



NATALIE A. HUBLEY  
PRESIDENT

## COMMONWEALTH AUTOMOBILE REINSURERS

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### NOTICE OF MEETING

#### ACTUARIAL COMMITTEE

A meeting of the Actuarial Committee will be held virtually via Zoom video conferencing software,  
on

**THURSDAY, MAY 13, 2021 AT 10:00 A.M.**

If you plan to attend this meeting and are not a member of this Committee, please RSVP by completing the Visitor Security Form located in the Contact Us/Visitor Information section of CAR's website. CAR will then forward to you, via email, meeting access information. Please do not share access information provided by CAR, but refer others wishing to attend the meeting to CAR's Visitor Security Form.

#### MEMBERS OF THE COMMITTEE

Ms. Lynellen Ramirez – Chair  
Arbella Insurance Group

Ms. Kara Boehm  
Ms. Sarah Clemens  
Mr. Christopher Dupill  
Mr. Glenn Hiltbold  
Mr. Todd Lehmann  
Ms. Kim Miller  
Mr. Mark Winiker  
Ms. Meredith Woodcock  
Mr. Joshua Wykle  
Mr. Hao Zhang

Allstate Insurance Group  
MAPFRE U.S.A. Corporation  
EM Freedman Insurance Agency, Inc.  
Safety Insurance Company  
Quincy Mutual Group  
The Hanover Insurance Company  
A-Affordable Insurance Agency, Inc.  
Liberty Mutual Insurance Companies  
Vermont Mutual Insurance Group  
Plymouth Rock Assurance Corporation

#### AGENDA

##### AC 21.01 Records of Previous Meeting

The Records of the Actuarial Committee meeting of February 3, 2021 should be read and approved.

AC

**21.03 CAR Conflict of Interest Policy**

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

AC

**21.04 Quota Share Credits for Policies Effective April 1, 2022 and Later**

The Committee should be prepared to begin discussions relative to quota share credits for policies effective April 1, 2022 and subsequent.

AC

**21.05 Impact to Participation Ratios of Covid-19 Related Refunds and Premium Credits**

In recognition of changes to driving patterns resulting from the Covid-19 public health crisis and state-mandated work-at-home orders, many carriers provided Massachusetts automobile insureds with refunds or premium credits on effective year 2020 policies. The Actuarial Committee should consider whether administrative expense and commercial underwriting results participation ratios should be determined gross or net of these refunds and premium credits.

As companies were afforded considerable flexibility in statistically reporting these refunds and premium credits, CAR issued a data call to collect summary data for use in the Annual Statement Reconciliation process and to enable accurate determination of policy year 2020 participation ratios. The results of the data call are attached in order to facilitate Committee discussion of this issue. (Docket #AC21.05, Exhibit #1)

**Other Business**

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

**Executive Session**

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

SHANNON CHIU  
Statistical/Actuarial Analyst

Attachment

Boston, Massachusetts  
April 30, 2021

**Commonwealth Automobile Reinsurers  
Actuarial Committee – May 13, 2021  
Application of Covid-Refunds to CAR Cash Sharing Calculations**

**Background**

In recognition of changes to driving patterns resulting from the Covid-19 public health crisis and state-mandated work-at-home orders, many carriers provided Massachusetts automobile insureds with refunds or premium credits on effective year 2020 policies. The Actuarial Committee should consider whether administrative expense and commercial underwriting results participation ratios should be determined gross or net of these refunds and premium credits.

As companies were afforded considerable flexibility in statistically reporting these refunds and premium credits, CAR issued a data call to collect summary data for use in the Annual Statement Reconciliation process and to enable accurate determination of policy year 2020 participation ratios. The refund data provided by the carriers were applicable to both the private passenger and commercial lines and is summarized below:

<b>Private Passenger</b>				
	<u>Number of Group Cos.</u>	<u>Total Refund Dollars</u>	<u>Annual Statement Premiums</u>	<u>% Refund</u>
Refund	31	238,024,746	5,365,619,391	4.4%
No Refund	1	0	13,696,069	0.0%
Total Group CO	32	238,024,957	5,379,315,460	4.4%
Percent	97.0%		99.7%	

<b>Commercial</b>				
	<u>Number of Group Cos.</u>	<u>Total Refund Dollars</u>	<u>Annual Statement Premiums</u>	<u>% Refund</u>
Refund	16	5,802,562	203,293,799	2.9%
No Refund	66	0	787,535,646	0.0%
Total Group CO	82	5,802,562	990,829,445	0.6%
Percent	19.5%		20.5%	

Specialty/classic car only writers were excluded from this study and did not offer refunds.

**Range of Refunds Offered and Impact to Participation Share:**

Carriers offered a wide range of refunds with the average refund being 4.4% for private passenger and 2.9% for commercial. Of the 31 private passenger carriers who offered a refund, 22 companies gave a refund less than the 4.4% average and 9 gave a refund greater than the average. Of the 16 commercial carriers who offered a refund, eight carriers offered a refund less than the average of 2.9% and eight carriers gave a refund greater than the average. The following summarizes the ranges of refunds offered and the percentage of impact to carriers' participation share:

Private Passenger		
<u>Range of Refunds</u>	<u>Number of Carriers</u>	<u>Impact to Participation Share</u>
No Refund	1	+4.4%
< 2.5%	7	+4.1% : +1.9%
2.5% - 4.4%	15	+1.8% : +0.1%
4.5% - 7.4%	7	-0.3% : -2.3%
> 7.5%	2	-3.3% : -4.7%
	32	

Commercial		
<u>Range of Refunds</u>	<u>Number of Carriers</u>	<u>Impact to Participation Share</u>
No Refund	66	+0.6%
< 0.59%	3	+0.6% : +0.1%
0.6% - 4.9%	9	-0.2% : -3.5%
5.0% - 7.4%	2	-5.6% : -5.7%
> 7.5%	2	-11.4% : -34.8%
	82	