



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

ACTUARIAL COMMITTEE – MAY 26, 2022

Members Present

Ms. Lynellen Ramirez – Chair	Arbella Insurance Group
Ms. Kara Boehm	Allstate Insurance Group
Mr. Glenn Hiltbold	Safety Insurance Company
Mr. Todd Lehmann	Quincy Mutual Group
Mr. Matthew Morris ⁽¹⁾	MAPFRE U.S.A. Corporation
Mr. Vidyasri Velloo ⁽²⁾	Plymouth Rock Assurance Corporation
Mr. Jaris Wicklund ⁽³⁾	The Hanover Insurance Company
Mr. Mark Winiker	A-Affordable Insurance Agency, Inc.
Ms. Meredith Woodcock	Liberty Mutual Insurance Companies
Mr. Joshua Wykle	Vermont Mutual Insurance Group

Substituted for:

- ⁽¹⁾ Ms. Sarah Clemens
- ⁽²⁾ Mr. Hao Zhang
- ⁽³⁾ Ms. Kim Miller

Not in Attendance:

Mr. Christopher Dupill, Guardian Insurance Agency, LLC

21.01 Records of Previous Meeting

On a roll call vote, the Committee unanimously voted to approve the Records of the Actuarial Committee meeting of May 13, 2021. The Records have been distributed and are on file.

22.04 Quota Share Credits for Policies Effective April 1, 2023 and Later

The Actuarial Committee began discussions relative to the April 1, 2023 Quota Share credit offer. Based on the prior year's recommendation by the Committee, staff reviewed exhibits highlighting historical trends in the data that would assist in showing any characteristics that are predominant in the residual market. The exhibits included trend data displaying residual market share and three-year loss ratios by rate class, territory, and merit rating value.

The Committee discussed the potential use of merit rating values in credit development. Given recent CAR committee activity, including an ongoing audit in response to a growing number of companies whose reporting of merit rating status does not comply with the Private Passenger Statistical Plan, the Committee felt that the use of merit rating should not be considered at this time.

In the past, the Division of Insurance (DOI) has cautioned CAR not to consider changes to credit eligibility absent a compelling reversal in the size of the residual market. The Committee noted that the current residual market rate of 0.5% continues to demonstrate a stable market. Members discussed the low residual market rate noting that competition, not credit factors, has been the key driving influence. This includes a greater number of companies writing business in Massachusetts, with the ability to rate policies in a way that they feel are adequate. In addition, some carriers are writing more non-standard, higher-risk business voluntarily. Therefore, the Committee agreed that a change to credit factors is not warranted at this time.

Given the current market conditions including but not limited to companies awaiting rate decisions and miles driven on the rise as the pandemic restrictions have lessened, the Committee agreed that the size of the residual market should be monitored going forward. Members also noted increased costs to repair vehicles as well as increased storage costs may impact how risks are evaluated. The Committee discussed if there were to be an increase to the size of the residual market, the causes driving that increase would need to be evaluated and understood.

The Committee unanimously voted to recommend no change to the current keep-out and take-out credit factors for policies effective April 1, 2023 and subsequent.

TIMOTHY GALLIGAN
Actuarial/Statistical Services Director

Boston, Massachusetts
June 2, 2022

ATTACHMENT LISTING

Docket #AC22.02, Exhibit #1

Attendance Listing

**ACTUARIAL COMMITTEE MEETING
MEETING ATTENDEES
MAY 26, 2022**

Individual's Name

Company / Agency

PLEASE PRINT

Lynellen Ramirez	Arbella Insurance Group
Kara Boehm	Allstate Insurance Group
Sarah Clemens	MAPFRE U. S. A. Corporation
Matthew Morris	MAPFRE U. S. A. Corporation
Glenn Hiltpold	Safety Insurance Company
Todd Lehmann	Quincy Mutual Group
Vidyasri Velloo	Plymouth Rock Assurance Corporation
Jaris Wicklund	The Hanover Insurance Company
Mark Winiker	A-Affordable Insurance Agency, Inc.
Meredith Woodcock	Liberty Mutual Insurance Companies
Joshua Wykle	Vermont Mutual Insurance Companies
Barry Tagen	Pilgrim Insurance Company
Mary Ellen Thompson	Division of Insurance
Wendy Browne	CAR Staff
Shannon Chiu	CAR Staff
Timothy Galligan	CAR Staff
Natalie Hubley	CAR Staff
Katy Proctor	CAR Staff
Lynne Rosenberg	CAR Staff
Robin Tigges	CAR Staff