



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110

www.commauto.com

617-338-4000

NOTICE OF MEETING

GOVERNING COMMITTEE

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

WEDNESDAY, JUNE 15, 2022, 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. Elizabeth B. Brodeur – Chair
Safety Insurance Company

Ms. Pamela L. Bodenstab-Krynicky
Mr. Ryan A. Brand
Mr. Thomas C. DePaulo
Mr. Thomas A. Harris
Mr. William S. Hughes
Ms. Ida Denard Jones
Mr. M. John Olivieri, Jr.
Mr. Daniel P. Olohan
Ms. Kellie A. Thibodeau
Ms. Meredith M. Woodcock

P.L. Krynicky Insurance Agency, Inc.
GEICO
Cabot Risk Strategies, LLC
Quincy Mutual Group
Arbella Insurance Group
Denard Insurance Agency, Inc.
J.K. Olivieri Insurance Agency, Inc.
MAPFRE U.S.A. Corporation
The Hanover Insurance Company
Liberty Mutual Insurance Companies

AGENDA

GC

22.01 Transcript of Previous Meeting

The Transcript of the Governing Committee meeting of April 13, 2022 should be read and approved.

GC

22.03 CAR Conflict of Interest Policy

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

GC

22.04 President's Report

Commonwealth Automobile Reinsurers' President will report on matters affecting CAR.

GC

22.05 Counsel's Report

Commonwealth Automobile Reinsurers' counsel will report on pending litigation, CAR Rule changes and any other matters relevant to legal issues at CAR.

GC

22.06 Compliance and Operations Committee

The Governing Committee will hear the report of the Compliance and Operations Committee meeting of June 1, 2022.

The Records of the Compliance and Operations Committee meeting of June 1, 2022 will be distributed as additional information prior to the meeting.

GC

22.10 Loss Reserving Committee

The Governing Committee will hear the report of the Loss Reserving Committee meeting of June 1, 2022.

The Summary of the Loss Reserving Committee meeting of June 1, 2022 will be distributed as additional information prior to the meeting.

GC

22.11 Commercial Program Oversight Committee

The Governing Committee will hear the report of the Commercial Program Oversight Committee meeting of June 8, 2022.

The Records of the Commercial Program Oversight Committee meeting of June 8, 2022 will be distributed as additional information prior to the meeting.

GC

22.12 Ad Hoc P & C Insurance Committee

The Governing Committee will hear the report of the Ad Hoc P & C Insurance Committee meeting of May 12, 2022.

The Records of the Ad Hoc P & C Insurance Committee meeting of May 12, 2022 are attached. (Docket #GC22.12, Exhibit #2)

The Records of the Ad Hoc P & C Insurance Committee meeting of May 12, 2022 have been distributed and are on file.

GC

22.13 Actuarial Committee

The Governing Committee will hear the report of the Actuarial Committee meeting of May 26, 2022.

The Records of the Actuarial Committee meeting of May 26, 2022 are attached. (Docket #GC22.13, Exhibit #1)

The Records of the Actuarial Committee meeting of May 26, 2022 have been distributed and are on file.

Other Business

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

Executive Session

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

NATALIE A. HUBLEY
President

Attachments

Boston, Massachusetts
June 2, 2022



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RECORDS OF MEETING

AD HOC P&C INSURANCE COMMITTEE – MAY 12, 2022

Members Present

Mr. Kenneth Olivieri – Chair
Mr. Thomas DePaulo
Ms. Trudy Lawler
Mr. David McCormick

J.K. Olivieri Insurance Agency, Inc.
Cabot Risk Strategies, LLC
Michaud Insurance Agency, Inc.
McCormick & Sons Insurance Agency, Inc.

Substituted for:
N/A

Not in Attendance:
N/A

22.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Ad Hoc P&C Insurance Committee meeting of April 12, 2022. The Records have been distributed and are on file.

22.04 Property and Casualty Insurance Review

At its previous meeting, the Committee asked staff to reach out to a second agency, which currently writes CAR's cyber security insurance, in an attempt to secure fresh policy quotes for comparison to all of its current in-force policies. The Committee preferred to utilize that approach at the outset of its evaluation, rather than engaging in an RFP process.

The Committee's initial discussion centered around the importance of changing policy renewal dates to achieve concurrent terms for the portfolio and agreed that should be a priority for the upcoming renewal cycle. There was general discussion about CAR's cyber security insurance, with the Committee mindful of avoiding detailed discussion regarding specific policy characteristics or strategy.

Staff provided a status of its efforts to secure policy quotes from the second agency and actions taken by its current broker to provide loss runs, its own alternative quotes and to synchronize renewal dates for the entire portfolio. The Committee was advised that the second agency preferred to conduct a full risk assessment of CAR before attempting to provide policy quotes, thereby assuring that coverage recommendations and associated pricing would be more thorough and accurate. Given the short window of time preceding upcoming policy renewals and the Committee's desire to focus on securing concurrent policy renewals, that effort was not pursued at this time.

While a full risk assessment is not being performed at this time and efforts to secure concurrent policy renewal dates remain the top short-term priority, the Committee discussed the value of an annual portfolio review to identify changing coverage needs and to reassess premium levels. The Committee agreed that with certain policy types experiencing evolving market conditions, changes in underwriting guidelines and premium fluctuations, a review and risk assessment with CAR's broker should be an annual exercise. To that end, the Committee agreed that a risk assessment should be initiated early in 2023 to accommodate any changes necessary for next year's concurrent August renewal cycle. This Committee would then reconvene, if necessary, to consider the results of the risk assessment.

Following further discussion, the Committee voted unanimously to direct staff to continue working with CAR's current broker to change CAR's EPLI and Workers Compensation policy effective dates to coincide with its BOP and Umbrella renewals.

The Committee then voted unanimously to direct staff to contact the agency currently writing CAR's cyber security policy to request that it be renewed in November 2022 with the expectation that it will subsequently be rewritten to coincide with the other policy renewals in August 2023.

TIMOTHY COSTAIN
Chief of Staff

Boston, Massachusetts
May 20, 2022



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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