



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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

NOTICE OF MEETING

ACTUARIAL COMMITTEE

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

WEDNESDAY, JANUARY 17, 2024, AT 10:30 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. Sarah Clemens – Chair
MAPFRE U.S.A. Corporation

Ms. Kara Boehm
Mr. Glenn Hiltbold
Mr. Todd Lehmann
Mr. Tiago Prado
Ms. Lynellen Ramirez
Mr. Jaris Wicklund
Mr. Mark Winiker
Ms. Meredith Woodcock
Mr. Joshua Wykle
Mr. Hao Zhang

Allstate Insurance Group
Safety Insurance Company
Quincy Mutual Group
BRZ Insurance, LLC
Arbella Insurance Group
The Hanover Insurance Company
A-Affordable Insurance Agency, Inc.
Liberty Mutual Insurance Companies
Vermont Mutual Insurance Group
Plymouth Rock Assurance Corporation

AGENDA

AC

23.01 Records of Previous Meeting

The Records of the Actuarial Committee meeting of September 5, 2023 should be read and approved.

AC

24.03 CAR Conflict of Interest Policy

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

AC

24.04 Market Conditions Impacting Assignment Volume

The Committee will continue to monitor the size of the residual market including current conditions contributing to the rise in assignment volume. To assist the Committee in its discussion, Staff has updated an exhibit detailing MAIP exposures and assignments (CAR ID Code 9) by effective month to reflect the most up-to-date data. (Docket #AC24.04, Exhibit #1)

AC

24.05 Company Considerations for Implementation of New Rating Procedures

In an effort to be responsive to indicated rate need, CAR has inquired with Assigned Risk Companies (ARC's) about the impact to their systems of effective date changes that differ between new and renewal business, as well as updates to territory groupings. Because these informal surveys indicate that the impacts to systems vary widely among ARC's, Staff is seeking Committee input and discussion on the value and cost/benefit of such changes for future rate filings.

The Committee should be prepared to comment on company considerations and discuss whether these or other rating component modifications would benefit the residual market.

AC

24.06 Excess Credit Authorization Form Updates

Attached are proposed updates to the Excess Credit Authorization Form and the Assigned Risk Company Procedures Manual to provide clarity with respect to the effective and expiration date inputs on the form, as well as other clerical updates. The Committee should be prepared to review and comment on the recommended changes. (Docket #AC24.06, Exhibits #1 and #2)

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

Attachments

Boston, Massachusetts
January 4, 2024

Assignment Summary By Assignment Month (Through December 31st, 2023)

<u>Date</u>	2019	2020	2021	2022	2023	% Difference				Pre-Covid	PY 2019	PY 2020	PY 2021	PY 2022	PY 2023	
	Assignment	Assignment	Assignment	Assignment	Assignment	Count	20 / 19	21/20	22/21	23/22	Comparison	Residual	Residual	Residual	Residual	Residual
	<u>Count</u>	<u>Count</u>	<u>Count</u>	<u>Exp*</u>	<u>Count</u>						<u>Actg</u>	<u>Market</u>	<u>Market</u>	<u>Market</u>	<u>Market</u>	<u>Market</u>
												<u>Share</u>	<u>Share</u>	<u>Share</u>	<u>Share</u>	<u>Share</u>
Jan	2,563	1,970	909	760	2,165	-23.1%	-53.9%	-16.4%	184.9%	-15.5%	Jan	0.9%	0.8%	0.5%	0.4%	0.5%
Feb	2,617	2,029	800	783	2,275	-22.5%	-60.6%	-2.1%	190.5%	-13.1%	Feb	1.1%	0.9%	0.5%	0.4%	0.6%
Mar	3,199	1,888	1,424	1,163	3,281	-41.0%	-24.6%	-18.3%	182.1%	2.6%	Mar	1.2%	0.9%	0.6%	0.4%	0.7%
Apr	2,934	1,090	1,215	1,086	3,012	-62.8%	11.5%	-10.6%	177.3%	2.7%	Apr	1.2%	0.9%	0.6%	0.4%	0.7%
May	2,659	1,896	1,091	1,179	3,238	-28.7%	-42.5%	8.1%	174.6%	21.8%	May	1.2%	0.9%	0.6%	0.4%	0.8%
Jun	2,349	1,725	1,210	1,273	3,611	-26.6%	-29.9%	5.2%	183.7%	53.7%	Jun	1.1%	0.8%	0.5%	0.4%	0.8%
Jul	2,197	1,497	1,082	1,289	3,771	-31.9%	-27.7%	19.1%	192.6%	71.6%	Jul	1.1%	0.8%	0.5%	0.4%	0.8%
Aug	2,303	1,441	1,055	1,533	4,805	-37.4%	-26.8%	45.3%	213.4%	108.6%	Aug	1.0%	0.8%	0.5%	0.4%	0.9%
Sep	2,154	1,337	944	1,519	5,171	-37.9%	-29.4%	60.9%	240.4%	140.1%	Sep	1.0%	0.7%	0.5%	0.4%	0.9%
Oct	2,171	1,201	940	1,604	5,605	-44.7%	-21.7%	70.6%	249.4%	158.2%	Oct	1.0%	0.7%	0.5%	0.4%	0.9%
Nov	1,800	879	849	1,660	5,792	-51.2%	-3.4%	95.5%	248.9%	221.8%	Nov	1.0%	0.7%	0.5%	0.4%	1.0%
Dec	1,667	864	802	1,848	5,907	-48.2%	-7.2%	130.4%	219.6%	254.3%	Dec	1.0%	0.7%	0.5%	0.4%	
Total YTD	28,613	17,817	12,321	15,697	48,633	-37.7%	-30.8%	27.4%	209.8%	70.0%	Year					
Avg Mo	2,384	1,485	1,027	1,308	4,053						End	0.9%	0.7%	0.5%	0.4%	

MAIP Assigned (CAR ID 9) Statistically Reported Exposures By Effective Month @ October, 2023
Includes New and Renewal Business

Date	2019	2020	2021	2022	2023	% Difference				Pre-Covid	Actg	PY 2019	PY 2020	PY 2021	PY 2022	PY 2023
	ID 9	ID 9	ID 9	ID 9	ID 9	20 / 19	21 / 20	22 / 21	23 / 22	Comparison		Residual	Residual	Residual	Residual	Residual
	Exp	Exp	Exp	Exp	Exp*							Market	Market	Market	Market	Market
												Share	Share	Share	Share	Share
Jan	3,867	3,239	2,063	1,385	2,355	-16%	-36.3%	-32.9%	70.1%	-39.1%	Jan	0.9%	0.8%	0.5%	0.4%	0.5%
Feb	3,938	3,157	1,782	1,288	2,426	-20%	-43.6%	-27.7%	88.3%	-38.4%	Feb	1.1%	0.9%	0.5%	0.4%	0.6%
Mar	4,676	3,383	2,473	1,765	3,509	-27.7%	-26.9%	-28.6%	98.8%	-25.0%	Mar	1.2%	0.9%	0.6%	0.4%	0.7%
Apr	4,258	2,537	1,827	1,437	3,250	-40.4%	-28.0%	-21.3%	126.1%	-23.7%	Apr	1.2%	0.9%	0.6%	0.4%	0.7%
May	3,948	3,043	1,952	1,624	3,582	-22.9%	-35.8%	-16.8%	120.6%	-9.3%	May	1.2%	0.9%	0.6%	0.4%	0.8%
Jun	3,610	2,727	1,945	1,750	3,959	-24.5%	-28.7%	-10.0%	126.3%	9.7%	Jun	1.1%	0.8%	0.5%	0.4%	0.8%
Jul	3,415	2,505	1,698	1,667	4,261	-26.7%	-32.2%	-1.8%	155.5%	24.8%	Jul	1.1%	0.8%	0.5%	0.4%	0.8%
Aug	3,618	2,551	1,725	1,901	5,554	-29.5%	-32.4%	10.2%	192.1%	53.5%	Aug	1.0%	0.8%	0.5%	0.4%	0.9%
Sep	3,297	2,430	1,598	1,917	6,302	-26.3%	-34.3%	20.0%	228.7%	91.2%	Sep	1.0%	0.7%	0.5%	0.4%	0.9%
Oct	3,457	2,347	1,569	1,919	6,339	-32.1%	-33.1%	22.3%	230.4%	83.3%	Oct	1.0%	0.7%	0.5%	0.4%	1.0%
Nov	2,918	1,742	1,278	1,859		-40.3%	-26.6%	45.4%			Nov	1.0%	0.7%	0.5%	0.4%	
Dec	2,784	1,843	1,333	2,015		-33.8%	-27.7%	51.2%			Dec	1.0%	0.7%	0.5%	0.4%	
Total YTD	43,787	31,503	21,243	20,527	41,537	-28.1%	-32.6%	-3.4%			Year					
											End	0.9%	0.7%	0.5%	0.4%	
Avg Mo	3,649	2,625	1,774	1,711	4,154	-28.1%	-32.4%	-3.6%	142.8%	13.8%						
Total Mkt Exp	4,708,498	4,735,180	4,705,568	4,835,504	4,276,073	0.6%	-0.6%	2.8%								
Res Mkt Shr	0.9%	0.7%	0.5%	0.4%	1.0%	-28.5%	-32.1%	-6.0%	128.8%	4.5%						
Through October	38,086	27,918	18,632	16,653	41,537	-26.7%	-33.3%	-10.6%	149.4%	9.1%						

*Data includes adjustments for assignments (MPR) with no stats reported for October of 1,042



COMMONWEALTH AUTOMOBILE REINSURERS

NATALIE A. HUBLEY
PRESIDENT

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

AUTHORIZATION FOR THE SALE AND TRANSFER OF MAIP CREDITS

Selling Company, pursuant to Rule 29.F, agrees to
transfer excess MAIP credits to
Receiving Company
in accordance with the following terms (provide description below):

Credits will be calculated and transferred monthly (corresponding to the monthly submission dates of statistical data) for the following period:

Starting Quota Share Report Date:

Ending Quota Share Report Date:

Seller Authorization

Buyer Authorization

Name:	<input type="text"/>	<input type="text"/>
Title:	<input type="text"/>	<input type="text"/>
Address:	<input type="text"/>	<input type="text"/>
E-mail:	<input type="text"/>	<input type="text"/>
Signature:	<input type="text"/>	<input type="text"/>
Date:	<input type="text"/>	<input type="text"/>

Please return form to CAR

Commonwealth Automobile Reinsurers
Timothy Galligan
101 Arch Street
Suite 400
Boston, MA 02110
(617) 338-5422 (fax)
ActStat@commauto.com

For CAR use only

Confirmation Signature

CAR confirms that the authorized transfer of credits is in accordance with CAR rules and procedures.

Print

MAIP | Assigned Risk Company Procedures Manual
Chapter X | Quota Share and Credit Programs
Revision Date | ~~2023~~2024.0903.2001
Page | 8 of 14

B. Sale and Transfer of Excess Credits

An Assigned Risk Company (ARC) may accrue excess credits. An ARC is determined to have excess credit premium if its MAIP Credit Premium as calculated in Section A.3. of this Chapter is greater than its MAIP Quota Share Premium as calculated in Section A.4. of this Chapter and as displayed on the Quota Share and Assignment Order Report (refer to Exhibit X-A-1, Columns (4) and (5)). The ARC may choose to enter into an agreement with another ARC to sell and transfer its excess credit premium to that ARC on a monthly basis. For additional information regarding the sale and transfer of excess credits, refer to Rule 29.F. of CAR's Rules of Operation.

The excess credit premium that CAR determines to be eligible for transfer will be included in the monthly Quota Share and Assignment Order Report as part of the monthly statistical base data update.

1. Credit Sale Agreement Approval Process

In order to notify CAR of the intent to sell and transfer MAIP credit premium, an ARC must provide CAR with a completed Authorization for the Sale and Transfer of MAIP Credits form. Refer to Exhibit X-A-3. A link to this form is located on the MAIP Company Forms page of CAR's website.

The ARC must submit the Authorization for the Sale and Transfer of MAIP Credits form to CAR 30 days prior to the due date of the monthly accounting shipment with which the ARC requests the credit transfer to be included in the Quota Share report. For example, if the ARC intends for the transfer of credits to commence with the Quota Share report which includes data reported in the June monthly accounting shipment, the form must be received at CAR no later than July 15, which is 30 days prior to the August 15 due date of the June accounting/statistical reporting submission.

The terms of the credit sale agreement will be reviewed by CAR to ensure consistency with CAR's Rules of Operation and to confirm that the specific requirements in the agreement are administratively feasible using CAR's Quota Share system. If questions arise, CAR will work with the selling ARC to ensure that the terms of the agreement are clarified or modified as necessary.

MAIP | **Assigned Risk Company Procedures Manual**
Chapter X | **Quota Share and Credit Programs**
Revision Date 2023~~2024~~.09~~03~~.2001
Page **9 of 14**

Every agreement must specify a time period ~~(corresponding to the monthly submission dates of statistical data)~~ -in which the transfer of excess credit premium is to occur, up to a maximum of twelve months.

The Starting Quota Share Report Date and Ending Quota Share Report Date shall be specified on the Authorization Form. These dates correspond with CAR's monthly accounting/statistical shipments.

For example, if the starting date is intended for the Quota Share report which is updated with January, 2024 base data:

The January, 2024 monthly accounting shipment is due to CAR on March 15, 2024. The corresponding Quota Share report is referred to as the January, 2024 Quota Share report, and will be posted to CAR's website ~~published to the Industry~~ in late March. In the "Starting Quota Share Report Date", enter "January, 2024 QS Report".

Agreements that meet these requirements will be approved by CAR and the transfer of MAIP credits will commence as of the monthly base data update of the Quota Share and Assignment Order Report specified in the transfer agreement.

In no instance will a credit transfer be made if it results in a negative credit position for the selling ARC on the day that the Quota Share report is updated and posted to CAR's website. If this occurs, CAR will reduce the amount of credit premium transferred to the buying ARC(s).

2. Procedure to Calculate Excess Credits

On a monthly basis, CAR will update the Quota Share and Assignment Order Report to include the latest 12 months of statistically reported data, as well as any data adjustments including previously approved credit premium transfers. The report will also be updated with the latest available assignment data.

a. Newly Approved Credit Premium Sales Agreements

- (1) Obtain the contractual transfer amount of credit premium from the approved credit sale and transfer agreement.
- (2) Determine the amount of available excess credit premium from the selling ARC.