



NATALIE A. HUBLEY  
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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## RECORDS OF MEETING

### JOINT ACTUARIAL COMMERCIAL LINES COMMITTEE – MAY 23, 2019

#### Members Present

Mr. Glenn Hiltpold – Chair	Safety Insurance Company
Mr. Winfred Botchway <sup>(1)</sup>	Arbella Insurance Company
Ms. Sarah Clemens <sup>(2)</sup>	MAPFRE U.S.A. Corporation
Mr. James French	Quincy Mutual Group
Mr. Lev Kamenetsky <sup>(3)</sup>	The Hanover Insurance Company
Mr. Thomas Skelly, Jr.	Deland, Gibson Insurance Associates, Inc.
Mr. Barry Tagen	Pilgrim Insurance Company

#### Substituted for:

<sup>(1)</sup> Ms. Lynellen Ramirez  
<sup>(2)</sup> Ms. Wendy Stearns  
<sup>(3)</sup> Mr. Coleman Johnson

#### Not in Attendance:

Ms. Sheila Doherty, Doherty Insurance Agency, Inc.

#### 19.04 Joint Actuarial Commercial Lines

Mr. Glenn Hiltpold opened the initial meeting by reading the Committee's objective. The Joint Actuarial Commercial Lines Committee is responsible for the oversight of a comprehensive study of the Commercial Residual Market Automobile Rating Plan to identify the source of all rate need and develop a transition plan to achieve adequacy. The Committee will assist CAR staff in developing a request for proposal (RFP) for actuarial consulting services, recommend potential candidates, serve as the selection committee, review the results of the consultant's work at regular intervals in the project, and develop a final recommendation for the Governing Committee.

Ms. Natalie Hubley advised the Committee that during its review of CAR's most recent commercial rate filing, the Division of Insurance (DOI) recognized a significant rate need evidenced by the increasing residual market deficit and the growth of the ceded market. However, the DOI suggested that CAR conduct an in-depth study of its Commercial Automobile Rating Plan to develop a comprehensive identification of the classes contributing to the rate need and to develop a multi-year transition plan to achieve adequacy. Ms. Hubley noted that, recognizing limitations that have historically been placed on increases by class to the residual market rate, and recognizing the significant resources needed to develop a comprehensive indication, staff has taken an incremental approach in its rate filings during recent years. The objective of this study is to provide the DOI with a complete understanding of CAR's expectations with respect to subsequent filings instead of submitting rate proposals based on partial indications. Finally, Ms. Hubley commented that, as this study will develop a long term plan to be implemented by CAR with the assistance

of its consulting actuaries at the Automobile Insurance Bureau (AIB), she anticipates that AIB staff will participate at future meetings of this Committee.

The Committee recognized that an additional objective of the study should be to ensure sustainable rate adequacy. Accordingly, the Committee discussed the ongoing CAR committee activity that is also expected to enhance sustained success of the Commercial Auto Program. Ms. Hubley noted that the efforts of the Commercial Automobile Committee and its work to develop policies and procedures to ensure consistency and stability, as well as the efforts of the Commercial Program Oversight Committee, the Reinsurance Committee, and the Compliance and Operations Committee are expected to contribute to a more stable residual market.

Discussion followed about the general scope of the study. One member questioned whether some evaluation of, among other issues, the approaches currently being considered by CAR staff and the AIB could be done by the Committee, or a subcommittee, in order to minimize the potential cost of an engagement. However, the Committee members agreed that a dedicated resource would be a more efficient approach, allowing for a more timely work product, and that their efforts would be better used to evaluate the work of the consulting actuary.

After discussion, the Committee directed staff to provide for its next meeting an analysis of residual market results by class, and to prepare a summary of the ongoing issues including potential alternative approaches that have been considered, in order that the Committee may prioritize items for a potential engagement. In addition, the Committee requested a summary of the issues addressed in the most recent rate filings, along with a status on the progress of those efforts. Finally, the Committee requested that staff provide additional information regarding anticipated content for a request for proposal.

KATY PROCTOR  
Actuarial/Statistical Analyst

Boston, Massachusetts  
June 12, 2019

**ATTACHMENT LISTING**

Docket #JACL19.02, Exhibit #1

Attendance Listing

JOINT ACTUARIAL COMMERCIAL LINE COMMITTEE MEETING  
SIGN-IN SHEET  
May 23, 2019

Individual's Name	Company / Agency
Tim Golligan	CAR Staff
Wendy Brune	CAR
Glenn HILFOLD	Safety Insurance
Katie Hubby	CAR
Sarah Clemens	MAPPE
Thomas Skelly	Deland Gibson
Winfred Botchway	Arbella
James Frowett	Quincy Mustard
Lev Kamenetsky	The Hannover Actuarial Group
Barry Tager	Pigan
Katy Proctor	CAR

