



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

PERSONNEL COMMITTEE – FEBRUARY 4, 2021

Members Present

Ms. Elizabeth Brodeur – Chair
Mr. Thomas DePaulo
Ms. Gail Eagan
Mr. John Kelly
Mr. John Olivieri, Jr.
Ms. Kellie Thibodeau

Safety Insurance Company
Cabot Risk Strategies, LLC
Arbella Insurance Group
MAPFRE U.S.A. Corporation
J.K. Olivieri Insurance Agency, Inc.
The Hanover Insurance Company

Substituted for:

N/A

Not in Attendance:

N/A

20.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Personnel Committee meeting of February 4, 2020. The Records have been distributed and are on file.

21.04 2021 Annual Merit Increase

Mr. Timothy Costain reviewed an annual merit increase survey of member companies and industry-funded peer organizations. He pointed out that, in response to committee directives, CAR historically has tied 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 those industry funded organizations do not differ significantly from previous years.

Ms. Natalie Hubley provided a review of the performance of CAR staff during 2020, highlighting the company's transition to working from home and the seamless continuation of business activity under unique and difficult circumstances. She said that the staff's initiative and commitment resulted in exemplary performance throughout the company in spite of the forced experiment imposed by the pandemic.

Based on the survey information and the strong performance of CAR staff, as noted, 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 discussion, the Committee unanimously voted to recommend to the Governing Committee adoption of a merit increase as proposed by Ms. Hubley, with a portion of the total increase percentage to be distributed by the President to deserving employees on a discretionary basis.

21.05 2021 Annual Range Movement

Mr. Costain reviewed salary range survey information compiled by CAR among member companies and industry-funded peer organizations. He identified planned 2021 salary range increases among participating member companies for reference, noting differences in the approach several companies adopt for salary range movement. He added that there is less consistency of range movement among 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. He made a recommendation for a salary range increase for 2021.

Following discussion, the Committee unanimously voted to recommend to the Governing Committee a salary range increase percentage as recommended for calendar year 2021.

21.06 Officer Salary Recommendations

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

The Committee unanimously voted to recommend to the Governing Committee a 2021 salary increase for Wendy Browne, Vice President of Business Operations, as proposed by Ms. Hubley.

Ms. Hubley also provided a review of the 2020 performance of Mr. Peter McCabe, Vice President of Technical Operations. Mr. McCabe possesses a wealth of experience that served him well under difficult circumstances in 2020. He headed CAR's efforts to implement disaster recovery and business continuity plans, working tirelessly with staff, companies, and producers to maintain and improve system access and usability. Mr. McCabe also oversaw CAR's software development activities to introduce numerous enhancements that better serve the industry, while keeping his staff motivated and committed to perform at a high level.

The Committee unanimously voted to recommend to the Governing Committee a 2021 salary increase for Peter McCabe, Vice President of Technical Operations, as proposed by Ms. Hubley.

21.07 President's Salary Recommendation

Committee Chair Elizabeth Brodeur provided her thoughts regarding the 2020 job performance of CAR President, Natalie Hubley. She indicated that Ms. Hubley excelled during a difficult year in the face of unprecedented and challenging circumstances. Ms. Hubley was a steadying influence while overseeing CAR's operations and remote committee activity. She collaborated well with industry participants and articulated expectations clearly and concisely. Ms. Brodeur added that Ms. Hubley led CAR's effort in the preparation of a white paper to help address rate adequacy issues with problematic classes. She indicated that Ms. Hubley is thoughtful and supportive of CAR's staff.

Committee members offered similar thoughts while recognizing that CAR's President is forward looking, but also responsive to challenges arising out of committee or regulatory related activity. There

was consensus that in her sixth year as CAR President, Ms. Hubley's leadership qualities have grown, she is more comfortable engaging parties to solve problems and has successfully balanced competing industry interests in the process.

The Committee discussed the level of Ms. Hubley's salary in light of her length of time as President, her high level of competency and strong job performance. There was consensus 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 with the leaders of other organizations are difficult.

The Committee agreed that a merit increase reflective of Ms. Hubley's strong 2020 job performance and a salary adjustment for 2021 are appropriate at this time.

Following discussion, the Committee unanimously voted to recommend to the Governing Committee a merit increase and a salary adjustment for Ms. Hubley in 2021 as proposed.

During the discussion regarding Ms. Hubley's 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, then reconvene to prepare and propose performance objectives to the Governing Committee at its April 21, 2021 meeting.

TIMOTHY COSTAIN
Chief of Staff

Boston, Massachusetts
February 5, 2021

ATTACHMENT LISTING

Docket #PC21.02, Exhibit #1

Attendance Listing

