34	(16)	81,523	9
2010	2,871	2,792	-	-	2,792	-
Total	85,691	84,297	34	(16)	84,315	9

SHANNON CHIU
Actuarial/Statistical Analyst

Boston, Massachusetts
June 8, 2018

COMMERCIAL ULTIMATE POLICY YEAR DEFICIT PROJECTIONS
 BASED ON DATA REPORTED THROUGH QUARTER ENDING MARCH 2018
 (000's OMITTED)

SUMMARY EXHIBIT

	Policy Year 2015		Policy Year 2016		Policy Year 2017	
	Dollars	% Prem	Dollars	% Prem	Dollars	% Prem
Premium	151,439	100.0%	169,100	100.0%	182,200	100.0%
Losses Incurred and ALAE	130,528	86.2%	168,762	99.8%	171,086	93.9%
Underwriting Expenses	38,778	25.6%	43,152	25.5%	45,732	25.1%
Underwriting Result	(17,867)	-11.8%	(42,814)	-25.3%	(34,618)	-19.0%

COMPARISON OF ULTIMATE POLICY YEAR DEFICIT PROJECTIONS
PRIOR AND CURRENT QUARTER ESTIMATES

Policy Year 2017

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	181,700	100.0%	182,200	100.0%	500	0.3%
Losses Incurred and ALAE	167,527	92.2%	171,086	93.9%	3,559	2.1%
Underwriting Expenses	45,607	25.1%	45,732	25.1%	125	0.3%
Underwriting Result	(31,434)	-17.3%	(34,618)	-19.0%	(3,184)	10.1%

Policy Year 2016

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	169,000	100.0%	169,100	100.0%	100	0.1%
Losses Incurred and ALAE	167,479	99.1%	168,762	99.8%	1,283	0.8%
Underwriting Expenses	43,126	25.5%	43,152	25.5%	26	0.1%
Underwriting Result	(41,605)	-24.6%	(42,814)	-25.3%	(1,209)	2.9%

Policy Year 2015

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	151,400	100.0%	151,439	100.0%	39	0.0%
Losses Incurred and ALAE	126,571	83.6%	130,528	86.2%	3,957	3.1%
Underwriting Expenses	38,768	25.6%	38,778	25.6%	10	0.0%
Underwriting Result	(13,939)	-9.2%	(17,867)	-11.8%	(3,928)	28.2%