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**TRANSCRIPT OF  
GOVERNING COMMITTEE MEETING**

A meeting of the Governing Committee was held virtually via Zoom video conferencing software, on

**WEDNESDAY, FEBRUARY 10, 2021 AT 10:30 A.M.**

Committee Members present –

Ms. Elizabeth B. Brodeur – Chair  
Safety Insurance Company

Ms. Pamela L. Bodenstab-Krynicki	P L Krynicki Insurance Agency
Ms. Ida Denard-Jones	Denard Insurance Agency, Inc.
Mr. Thomas C. DePaulo	Cabot Risk Strategies, LLC
Ms. Gail Eagan	Arbella Insurance Group
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

Substituted for:

N/A

Not in Attendance:

N/A

PROCEEDINGS

*(Meeting began at 10:32 a.m.)*

Ms. Brodeur: Welcome to the CAR Governing Committee meeting of February 10, 2021. As a brief reminder, we are conducting this meeting obviously remotely and the meeting is being recorded via video conferencing software. Non-committee members are asked to please turn off their video until they have been called upon to speak. This will help let the Committee members, and especially me, follow the discuss as I try to juggle all the people on the screen and then the names on the side of the screen.

Through the course of the meeting, if you wish to speak, please raise your hand using the software. You can click on the blue hand on the menu on the screen or type in \*nine on your telephone keypad if you have not joined by video.

Attendees are requested to mute themselves so that we can cut down on the background noise while the meeting is proceeding. I will call on you by name when you raise your hand. So, please wait in the event there are multiple people waiting to speak so we're not talking over each other. When you are speaking, please unmute yourself and then re-mute yourself when you are done.

All votes of the Committee will be conducted by roll call and each Committee member will be asked individually for their vote. Finally, the results of all votes will be read back by CAR staff.

I think, at this time, either Natalie or Robin, I'm not sure, someone will be identifying all the Committee members and any substitutions for the record of the meeting.

Ms. Hubley: Go ahead, Robin.

Ms. Tigges: Pam Krynicki?

Ms. Bodenstab-Krynicki: Here.

Ms. Tigges: Ida Denard?

Ms. Denard-Jones: Here.

Ms. Tigges: Thom DePaulo?

Mr. DePaulo: Here.

Ms. Tigges: Gail Eagan?

Ms. Eagan: Here.

Ms. Tigges: Tom Harris?

Mr. Harris: Here.

Ms. Tigges: Chris Jarrard?

Mr. Jarrard: Here.

Ms. Tigges: John Kelly?

Mr. Kelly: Here.

Ms. Tigges: John Olivieri?

Mr. Olivieri: Here.

Ms. Tigges: Kellie Thibodeau?

Ms. Thibodeau: Here.

Ms. Tigges: Meredith Woodcock?

Ms. Woodcock: Here.

Ms. Brodeur: Thank you, Robin.

## **GC**

### **20.01 Transcript of Previous Meeting**

Ms. Brodeur: The first item on the agenda today is the Transcript of the Previous Meeting, which was conducted on December 4, 2020. Can I have a motion to approve those meeting minutes?

Mr. Harris: Tom Harris, so moved.

Ms. Brodeur: A second?

Ms. Woodcock: Second.

Ms. Brodeur: Any discussion? Seeing none, Robin, will you be calling the roll today?

Ms. Tigges: Sure.

Ms. Brodeur: Thank you.

Ms. Tigges: Pam Krynicki?

Ms. Bodenstab-Krynicki: Aye.

Ms. Tigges: Ida Denard?

Ms. Denard-Jones: Aye.

Ms. Tigges: Thom DePaulo?

Mr. DePaulo: Aye.

Ms. Tigges: Gail Eagan?

Ms. Eagan: Aye.

Ms. Tigges: Tom Harris?

Mr. Harris: Aye.

Ms. Tigges: Chris Jarrard?

Mr. Jarrard: Aye.

Ms. Tigges: John Kelly?

Mr. Kelly: Aye.

Ms. Tigges: John Olivieri?

Mr. Olivieri: Aye.

Ms. Tigges: Kellie Thibodeau?

Ms. Thibodeau: Aye.

Ms. Tigges: Meredith Woodcock?

Ms. Woodcock: Aye.

Ms. Tigges: The vote is unanimous.

Ms. Brodeur: Thank you.

**GC  
21.04 President's Report**

Ms. Brodeur: The next item on our agenda is the President's Report. Natalie, are you ready to go with that?

Ms. Hubley: I sure am. I do have a handful of items to bring to your attention today. I will start with a number of MAIP-related items. First, as you know, our most recent MAIP rates were placed on file with a June 1, 2020 effective date. Staff has recently concluded its annual review of the MAIP rate indications prepared by our AIB actuarial consultants. We have determined not to make a filing for a rate change for 2021.

Next is the MAIP application enhancement – this has been in the works for quite some time – where we will be pre-filling Registry operator information, which will now go into production later this month. There was some delay in implementing these changes in order to accommodate some of our Assigned Risk Companies' systems development needs to accept this additional information. But the added time has allowed us to include some additional options relating to the down payment and owed premium information in the application. This expanded use of the Registry data does require updated Access Agreements with our Assigned Risk Producers. Special notice was provided to producers that the enhancement will be going into production on February 23<sup>rd</sup>, this being the final notice after several communications to Assigned Risk Producers. We have let those know that those not in compliance with our required new Access Agreement have had their MAIP application closed until their Access Agreement is returned to CAR.

CAR has recently become aware that Allstate has completed its acquisition of National General, which is the parent company of Integon. This now results in three active companies in that group. At this time, those three companies are reflected as separate Member Companies in the MAIP quota share determination. Staff has reached out to representatives of Allstate to address the issue of ownership and management. We will involve CAR counsel to evaluate the company's response. We will expect to report back to this Committee at its next meeting with respect to how that group will be reflected in quota share going forward.

Finally, relating to MAIP issues, as you know, we did recently file some changes to address classic and specialty cars in the MAIP application and from a rating perspective. All of those rates, rules and forms were placed on file by the Division both relating to private passenger and commercial. There will be a clarification of the intent to implement the Rule 29 amendment to factor these exposures with a .33 factor on a policy effective date versus a calendar date. That will be included in the Actuarial Committee recommendation for your consideration today. There is one company now that becomes eligible to participate in the Assigned Risk Plan as a result of writing those risks and that is Philadelphia Indemnity. They will be entering into a LAD Agreement. We expect to bring that Agreement to you at your April meeting for ratification.

Moving on, CAR has distributed a special data call to Member Companies relating to the COVID-19 premium credits that companies implemented during the last year. That data call went out at the end of January. We are looking for responses due back in March. Carriers have opted a number of different ways of handling these COVID-19 credits. We need to gather that information in order to ensure equitable handling of the calculation of administrative expense assessments and commercial participation ratios. Also, that data is needed by the AIB for their advisory rate filing and the treatment of expense components.

Finally, I will update the Committee as I do with each meeting relating to the staff efforts to support the committee activities in its efforts to address the commercial residual market. We did file for the first of a two-phased approach in addressing rates for the commercial residual market. We made that filing January 12, 2021 with a proposed effective date of 7/1/2021. Those rates are currently under review by the SRB. They include changes to the zone rates, including ISO relativities and a differential for out-of-state garaging in a manner that will not have significant impact to Servicing Carrier programming requirements. However, there will be required underwriter education to implement these changes. We do expect to have a training session with the Servicing Carriers upon approval of those rates. We have entertained some routine questions from the SRB at this point, so there is an indication that that review is in process.

Also continuing are the enhanced Servicing Carrier audits relating to the TTT classifications. We expect to report to the April Compliance and Operations Committee with the results of those audits.

We continue to work on the RFP for the Servicing Carrier appointments effective 1/1/22. Though the RFP is in process, there will be a recommendation for continued discussion on the book of business redistributions and a move that will anticipate changing the RFP schedule distribution date for after the April Governing Committee. This will be included in the report of the Commercial Program Oversight Committee today.

Ms. Tigges: Excuse me, Nat, John Kelly has his hand up.

Mr. Kelly: Thanks, Robin. I can wait if you're not done, Nat.

Ms. Hubley: I only have one more item to touch on. Just to let you know that the Commercial Auto Committee does have two meetings scheduled prior to your April Governing Committee meeting. They will be addressing coverage for TNC operations, clarification of standards for validating radius and geographic classification, producer commissions relating to the taxi/limo/car service classes, and the Commercial Auto Committee will begin discussions of additional topics on its long list of issues for consideration.

Finally, CAR staff is investigating a database software tool as a potential information-sharing source to assist Servicing Carriers in validating radius and geographic class and garaging location. We expect to provide a status report to the Commercial Auto Committee on those efforts as well. That would conclude my report.

Mr. Kelly: Nat, my question was regarding the Registry pre-fill. You made reference, I think, that the ARPs have to sign a new form for the Registry. I think you said you're going to shut them down from submitting. Is that what you said? Are there a lot of those? Does that just mean they're going to send those in via paper?

- Ms. Hubley: This tends to be a very effective way to get producers to comply with these very important requirements. There were a number of communications. The vast majority of those Access Agreements have been returned to CAR. There is just a little bit over 200 agents that still have not provided that. That represents somewhere just above 10 or 12 percent of our total producers. Likely, they don't use the MAIP application very often. They will quickly respond to that need, I'm sure, when they have a need.
- Mr. Kelly: My question is, you're not shutting them down from submitting an application, you're just forcing them to submit it to us via paper?
- Ms. Hubley: No, they won't be able to submit an application to the MAIP until they return that enhanced Access Agreement, which is required because they're going to be now having access to Registry information that they didn't previously have through the MAIP application.
- Mr. Kelly: Okay. Very good, very good.
- Ms. Tigges: Nat, Chris Jarrard has his hand up.
- Mr. Jarrard: Thank you. Nat, you had mentioned something about the COVID credits are due – the reporting is due – I didn't catch the date. Was it sometime in March?
- Ms. Hubley: March 15<sup>th</sup> we're asking for those calls to be returned, yes.
- Mr. Jarrard: Thank you.
- Ms. Hubley: Thank you. That concludes my report.
- Ms. Brodeur: Does anyone else have any questions for Natalie? Apparently not. Thank you, Natalie, for that report.

**GC  
21.05 Counsel's Report**

- Ms. Brodeur: The next item on the agenda is Counsel's Report.
- Mr. Hincks: Yes, good morning everyone. There are four items on today's Counsel's Report, none of which is an action item.
- The first item relates to the Calianos Insurance Agency appeal to the Division of Insurance. There is nothing new to report on this appeal. The matter has been fully briefed and argued. We await a decision from the hearing officer at the Division.
- The next item relates to the two Point Insurance Agency appeals. The first, what we've been calling Point I, which is an appeal now pending in the Massachusetts Court of Appeals. The Point I appeal, the proceeding through which Point pursued an administrative appeal in Suffolk

Superior Court of the Division's ruling in March 2019 upholding a determination by CAR by its Market Review Committee and its Governing Committee Review Panel that certain conduct by Arbella was not unfair, unreasonable or improper is still pending before the Massachusetts Appeals Court. In a May 2020 decision, a Superior Court judge issued a comprehensive decision denying Point's appeal and granting cross-motions for judgment on the pleadings in favor of CAR, Arbella and the Division. Point appealed again, this time to the Appeals Court. Point recently filed its appellate brief and Arbella, CAR and the Division plan to file their opposition briefs in early April.

In regard to what we've been calling the Point II appeal, that's Point's appeal challenging Arbella's termination. That is fully briefed and pending before the Division. We currently await a decision from the hearing officer on that appeal.

The third item relates to the Rule 31 amendment. The Governing Committee's Rule 31 amendment is also still pending with the Division. We await a decision or ruling on that as well.

Finally, today, in regard to recent changes by CAR to its Claims Performance Standards, the Division of Insurance has scheduled a hearing on that matter for February 23<sup>rd</sup> in regard to these recent changes. CAR staff are currently working on testimony to be presented to the Division in that matter.

Unless there are any questions, that concludes Counsel's Report today.

Ms. Brodeur:

Thank you, Ben. Does anyone have any questions for CAR counsel?

**GC**

**21.06 Commercial Program Oversight Committee**

Ms. Brodeur:

Seeing none, the next item on our agenda is a report of the Commercial Program Oversight Committee.

Mr. Olivieri:

That would be me. Thank you, Madam Chairwoman.

The Commercial Program Oversight Committee met on January 19<sup>th</sup>. We've actually had a quick subsequent meeting since then. There are three items I'm going to report on. I'll kind of condense the issues as the minutes have been distributed and a lot of details are in those minutes.

The first and the only action item on our report today is the combining of the taxi, limousine, and car service programs with the full commercial automobile program.

The Committee was provided with a historical background of the two programs stating that past reviews of the programs identify no compelling reason to consider combining the two. However, it was noted that with recent significant changes to the marketplace, the



Committee had suggested that it may be worthwhile to take the opportunity to re-evaluate the issue. Data provided to the Committee reflected the decline in volume of taxi exposures since 2003, the significant decrease in the size of the taxi book of business compared to that during the 2016 RFP, and the improvement in loss experience in the overall program. With recent significant changes in the marketplace, including a significant growth in volume and the types of TNC services provided by both individuals and businesses involving the mixed-use of vehicles beyond the taxi, limousine, and car service classifications, the combination of the two programs would streamline the ability for all commercial automobile risks to be classed by the same Servicing Carrier within the same program. In the case of mixed-use vehicles, it would avoid the potential disruption of discovering that a class with coverage bound in one program may need to be cancelled and placed with another carrier in the other program. For these reasons, the staff recommended that the programs be combined.

After a number of questions and discussion points, again, which are noted in the minutes of the meeting on the 19<sup>th</sup>, the Committee, on a roll call vote, unanimously voted to recommend to the Governing Committee that for the upcoming Servicing Carrier appointment term, the ceded taxi, limousine, and car service program and the ceded full commercial automobile program be combined into a single program to service all classes of commercial automobile residual market business. Again, this is an action item. So, I will stop there and pass it off to potentially a motion or to the Chair and then I'll continue after.

Ms. Brodeur: Thank you, John. Let's start with a motion. I would entertain a motion for the combination of the Commercial Auto Servicing Carrier Program with the Taxi/Limo/Car Service Servicing Carrier Program into a single program that would service all classes of commercial automobile residual market business.

Mr. Harris: Tom Harris, so moved.

Ms. Brodeur: Is there a second?

Mr. Jarrard: Chris Jarrard, second.

Ms. Brodeur: Thank you. Is there any discussion?

Mr. Kelly: John Kelly, from MAPFRE. Sorry, I didn't put my hand up. I'm in favor of the motion. But as we go through the Manuals and requirements of Servicing Carriers for this new class of business and for a Servicing Carrier that was not servicing this business in the past, there are some unique requirements that I think we should maybe give back to John's committee to look at. For example, there's a requirement to have a different pay plan for taxi business than some other businesses, as well as different forms that need to be produced. I think those unique requirements should be looked to see, does it make sense, given that we're combining the programs, to force carriers and customers to have different pay plans out there, for example. Probably the insight of the

two existing carriers would be helpful in that conversation to kind of define, you know, how we should go forward for this class of business in the future. Again, I'm supportive of the motion, but I think we need to do a little more work just to make sure that's it's clear what the RFP is going to require of the Servicing Carriers out there.

Ms. Brodeur: Thank you, John. Does anyone else have any questions or want to make any comment? Seeing none, let's vote on the motion on the table. Robin, will you call the roll?

Ms. Tigges: Sure. Pam Krynicki?

Ms. Bodenstab-Krynicky: Aye.

Ms. Tigges: Ida Denard?

Ms. Denard-Jones: Aye.

Ms. Tigges: Thom DePaulo?

Mr. DePaulo: Aye.

Ms. Tigges: Gail Eagan?

Ms. Eagan: Aye.

Ms. Tigges: Tom Harris?

Mr. Harris: Aye.

Ms. Tigges: Chris Jarrard?

Mr. Jarrard: Aye.

Ms. Tigges: John Kelly?

Mr. Kelly: Aye.

Ms. Tigges: John Olivieri?

Mr. Olivieri: Aye.

Ms. Tigges: Kellie Thibodeau?

Ms. Thibodeau: Aye.

Ms. Tigges: Meredith Woodcock?

Ms. Woodcock: Aye.

Ms. Tigges: The vote is unanimous.

Ms. Brodeur: Thank you, Robin.

Mr. Olivieri: The remainder of our discussion centered around the upcoming RFP for the Servicing Carriers, or potential Servicing Carriers. The Committee was directed, through updates to the RFP draft using the document that was distributed and highlighted at our last meeting, to make some changes to various sections. Again, rather than read through all of the changes, they were discussed and can be found in the records of the meeting. A lot of it was more housekeeping items and tweaking. In addition, from the compensation of Servicing Carriers' standpoint, staff indicated that they are not proposing any changes to Section 5.1 of the RFP, the Projected Costs/Expense Allowance, and that carriers will be required to indicate their bid prices as a percentage of the premium through the RFP process.

The other item that was discussed and is probably the only one that's going to take any amount of time, and hopefully not too much time – again, this is referenced in the minutes – is the redistribution process, which this Committee – or I have started a subcommittee that will look into alternatives to minimize the redistribution between the Servicing Carriers that has been brought up on a number of occasions throughout the past few years. I'm probably going to defer Nat or John, possibly, just to maybe outline for the Governing Committee what that does to our schedule as far as the RFP process. Again, this Committee is going to be streamlined so that we don't get too far off of schedule. Nat took herself off mute, so I'm assuming Nat's going to outline what that does to the schedule of the RFP process.

Ms. Hubley: Sure, I can comment to that for you. We did indicate at the last Program Oversight Committee meeting that if the distribution of the RFP is approved by the Governing Committee at its April meeting then the distribution of the RFP would take place at the end of April, by May 1, 2021. The evaluation of the company proposals by the Program Oversight Committee would then take place during July 2021. We would require a Special Governing Committee meeting likely for early August to finalize the Servicing Carrier selection. Then the Servicing Carriers would be notified of the Governing Committee's decision by the day following that Special Governing Committee meeting and the remainder of the current RFP schedule would remain unchanged. Servicing Carriers and impacted ERPs would be notified of any change of assignments no later than September 1, 2021. Servicing Carriers would have until the end of October to contract with ERPs. Implementation of the new term for Servicing Carrier appointments to serve the commercial auto residual market would begin with policies effective January 1, 2022 and later.

Mr. Olivieri: Thanks, Nat. My point for having Natalie explain that to everyone is that although we're not prepared to approve the RFP at this meeting, it is our intention to be definitely ready by April. It will not affect the normal process as far as when carriers are chosen, and agents are notified in the regular rollout. It'll compress some work on CAR's end a little bit and it'll require one additional Governing Committee meeting, but we will

still meet our normal schedule. That concludes my report unless anyone has any questions.

Ms. Brodeur: Thank you, John. Any questions, anybody, for John? Okay. Thanks.

**GC  
21.07 Financial Audit Committee**

Ms. Brodeur: The next item on the agenda is the report of the Financial Audit Committee. I'm not sure who is providing that report.

Ms. Hubley: Tom LaFrancois, the Chair of that Committee, will give that report.

Mr. LaFrancois: I'm here. Good morning. I'm Tom LaFrancois from Arbella Mutual. I'll be presenting the records from the February 2<sup>nd</sup> Financial Audit Committee meeting. One thing to note, there is one item for consideration today for a vote. It's the annual review of the CAR fiscal year 2020 financials.

AAFCPA are the external auditors who perform our review of the financial statements. They also perform an Agreed Upon Procedures effort for CAR. In terms of the review, as always, John Buckley, who is a partner at AAFCPA, points out the difference between a review and an audit, a review being substantially less of a review than an audit is. The results of the review were that, essentially, a clean opinion was presented by AAFCPA.

The second service they provide is the performance of an Agreed Upon Procedures project that they have. The goal of those procedures is to try to bridge the gap between a review and an audit. Those procedures were completed by AAFCPA. They had no exceptions to those procedures either.

In terms of his full report on the results, John Buckley indicated that when you have an Agreed Upon Procedures project like this, there is some IT work that's performed. However, he wanted to make the point that the IT work that they do as part of an Agreed Upon Procedures effort – at least what we've designed – it's substantially less than would be done in more of an in-depth review of IT. So, he wants to make sure that everyone is clear as to what they are doing. He also indicated that if it was CAR's wish to do more in-depth IT audit work, certainly AAFCPA would be available to assist with that.

John also mentioned that related to the Agreed Upon Procedures program that's been put in place, in the prior summer, his firm met with CAR to discuss the procedures, and were able to make some minor adjustment to them or some adjustments to the sampling approach. He found that that was very helpful. He conveyed that to the Committee as well.

That's primarily the discussion from the meeting. After a brief discussion, the Committee unanimously voted to recommend to the

Governing Committee approval of CAR's financial statements for the fiscal year ending September 30, 2020. This is an action item for your consideration today. That is the end of my report unless anyone has any questions.

- Ms. Brodeur: Thank you, Tom. Does anyone have any questions for Tom? Seeing none, I would entertain a motion to accept the recommendation of the Financial Audit Committee that the Governing Committee approve CAR's financial statements for the fiscal year ending September 30, 2020.
- Mr. Harris: Tom Harris, so moved.
- Ms. Brodeur: Do we have a second?
- Mr. Jarrard: Chris Jarrard, second.
- Ms. Brodeur: Thank you. Any discussion on the motion? Okay. Seeing none, Robin, can you please call the roll?
- Ms. Tigges: Certainly. Pam Krynicki?
- Ms. Bodenstab-Krynicki: Aye.
- Ms. Tigges: Ida Denard?
- Ms. Denard-Jones: Aye.
- Ms. Tigges: Thom DePaulo?
- Mr. DePaulo: Aye.
- Ms. Tigges: Gail Eagan?
- Ms. Eagan: Aye.
- Ms. Tigges: Tom Harris?
- Mr. Harris: Aye.
- Ms. Tigges: Chris Jarrard?
- Mr. Jarrard: Aye.
- Ms. Tigges: John Kelly?
- Mr. Kelly: Aye.
- Ms. Tigges: John Olivieri?
- Mr. Olivieri: Aye.

Ms. Tigges: Kellie Thibodeau?  
Ms. Thibodeau: Aye.  
Ms. Tigges: Meredith Woodcock?  
Ms. Woodcock: Aye.  
Ms. Tigges: The vote is unanimous.  
Ms. Brodeur: Thank you, Robin. Thank you, Tom, for that report.

**GC  
21.08 Actuarial Committee**

Ms. Brodeur: The next item on our agenda is the report of the Actuarial Committee. Is Tim Galligan giving that report?

Ms. Browne: I'm giving that report. At the October 14, 2020 Governing Committee meeting, the Committee unanimously voted to recommend – I should say of the Actuarial Committee – voted to recommend to the Governing Committee approval of changes to Rule 29 of the Rules of Operation and the addition of rules, rates and endorsement forms to the private passenger and commercial automobile residual markets.

Rule 29 was amended to reflect that in the determination of quota share, voluntary exposures for the new specialty and classic cars and specialty and classic motorcycles with a policy effective date of April 1, 2021 would be adjusted by a factor of 0.33.

Upon getting ready to implement this change, it was recognized that using an April 1, 2021 policy effective date would result in policies with effective dates prior to April being included in quota share at a full factor of 1.0 and only those policies with effective dates of April 2021 and subsequent going in at the reduced 0.33 factor.

The Committee recommended that this was not their intent. It was their intent to implement a 0.33 factor for all specialty and classic car and specialty and classic motorcycle exposures. Because of that, they unanimously approved the recommended changes to Rule 29 to implement the 0.33 factor for specialty and classic cars and motorcycles as intended as in a calendar April 1, 2021 date. That proposed Rule change was attached with the records for your review. It takes out the language in the bullet under “Effective April 1” and added a sentence that reads “As of calendar date April 1, 2021, exposures for specialty and classic cars and specialty and classic motorcycles will be adjusted by a factor of 0.33.” So, that is an action item for your consideration.

Ms. Brodeur: Thank you, Wendy. Does anyone have any questions for Wendy? Seeing none, I would entertain a motion for the Governing Committee to accept the recommendation of the Actuarial Committee, to approve the

additional changes to Rule 29 that are laid out in the materials for the meeting, to implement the 0.33 factor for specialty and classic cars and specialty and classic motorcycles as originally intended by the Committee.

Mr. Harris: Tom Harris, so moved.

Ms. Woodcock: Meredith Woodcock, second.

Ms. Brodeur: Thank you. Any discussion on the motion? Seeing none, Robin, can you call the roll, please?

Ms. Tigges: Certainly. Pam Krynicki?

Ms. Bodenstab-Krynicki: Aye.

Ms. Tigges: Ida Denard?

Ms. Denard-Jones: Aye.

Ms. Tigges: Thom DePaulo?

Mr. DePaulo: Aye.

Ms. Tigges: Gail Eagan?

Ms. Eagan: Aye.

Ms. Tigges: Tom Harris?

Mr. Harris: Aye.

Ms. Tigges: Chris Jarrard?

Mr. Jarrard: Aye.

Ms. Tigges: John Kelly?

Mr. Kelly: Aye.

Ms. Tigges: John Olivieri?

Mr. Olivieri: Aye.

Ms. Tigges: Kellie Thibodeau?

Ms. Thibodeau: Aye.

Ms. Tigges: Meredith Woodcock?

Ms. Woodcock: Aye.

- Ms. Tigges: The vote is unanimous.
- Ms. Brodeur: Thank you, Wendy. Do you have any other items to report or does that conclude your report?
- Ms. Browne: Thank concludes my report, thank you.
- Ms. Brodeur: Thank you, Wendy.

**GC  
21.09 Personnel Committee**

- Ms. Brodeur: The next item on the agenda is the report of the Personnel Committee which I will be providing. I'm reporting on the meeting that was held on February 4, 2021. The minutes of that meeting are in the records. Some additional materials were circulated to Governing Committee members by Tim Costain. Tim, I'm not stepping on your parade here, am I? Were you intending on giving this report?
- Mr. Costain: Not at all.
- Ms. Brodeur: Okay. Let me go through – there are several action items here. We can go through them each in turn.

The first item to report on is the discussion of the 2021 annual merit increase for CAR staff. Mr. Costain, during our meeting, reviewed an annual merit increase survey of Member Companies and industry-funded peer organizations. He noted that in response to Committee directives, CAR historically has tied these merit increases to the peer organizations and used the Member Company results for marketplace perspective and context. Mr. Costain indicated that updated survey results of the industry-funded organizations do not differ significantly from previous years.

CAR's President, Ms. Hubley, provided a review of the performance of CAR staff during 2020, highlighting CAR's transition to working from home and the seamless continuation of business activity under those unique and difficult circumstances, which I'm sure we all appreciate. She said that the staff's initiative and commitment resulted in exemplary performance throughout CAR in spite of the forced experiment imposed by the pandemic. Based on the survey information and the strong performance of CAR staff, Ms. Hubley proposed a merit increase for 2021, a portion of which will be used by the President for discretionary allocations in recognition of employees whose 2020 job performance is deserving of additional compensation.

Following that discussion, the Committee unanimously voted to recommend to the Governing Committee adoption of a merit increase of 3.25 percent, of which approximately 0.25 percent will be awarded by the President on a discretionary basis in recognition of those employees whose 2020 job performance is deserving of additional compensation.



Does anyone have any questions about that item before I ask for a motion?

Seeing none, I would entertain a motion for approval of the merit increase that was recommended by the Personnel Committee of 3.25 percent, of which 0.25 percent will be awarded by CAR's President on a discretionary basis to those employees whose 2020 job performance is deserving of that additional compensation.

Mr. Olivieri: So moved.

Ms. Thibodeau: Kellie Thibodeau will second that.

Ms. Brodeur: Thank you. Any discussion on the motion? Seeing none, Robin, can you please call the roll?

Ms. Tigges: Certainly. Pam Krynicki?

Ms. Bodenstab-Krynicki: Aye.

Ms. Tigges: Ida Denard?

Ms. Denard-Jones: Aye.

Ms. Tigges: Thom DePaulo?

Mr. DePaulo: Aye.

Ms. Tigges: Gail Eagan?

Ms. Eagan: Aye.

Ms. Tigges: Tom Harris?

Mr. Harris: Aye.

Ms. Tigges: Chris Jarrard?

Mr. Jarrard: Aye.

Ms. Tigges: John Kelly?

Mr. Kelly: Aye.

Ms. Tigges: John Olivieri?

Mr. Olivieri: Aye.

Ms. Tigges: Kellie Thibodeau?

Ms. Thibodeau: Aye.

Ms. Tigges: Meredith Woodcock?

Ms. Woodcock: Aye.

Ms. Tigges: The vote is unanimous.

Ms. Brodeur: Thank you. The next item that the Personnel Committee discussed was the 2021 annual range movement.

Mr. Costain reviewed with the Committee salary range survey information that had been compiled by CAR among Member Companies and industry-funded peer organizations. He identified planned 2021 salary range increases among participating Member Companies for reference and noted the differences in the approach that several companies adopt for salary range movement. He noted that there is less consistency of range of movement among the insurers in the survey when compared to the industry-funded peer organizations. Based on the survey information, and in keeping with past practice, CAR continues to focus on alignment with peer organizations. Mr. Costain presented a recommended salary range increase for 2021 of 2.25 percent. Following that discussion, the members of the Personnel Committee voted unanimously to recommend a 2.25 percent range increase for calendar year 2021. Does anyone have any questions on that element of the discussion?

Seeing none, I would entertain a motion that the CAR Governing Committee adopt the recommendation of the Personnel Committee as to the 2021 annual range movement and approve the recommended increase of 2.25 percent for calendar year 2021.

Mr. Olivieri: So moved.

Ms. Brodeur: Is there a second?

Mr. DePaulo: Second.

Ms. Brodeur: Any discussion on the motion? Seeing none, Robin, can you call the roll, please?

Ms. Tigges: Sure. Pam Krynicki?

Ms. Bodenstab-Krynicki: Aye.

Ms. Tigges: Ida Denard?

Ms. Denard-Jones: Aye.

Ms. Tigges: Thom DePaulo?

Mr. DePaulo: Aye.

Ms. Tigges: Gail Eagan?

Ms. Eagan: Aye.

Ms. Tigges: Tom Harris?

Mr. Harris: Aye.

Ms. Tigges: Chris Jarrard?

Mr. Jarrard: Aye.

Ms. Tigges: John Kelly?

Mr. Kelly: Aye.

Ms. Tigges: John Olivieri?

Mr. Olivieri: Aye.

Ms. Tigges: Kellie Thibodeau?

Ms. Thibodeau: Aye.

Ms. Tigges: Meredith Woodcock?

Ms. Woodcock: Aye.

Ms. Tigges: The vote is unanimous.

Ms. Brodeur: Thank you.

The next item on the agenda is – and just to be clear, we are going through the details in the information circulated, correct, Tim, the specifics, in terms of the vote?

Mr. Costain: Yes.

Ms. Brodeur: Okay, thank you.

This is the officers' salary recommendations, that was the next item discussed at the Personnel Committee meeting.

CAR's President, Ms. Hubley, provided a 2020 job performance assessment of Wendy Browne, who is Vice President of Business Operations for CAR. Ms. Browne's 2020 performance included a highly visible presence in CAR's continuing efforts to address the commercial residual market deficit. Ms. Hubley also noted that Ms. Browne has continued to expand her knowledge with respect to residual market management and ratemaking issues. Wendy's performance in 2020 was reflective of that significant growth while also overseeing a staff of varying disciplines to successfully confront the challenges of day-to-day business operations. In light of that assessment by Ms. Hubley, the

Committee unanimously voted to recommend to the Governing Committee a 2021 salary increase for Ms. Browne of 3.25 percent as was proposed by Ms. Hubley. Are there any questions?

Seeing none, I will entertain a motion for the Governing Committee to accept the recommendation of the Personnel Committee that Wendy Browne receive a 3.25 percent salary increase for 2021.

- Mr. Jarrard: Chris Jarrard, move approval.
- Ms. Brodeur: Do I have a second?
- Mr. Olivieri: Second?
- Ms. Brodeur: Thank you. Any discussion on the motion? Seeing none, Robin, can you call the roll, please?
- Ms. Tigges: Certainly. Pam Krynicki?
- Ms. Bodenstab-Krynicki: Aye.
- Ms. Tigges: Ida Denard?
- Ms. Denard-Jones: Aye.
- Ms. Tigges: Thom DePaulo?
- Mr. DePaulo: Aye.
- Ms. Tigges: Gail Eagan?
- Ms. Eagan: Aye.
- Ms. Tigges: Tom Harris?
- Mr. Harris: Aye.
- Ms. Tigges: Chris Jarrard?
- Mr. Jarrard: Aye.
- Ms. Tigges: John Kelly?
- Mr. Kelly: Aye.
- Ms. Tigges: John Olivieri?
- Mr. Olivieri: Aye.
- Ms. Tigges: Kellie Thibodeau?
- Ms. Thibodeau: Aye.

Ms. Tigges: Meredith Woodcock?

Ms. Woodcock: Aye.

Ms. Tigges: The vote is unanimous.

Ms. Brodeur: Thank you. The next item that the Committee discussed was Ms. Hubley's review of the 2020 performance of Peter McCabe, who serves as Vice President of Technical Operations for CAR.

Peter possesses a wealth of experience that has served him well under the difficult circumstances of 2020. He headed CAR's efforts to implement disaster recovery and business continuity plans. He worked tirelessly with his staff and companies and producers to maintain and improve CAR's system access and visibility. Mr. McCabe also oversaw CAR's software development activities to introduce numerous enhancements to better serve the industry while keeping his staff motivated and committed to perform at a high level.

Based on this assessment, Ms. Hubley recommended a proposed 2021 salary increase for Mr. McCabe of 3.25 percent. The Committee unanimously voted to recommend that to the Governing Committee. Are there any questions on that item?

Seeing none, I would entertain a motion that the Governing Committee approve the recommendation of the Personnel Committee that Mr. McCabe be given a 3.25 percent salary increase for 2021.

Mr. Olivieri: So moved.

Ms. Thibodeau: I'll second. This is Kellie.

Ms. Brodeur: Thank you. Any discussion on the motion? Seeing none, Robin, can you please call the roll again?

Ms. Tigges: Sure. Pam Krynicki?

Ms. Bodenstab-Krynicki: Aye.

Ms. Tigges: Ida Denard?

Ms. Denard-Jones: Aye.

Ms. Tigges: Thom DePaulo?

Mr. DePaulo: Aye.

Ms. Tigges: Gail Eagan?

Ms. Eagan: Aye.

Ms. Tigges: Tom Harris?  
Mr. Harris: Aye.  
Ms. Tigges: Chris Jarrard?  
Mr. Jarrard: Aye.  
Ms. Tigges: John Kelly?  
Mr. Kelly: Aye.  
Ms. Tigges: John Olivieri?  
Mr. Olivieri: Aye.  
Ms. Tigges: Kellie Thibodeau?  
Ms. Thibodeau: Aye.  
Ms. Tigges: Meredith Woodcock?  
Ms. Woodcock: Aye.  
Ms. Tigges: The vote is unanimous.  
Ms. Brodeur: Thank you, Robin.

The final item on the agenda is the President's salary recommendation. The Personnel Committee discussed this item. I actually started out relaying my particular thoughts on Natalie's job performance during 2020, which I'm happy to go through if anyone wants to hear my particular thoughts. Suffice it to say, I believe that her performance has been very strong in a very, very challenging and unusual year. I'm sure we all would agree that it has been something that we would not have anticipated. She has certainly been a steady hand at CAR. CAR has really risen to the occasion to continue to provide quality service to the market and to the Member Companies in all respects even as everyone needed to move to working from home, et cetera, and try to figure out how to do business in this new environment that we find ourselves in.

Members of the Personnel Committee offered similar thoughts on their assessment of Ms. Hubley's performance and recognized that she is forward-looking, but also responsive to challenges arising out of committee or regulatory-related activity. There also was consensus that as Ms. Hubley enters into her sixth year as CAR President that her leadership qualities have grown in the role. She has become more comfortable engaging parties to solve problems and has successfully balanced competing industry interests in that process.

The Committee particularly discussed the level of Ms. Hubley's salary in light of her length of time as CAR President and her high level of

competency and strong job performance. There was consensus amongst committee members that some amount of upward salary adjustment for Ms. Hubley is appropriate within reason. The Committee discussed several approaches and recognized that given the uniqueness of CAR, direct salary comparisons of the leaders of other organizations are difficult. The Committee agreed that a merit increase reflective of Ms. Hubley's strong 2020 job performance, as well as a salary adjustment for 2021, are appropriate at this time.

Following that discussion, the Committee unanimously voted to recommend to the Governing Committee a merit increase of 3.25 percent to Ms. Hubley's salary, as well as an upward salary adjustment of 6.75 percent to her salary, which results in a combined 2021 increase of 10 percent for Ms. Hubley.

During the discussion related to her salary level, the Committee recognized the need for established and agreed upon business objectives for CAR's President. While objectives have been established for the President annually, the Committee agreed that input from all Governing Committee members to identify CAR-specific business goals could be utilized to establish presidential performance objectives. The Committee agreed to seek input from Governing Committee members and then reconvene to prepare and propose performance objectives to the Governing Committee at its April meeting. Are there any questions before I proceed to a motion?

Seeing none, I would entertain a motion that the Governing Committee accept the recommendation of the Personnel Committee to award Ms. Hubley, as CAR President, a merit increase of 3.25 percent, as well as an upward salary adjustment of 6.75 percent for 2021.

- Ms. Thibodeau: Kellie Thibodeau, so moved.
- Ms. Brodeur: Do I have a second?
- Mr. Kelly: Second.
- Ms. Brodeur: Any discussion? Seeing none, Robin, can you please call the roll?
- Ms. Tigges: Certainly. Pam Krynicki?
- Ms. Bodenstab-Krynicki: Aye.
- Ms. Tigges: Ida Denard?
- Ms. Denard-Jones: Aye.
- Ms. Tigges: Thom DePaulo?
- Mr. DePaulo: Aye.
- Ms. Tigges: Gail Eagan?

Ms. Eagan: Aye.

Ms. Tigges: Tom Harris?

Mr. Harris: Aye.

Ms. Tigges: Chris Jarrard?

Mr. Jarrard: Aye.

Ms. Tigges: John Kelly?

Mr. Kelly: Aye.

Ms. Tigges: John Olivieri?

Mr. Olivieri: Aye.

Ms. Tigges: Kellie Thibodeau?

Ms. Thibodeau: Aye.

Ms. Tigges: Meredith Woodcock?

Ms. Woodcock: Aye.

Ms. Tigges: The vote is unanimous.

Ms. Brodeur: Thank you, Robin. Unless anyone has any questions, that would conclude my report of the Personnel Committee.

The final item on our agenda is Other Business. Does anyone have any items they want to bring to the attention of the Governing Committee, today, that we have not yet discussed?

Ms. Tigges: I see no hands, Liz.

Ms. Brodeur: Seeing none, and assuming that no one sees the need for Executive Session, which I'm assuming we do not, I would accept a motion to adjourn.

Mr. Olivieri: So moved.

Ms. Woodcock: Second.

Ms. Brodeur: Any discussion? Robin, can you please call the roll one more time?

Ms. Tigges: Certainly. Pam Krynicki?

Ms. Bodenstab-Krynicki: Aye.



Ms. Tigges: Ida Denard?

Ms. Denard-Jones: Aye.

Ms. Tigges: Thom DePaulo?

Mr. DePaulo: Aye.

Ms. Tigges: Gail Eagan?

Ms. Eagan: Aye.

Ms. Tigges: Tom Harris?

Mr. Harris: It's good to see everybody, aye.

Ms. Tigges: Chris Jarrard?

Mr. Jarrard: Aye.

Ms. Tigges: John Kelly?

Mr. Kelly: Aye.

Ms. Tigges: John Olivieri?

Mr. Olivieri: Aye.

Ms. Tigges: Kellie Thibodeau?

Ms. Thibodeau: Aye.

Ms. Tigges: Meredith Woodcock?

Ms. Woodcock: Aye.

Ms. Tigges: It's unanimous.

Ms. Brodeur: Thanks everybody.

*(Meeting ended at 11:30 a.m.)*

NATALIE A. HUBLEY  
President

Note: This Transcript has not been approved. It will be considered for approval at the next meeting of the Governing Committee.

Attachment

Boston, Massachusetts  
February 23, 2021

The above proceedings have been transcribed in accordance with CAR's guidelines for producing quality transcripts, which provide for the elimination of insignificant material that does not alter the substance of the Committee's discussions, such as sidebar comments, the use of verbal fillers (i.e., uhm's and ah's), and commentary (i.e., "laughter" and "coughing").

**ATTACHMENT LISTING**

Docket #GC21.02, Exhibit #1

Attendance Listing

**GOVERNING COMMITTEE MEETING  
 MEETING ATTENDEES  
 FEBRUARY 10, 2021**

Individual's Name

Company / Agency

PLEASE PRINT

Elizabeth Brodeur	Safety Insurance Company
Pamela Bodenstab-Krynicky	P L Krynicky Insurance Agency
Ida Denard-Jones	Denard Insurance Agency, Inc.
Thomas DePaulo	Cabot Risk Strategies, LLC
Gail Eagan	Arbella Insurance Group
Thomas Harris	Quincy Mutual Group
Christopher Jarrard	GEICO
John Kelly	MAPFRE U.S.A. Corporation
M. John Olivieri, Jr.	J.K. Olivieri Insurance Agency, Inc.
Kellie Thibodeau	The Hanover Insurance Company
Meredith Woodcock	Liberty Mutual Insurance Companies
Ben Hincks	TSH & D – CAR Counsel
Steve Torres	TSH & D – CAR Counsel
Mary Ellen Thompson	Division of Insurance
Roberta Fitzpatrick	Arbella Insurance Group
Thomas LaFrancois	Arbella Insurance Group
Barry Tagen	Pilgrim Insurance Company
Paula Gold	Plymouth Rock Assurance Corporation
Ken Willis	Plymouth Rock Assurance Corporation
Pete Barton	Safety Insurance Company
Mary McConnell	Safety Insurance Company
Nick Fytrilakis	MAIA

