



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110
www.commauto.com 617-338-4000

RECORDS OF MEETING

PERSONNEL COMMITTEE – FEBRUARY 11, 2019

Members Present

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

Substituted for:
N/A

Not in Attendance:
Mr. Thomas Harris Quincy Mutual Group

18.01 Records of Previous Meeting

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

19.04 2018 Annual Merit Increase

Mr. Timothy Costain reviewed an annual merit increase survey of member companies and industry-funded like organizations. He noted that upward wage pressure has increased nationally during the previous six months, due largely to a low unemployment rate and employers' desire to retain talent. He indicated that while not all member companies responded to the survey request, the information received does provide a perspective on planned merit increases in the local insurance marketplace.

Ms. Natalie Hubley explained that she was proposing a merit increase that takes into consideration dedication and hard work staff performed throughout 2018 in conjunction with numerous committees to develop solutions focused on reducing the commercial residual market deficit. Ms. Hubley highlighted a number of staff's successes, including commercial market milestones. She added that her proposed increase also accounts for the disparity in merit increases during recent years between CAR and like funded industry organizations, from which staff has historically been directed to seek comparative compensation information. She requested a total merit increase percentage, a portion of which she intends to use as discretionary funds to recognize employees whose job performance in 2018 is deserving of additional compensation.

The Committee discussed and supported the approach proposed by Ms. Hubley and endorsed rewarding top performing employees who meet performance objectives established for the review period.

Following discussion, the Committee unanimously voted to recommend to the Governing Committee adoption of a merit increase as proposed by Ms. Hubley with a defined portion of the total increase percentage to be used for discretionary compensation by the President.

19.05 Annual Range Movement

Mr. Costain reviewed salary range survey information compiled by CAR among member companies and industry-funded like organizations. He identified average 2019 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 the average of those like organizations. Based on the survey information, specifically the average increase of peer organizations, Mr. Costain recommended a salary range increase for 2019.

Following discussion, the Committee unanimously voted to recommend to the Governing Committee a salary range increase percentage as recommended by staff for calendar year 2019.

19.06 Retirement Savings Plan

Ms. Hubley provided a recommendation to amend CAR's retirement savings plan (401K) for employees hired after April 1, 2010. The proposal is intended to allow CAR to remain competitive in hiring and retaining newer employees as well as encouraging more personal savings in support of financial wellness. She indicated that CAR currently has 8 employees subject to the proposal and noted that this is the segment of CAR's population that has experienced the most turnover in recent years. The proposal is a component of a larger succession planning effort to shape and prepare CAR for the anticipated retirements of numerous key long term employees over the next decade.

The Committee supported conceptually a review of the benefit structure for this demographic, but decided that more information is required to determine whether an adjustment to the savings plan reflects industry trends. The Committee will consider the matter further at its next meeting, planned for late summer in an attempt to better coordinate with the efforts of the Budget Committee for FY 2020.

19.07 Officer Salary Recommendations

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 independently directs CAR's IT functions that keep the organization running efficiently and seamlessly. His 24/7 commitment often goes unnoticed because of its success and the fact that Mr. McCabe does not seek accolades or recognition. She cited his staff's involvement with the RMV and member companies related to the Registry's conversion to their new ATLAS system. He also oversaw development of software improvements to add efficiency to CAR's operations, including enhancements to data quality programs, audit sampling and financial reporting.

Ms. Hubley proposed a salary increase for Mr. McCabe consistent with the merit percentage approved for staff for 2019 with eligibility for discretionary compensation as determined by the President.

The Committee unanimously voted to recommend to the Governing Committee a 2019 salary increase for Peter McCabe, Vice President of Technical Operations, as proposed by Ms. Hubley

Ms. 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 2018, including her proactive involvement to research, develop and implement solutions to the issues impacting the growth of commercial residual market and its associated deficit. While an extraordinary amount of focus was directed to the commercial market issues, Ms. Browne was still able to oversee the timely, efficient and accurate fulfillment of CAR's business operations functions.

Ms. Hubley proposed a salary increase for Ms. Browne consistent with the merit percentage approved for staff for 2019 with eligibility for discretionary compensation as determined by the President.

The Committee unanimously voted to recommend to the Governing Committee a 2019 salary increase for Wendy Browne, Vice President of Business Operations, as proposed by Ms. Hubley.

19.08 President's Salary Recommendation

Chairman Thomas DePaulo provided a review of President Natalie Hubley's job performance during 2018. Mr. DePaulo addressed Ms. Hubley's professional development and noted how well she had taken control of commercial market deficit-related issues throughout the year. He added that succession planning was also a focal point during the year with the central theme of identifying future leadership and ensuring their readiness when needed. He reviewed a number of her operational accomplishments and stressed her commitment, consistent availability and perseverance to resolve difficult issues.

Mr. DePaulo provided Ms. Hubley's 2019 performance objectives for the Committee to review with discussion centering on continued attention to the commercial market deficit and succession planning. The Committee was in agreement that Ms. Hubley had an outstanding year and reached a consensus on an appropriate merit increase.

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

TIMOTHY COSTAIN
Chief of Staff

Boston, Massachusetts
March 7, 2019

ATTACHMENT LISTING

Docket #PC19.02, Exhibit #1

Attendance Listing

