



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110

www.commauto.com

617-338-4000

**TRANSCRIPT OF
GOVERNING COMMITTEE MEETING**

A meeting of the Governing Committee was held at the Automobile Insurers Bureau Conference Center at 101 Arch Street, 7th Floor, Boston, on

WEDNESDAY, FEBRUARY 15, 2023, AT 10:30 A.M.

Committee Members present –

Mr. John Olivieri, Jr. – Chair
J.K. Olivieri Insurance Agency, Inc.

Ms. Monica Adwani ⁽¹⁾	BRZ Insurance, LLC
Ms. Pamela Bodenstab-Krynicky	P L Krynicky Insurance Agency
Ms. Sarah Clemens	MAPFRE U.S.A Corporation
Mr. Kevin Costigan	GEICO
Mr. Thomas DePaulo	Cabot Risk Strategies, LLC
Mr. Thomas Harris	Quincy Mutual Group
Mr. William Hughes	Arbella Insurance Group
Ms. Nicole Martorana	FBInsure, LLC
Ms. Mary McConnell	Safety Insurance Company
Mr. Christopher Taylor	The Hanover Insurance Company
Ms. Meredith Woodcock	Liberty Mutual Insurance Companies

Substituted for:

⁽¹⁾Mr. Tiago Prado

Not in Attendance:

Ms. Ida Denard Jones, Denard Insurance Agency, Inc.

PROCEEDINGS

(Meeting began at 10:30 a.m.)

Mr. Olivieri: Good morning, everyone. Welcome back after three years. My hair has not grown back.

I am going to call to order the Governing Committee meeting of February 15th, 10:30 a.m. A couple of housekeeping items. First, we do have a substitution. For Tiago, Monica Adwani, is that correct? Welcome, thank you. I'd also like to welcome a few new Governing Committee members: Kevin Costigan with GEICO, Mary McConnell with Safety, who everyone is familiar with, and Nicole Martorana with FBInsure.

The first thing I think maybe we should do, because it's the first time we've been in person and there are some new committee members, is take a minute and do the rounds, some people may not have met. I am John Olivieri with Olivieri Insurance and current Chair of the Governing Committee. We'll go this way and finish up with you, Bill.

Ms. Hubley: I'm Natalie Hubley, President of CAR.

Mr. Torres: Good morning. I'm Steve Torres from Torres, Scammon, Hincks and Day, CAR Counsel.

Mr. Hincks: Ben Hincks from the same firm, CAR Counsel.

Ms. Clemens: Sarah Clemens from MAPFRE Insurance.

Ms. Bodestab-Krynicky: Pam Krynicky, Krynicky Insurance.

Ms. Woodcock: I'm Meredith Woodcock with Liberty Mutual Insurance.

Mr. Taylor: Chris Taylor with Hanover Insurance.

Ms. Adwani: Monica Adwani with BRZ Insurance on behalf of Tiago Prado.

Mr. Costigan: Kevin Costigan from GEICO Insurance.

Ms. Martorana: Nicole Martorana from FBInsure.

Mr. Harris: Tom Harris from Quincy Mutual.

Ms. McConnell: Mary McConnell, Safety Insurance.

Mr. DePaulo: Thom DePaulo from Cabot Risk Strategies.

Ms. Nagle: Regina Nagle, CAR staff.

Mr. Hughes: Bill Hughes with Arbella.

GC

22.01 Transcript of Previous Meeting

Mr. Olivieri: First agenda item is to approve the previous meeting minutes. I will entertain a motion if anyone would like to.

Mr. DePaulo: So moved.

Mr. Olivieri: Do we have a second?

Ms. Clemens: Second.

Mr. Olivieri: Any further discussion? All in favor?

All Committee Members: Aye.

Mr. Olivieri: Opposed? Motion carries.

GC

23.04 President's Report

Mr. Olivieri: Our next agenda item is the President's Report. I will turn that over to Natalie.

Ms. Hubley: Thank you. We were talking a lot – most of you, many of you probably heard the conversation before the meeting started. Just to give a bit of a status on the Open Meeting Law provisions, as of this time, the remote participation language sunsets at the end of March. So, as of April 1, the CAR Governing Committee and all CAR advisory committees will be meeting in person. We are aware that there is legislation out there to address a more permanent remote application, but we don't have an expectation that it will be acted upon by the end of March. We are not, at this time, aware of a plan to extend the temporary provision. If we hear anything we'll let you know, but at this time we should plan for in-person meetings starting April 1st.

We have a new entrant to the private passenger marketplace to bring to your attention. Everspan is a company that is part of the Branch group. They've had their private passenger rates placed on file by the Division of Insurance. I understand that they are working out some procedural matters with the Registry of Motor Vehicles and will begin writing in the near future. CAR staff is working with them to ensure that they are prepared to take on their residual market obligations. At your April meeting, we'll be asking you to appoint them as an Assigned Risk Carrier.

The amendment that you approved to CAR's Plan of Operations has been deemed, addressing the producer participation on this Governing

Committee. That change has now been made official. All of the information is out there on our website.

CAR's latest filing relating to the private passenger rates has been placed on file by the Division. We did move the effective date of that filing to May 1, 2023 in order to give Assigned Risk Carriers time to implement any rate changes. The Assigned Risk Carriers have all been made aware of that.

Finally, to give you some information about some of the activities that CAR staff is working on for your next meeting, the Governing Committee Review Panel will be meeting on February 21st. They will be considering Safety's request for extraordinary expenses. The Commercial Auto Committee will be meeting on March 15th and then, if need be, we have penciled in also March 29th. We're in the process of reviewing the Business Auto Policy that's currently on file for CAR and the impacts relating to upgrading to the most recent version. CAR staff has completed its review. We've referred our comments to counsel. We hope to have a report for that meeting on March 15th.

We are also in the process of reviewing the Trucker's Policy. The Committee had recommended to move from the current Trucker's Policy to the Business Auto Policy along with the Motor Carrier Endorsement. CAR staff is in the process of looking at the impacts there. We will forward that hopefully to CAR counsel for review in the near future so that we can also talk about that in March. We are also working on a schedule of the endorsement forms to identify those that will also be upgraded and provide Servicing Carriers all the information they need to implement the changes and hopefully the Committee will be able to select some effective dates.

The Loss Reserving Committee will be meeting on March 1st to consider the December 2022 reserves and projected financial results. The Compliance and Operations Committee is the first one scheduled to meet in-person on April 5th.

CAR staff is also working on some non-committee-related items that are included in our business plan, namely succession planning and office space alternatives. So, at the right time, we'll bring some information to the Committee.

That would conclude my report.

Mr. Olivieri:

Any questions for Nat? Thank you.

GC
23.05 Counsel's Report

Mr. Olivieri:

Counsel.

Mr. Hincks:

I'll handle that, Mr. Chairman. Good morning, everyone. There are three items on today's Counsel Report. No action items.

The first item relates to the Calianos Insurance Agency appeal to the Division of Insurance. This matter has been fully briefed and argued and we await a decision from the hearing officer at the Division.

The second item relates to the Point Insurance matters with two of the three Point Insurance appeals having been concluded as previously reported, and the hearing officer at the DOI lifting the stay that was in place in the Point II matter. That is the proceeding at the Division in which Point is challenging Arbella's termination. The parties are still awaiting notice from the hearing officer scheduling a hearing to assess what issues were decided in the Point I appeal and what issues remain open in Point II. Point, Arbella and CAR have submitted briefs to the Division describing the issues that each party argues are now fully resolved, have been resolved in part, or are fully contested.

The final matter on today's report relates to the Rule 31 amendment. The Governing Committee's Rule 31 amendment is also pending at the Division, and we await a decision or ruling on that as well.

If there are no questions, that concludes today's Counsel Report.

Mr. Olivieri:

Thanks, Ben. Any questions?

GC

22.10 Loss Reserving Committee

Mr. Olivieri:

Next agenda item, Loss Reserving Committee

Mr. Galligan:

Good morning, everybody. I'll be reporting on the December 7th Loss Reserving Committee meeting. The executive summary of that meeting was included in your agenda. The docket number is GC22.10, Exhibit #4. The records of that meeting have been distributed and are on file.

At the meeting, the Committee first discussed ongoing data reporting and data quality concerns.

For large claims over \$1 million, seven new claims were added to the report this quarter, including two claims with a \$5 million Combined Single Limit both with current incurred losses currently reported during the quarter of approximately \$1 million. The remaining claims out of those seven all carried a \$1 million Combined Single Limit. Also, there were three large losses that were removed from that report for dropping below the \$1 million threshold. So, in total, there are 113 claims over that \$1 million threshold reported during the latest ten policy years. They have \$190.8 million in reported incurred losses for those claims.

There's plenty of additional details relating to the data quality discussion in the large loss reports and those are contained in the executive summary included in your agenda.

Next, the Committee set commercial loss reserves and ultimate deficits using data statistically reported through September 2022.

The Committee estimated a policy year 2020 surplus of \$28 million with an ultimate loss ratio of 62.3%. That represented a \$1.2 million improvement from the prior quarter.

The 2021 estimated surplus of \$25.1 million was a \$1.2 million improvement from the prior quarter.

For policy year 2022, which was the first time that this policy year has been added to this report, the Committee estimated a surplus of \$7.5 million with an ultimate loss ratio of 72.4%.

Ultimate loss ratios and deficit projections for all policy years are also attached to your executive summary.

Finally, the Committee discussed membership considerations. The Committee has seen frequent turnover in recent years due to staffing and retention challenges that are occurring throughout the industry. The impact of this includes a less experienced committee with less robust committee discussion. It often results in one or two committee members assuming a disproportionate role in the discussions and in the selection of the ultimate losses. Ideally, what's needed is an experienced membership with good discussion driving the decisions of the Committee. Also, there are inherent quorum issues with this small committee. There are currently four members on the Committee, including the Chair. That could also impact the time-sensitive nature of the Committee's work that also flows into CAR's financial quarterly results.

Given that, the Committee explored ideas to stabilize the Committee and considered alternatives including delegating the responsibilities to CAR staff, to the AIB or another consultant, and also talked about moving the responsibilities to the Actuarial Committee.

In discussion, the Committee stressed the need for seasoned reservists with direct Massachusetts experience and had a strong preference to have representation from each of the four Servicing Carriers on the Committee. They were also in support of Member Companies with larger voluntary market shares, noting the impacts the losses assumed from CAR would have on their own voluntary rates. They were looking for companies that basically had skin in the game.

Ultimately, the recommendation was to stick with the current committee structure with added membership for stability. The Committee recommended that staff solicit additional membership and to revisit the issue and consider the additional alternatives if that was needed.

Since that meeting, the Committee has added a representative from Plymouth Rock and has received confirmation from Liberty Mutual Insurance that we're going to add an additional member. So, that will bring the committee size up to six, including the Chair. Also, at the meeting, it was discussed that it was important for CAR staff to develop a training program to familiarize the new members with the process of how we go about loss reserving reports.

Finally, the next meeting of the Loss Reserving Committee is scheduled for March 1st and that's using data reported through December 2022.

I'd be happy to take any questions.

Mr. Olivieri:

Thanks, Tim. Sorry, I forgot to announce who was presenting, Tim Galligan with CAR staff. Any questions for Tim? Thank you for the report.

GC

23.06 MAIP Steering Committee

Mr. Olivieri:

Next agenda item, MAIP Steering Committee. Barry Tagen.

Mr. Tagen:

Good morning, Mr. Chairman, members of the Committee. I will be reporting on the actions that took place at the January 25, 2023 MAIP Steering Committee. I will be reporting on four items, two of which are action items.

The first item is the electronic MAIP stamp or what we're calling the E-Stamp. The Committee was informed that CAR staff had completed the development and testing on the MAIP E-Stamp for use on registration and insurance certifications for MAIP policies. It is staff's intent to implement use of the new stamp for all agencies in late February and that the stamp will be complementary to the availability and use of the existing wet stamps. Therefore, there are no immediate plans to replace the wet stamp until usage can be evaluated.

In conjunction with this new option, there are proposed amendments to the Assigned Risk Producer Procedures Manual, specifically language in Chapter II – MAIP Stamp Requirements and Authorization as well as Chapter IV – MAIP Stamps, has been updated to provide information on the availability and the use of an E-Stamp in addition to MAIP wet stamp procedures.

The MAIP Steering Committee unanimously voted to recommend to the Governing Committee approval of the proposed amendments to the Assigned Risk Producer Procedures Manual. These changes can be found in your agenda, Exhibit #1, Pages 4 to 8. This is an action item for our consideration.

Mr. Olivieri:

Do we have a motion?

Ms. Woodcock: So moved.

Mr. Olivieri: Do we have a second?

Ms. Clemens: Second.

Mr. Olivieri: We have a motion. We have a second. Any further discussion? All in favor?

All Committee Members: Aye.

Mr. Olivieri: Opposed? Motion carries.

Mr. Tagen: The second agenda item I have is Private Passenger Definition. The Committee continued its discussion on proposed changes to the Private Passenger Definition in Rule 27 of the Private Passenger Residual Market Automobile Insurance Manual. The proposed updates would add SUVs to the eligibility definition and address vehicles with a gross vehicle weight of up to 16,000 pounds to ensure consistency with the Commercial Manual. Based on the discussion at the prior meeting, the reference to sole personal use of the vehicles has not been included in these changes.

The Committee unanimously voted to recommend to the Governing Committee approval of the proposed amendment to Rule 27 – Private Passenger Definition. This change can be found in your agenda, Exhibit #1, Pages 9 and 10. This is, again, an action item for your consideration.

Mr. Olivieri: A motion is needed.

Mr. Harris: So moved.

Mr. Olivieri: Do we have a second?

Ms. McConnell: Second.

Mr. Olivieri: First and second. Any further discussion? All in favor?

All Committee Members: Aye.

Mr. Olivieri: Opposed? Motion carries. Back to you, Barry.

Mr. Tagen: The third item I have is the MAIP Physical Damage Maximum Loss Payable.

The Committee was provided with an overview of information relative to a possible maximum physical damage loss payout including historical high-valued vehicle counts and loss experience. The Committee was also provided loss limitation information contained in residual market plans of several other states. Of the states reviewed, there were three states that excluded physical damage coverage, 10 states with a

maximum physical damage loss payable ranging from \$25,000 to \$75,000, and another 10 states that restrict or exclude coverage based on the Manufacturers Suggested Retail Price.

Counsel advised the Committee that a review of Massachusetts statutory regulations indicates that, while the statute contains a requirement to offer physical damage coverage, there is no language that prohibits a payout limit.

The Committee consensus was that implementing a maximum physical damage loss payable would be appropriate. Discussion then focused on the appropriate limitation. The Committee initially considered a coverage limitation similar to those in other states identified through research by CAR staff, which is about \$75,000 on average, but members opined that this limit was low in light of the cost of the average vehicle.

The Committee unanimously voted to set a MAIP physical damage loss payable coverage limit at \$175,000 per vehicle.

The next steps, staff will draft amendments to the Rules of Operation and MAIP Insurance Manual and provide applicable endorsement forms for consideration at the next meeting.

This is not an action item. It's informational. I'll take any questions.

Mr. Taylor: I have a question, Barry. Any review about the pricing of those vehicles in Massachusetts versus other states? Is there a rating issue as well?

Mr. Tagen: There may be. We haven't gotten to that point. I think the thought at our meeting was conceptually we want to do this. It was the consensus going forward. There's a lot of work to be done on this, exactly how it will be handled. I think there's a lot of experience we can gain by looking at the other states and seeing how they've handled it. Pilgrim's view, this has been in place for many years in many states. They've been through all the growing pains. So, we'll do that.

Mr. Taylor: Thank you.

Mr. Olivieri: Any other questions? Anything else on the report?

Mr. Tagen: One more item. MAIP Policy Application Update – Risk Email Address. The Committee was informed that an Assigned Risk Company had requested the Committee consider adding the insured's email address to the MAIP Policy Application and the associated data transfer record layout. It was noted that such a change to the record layout requires system resources not only by CAR but by the Assigned Risk Companies. Accordingly, CAR reached out to the eight Assigned Risk Companies that are currently taking MAIP assignments to solicit input on perceived costs and benefits. In addition to varying responses from the Assigned Risk Companies, it was also noted that the change would be substantial to those companies utilizing an MAIP XML option in taking the data

versus those carriers that receive their MAIP assignment via an ACORD transfer option.

The Committee discussed the benefits of adding the email address including improving communications with the insured and possible efficiencies associated with going paperless on some transactions and correspondence. The Committee also discussed potential drawbacks such as the lack of data integrity of email addresses that are currently provided by risks through the carrier supplemental applications.

The Committee agreed that further information should be obtained from the Assigned Risk Companies relative to the costs associated with the change, as well as soliciting feedback on any other additional data elements that might be useful.

Accordingly, the discussion will continue at our next meeting. Unless there are any questions, that would conclude my report.

Mr. Olivieri:

Any questions for Barry?

Mr. Taylor:

I had a question. I'm not sure if this is for the MAIP Steering Committee or the Actuarial Committee. In talking with my team back at Hanover, the recent growth of the MAIP book, in particular over the past two months, it's been growing pretty quickly. I'm just wondering if the Committee is starting to review that or any action items to look at if the growth continues. It was shrinking for years but now it seems the growth is starting to accelerate. I'm not sure if that's a review item or if that's on the docket.

Mr. Tagen:

It's not on our agenda for a future meeting at this point in time but I'm sure that we'll have discussion at that Committee and hopefully there will be in other committees. We're seeing the same thing, seeing a lot of carriers changing credit strategies, dropping a lot of credit business, and a large portion of that is going through the MAIP. We saw the decline in the first six months of last year and the second six months it's just escalated every month. We haven't seen a sustained growth period like this – although it's only been growing for seven or eight months – for quite a while.

Mr. Olivieri:

Chris, Nat is going to comment as well.

Ms. Hubley:

In addition to Barry's comments, I would point out that the Actuarial Committee will be meeting, as they do annually, to review the credits. So, they certainly also look at the size of the residual market and comment to that. I think, in tandem, the two committees will probably be having discussions on that issue.

Mr. Taylor:

That will be great to hear the report. Two months in not an over-arching trend, but if it gets six months in – is there a volume point where you start rethinking the credit structure to limit the growth of it.

Ms. Hubley: That will certainly be a topic for the Actuarial Committee. They usually start their working in the April/March timeframe, is that correct?

Mr. Galligan: That is correct.

Mr. Taylor: Thank you.

GC

23.07 Compliance and Operations Committee

Mr. Olivieri: The next agenda item, Compliance and Operations Committee. Wendy.

Ms. Browne: Good morning. I will be reporting on the actions taken at the Compliance and Operations Committee meeting on February 1st. There is one action item for your consideration.

Under the Compliance Audit Program, the Committee was provided with the results of the Allstate Company hybrid audit. It was noted that there were ten premium and claims statistical reporting issues not in compliance with the Statistical Plan. Allstate has indicated that four of the ten quality issues are being reviewed but Allstate has disagreed with five of the identified issues. Accordingly, a call between CAR staff and Allstate will be scheduled to discuss those remaining issues which also include the validation of towing expenses which continues to be an open item on the Esurance audit as well. The Committee was informed that while Allstate does have several issues that remain to be resolved, the overall quota share and rate making results did not meet the benchmark for a yellow traffic light assessment rating. Therefore, CAR staff was recommending a green light assessment indicating that no further auditing is required, and that Allstate remain in the five-year hybrid audit schedule. On a roll call vote, the Committee voted unanimously to accept the audit report without further consideration.

The Committee also reviewed the results of an interim summary focus audit of Incline Insurance Company. It was noted that there are a large number of operators in the audit sample where first licensing occurred outside of the country and that these operators had not yet obtained a Massachusetts license. Thus, most of the audited fields were verified with source documentation provided by Incline which resulted in a lack of validation of a larger percentage of operators and thus an overall high error rate. The company will be required to undergo a hybrid audit within one year of statistical reporting. So, there will be ample time for the company to rectify the reporting issues that have been identified with their statistical reporting. So, we will have further information in another year or two.

The company next considered an issue stemming from Esurance audits. It was reported that Esurance has had multiple hybrid and focus audits due to several recurring reporting issues. While Esurance has made progress in correcting most of the problems, two issues remain outstanding: validation of tow losses and the correct reporting of

endorsement transactions. Staff has recently received correspondence from the company relative to the documentation to support tow losses and is in the process of evaluating the company's comments. Accordingly, information will be provided to the Compliance and Operations Committee at its next meeting for consideration.

Moving on to the endorsement issue, while Esurance has made significant progress in correcting the reporting of its offset and reenter endorsement records, one subset of transactions involving out-of-sequence endorsements continues to be incorrectly reported. Due to the complexity of these transactions, Esurance has indicated that it would be extremely costly to update its system to correctly report these records. Esurance has advised CAR that the out-of-sequence transactions represents approximately 20% of the overall volume of its endorsements. Esurance has further advised CAR staff that it is no longer writing new business in Massachusetts and that Allstate – Esurance's parent company – is anticipating that the book of business will be moved to a different platform in the future. Staff has requested direction from the Committee with respect to the assessment of future penalties. By the close of 2022, Esurance will be assessed approximately \$100,000 in penalties and that these penalties will continue to accrue in future years until corrections are made. It was observed that the Esurance book is small and is already decreasing and thus the impact of the incorrect data would be minimal.

Furthermore, in light of Esurance's successful efforts to correct many of its issues, the anticipated costly system updates and the intention to move the book, certain members felt that it would be appropriate to offer some relief. However, there were concerns about an undefined timeframe for moving the book of business and the potential failure to meet target dates.

Accordingly, the Committee voted unanimously, with one recusal, to stay the penalty assessments as of the close of the 2022 accounting year based on the representations made by the company with respect to its plans to transition the book of business, and also on the condition that Esurance provide a date for the transition plan to move the book by June 2023. Furthermore, Esurance's failure to provide that plan or complete the transition within the timeframes outlined in the plan would result in Committee review and potential reinstatement of stayed penalties.

Under the Claims Subcommittee report, the Committee was provided with an overview of the Claims Subcommittee November 30th meeting in which the Subcommittee met to complete the biennial review of the Private Passenger and Commercial Claims Performance Standards. Several modifications were included to update the Standards or Appendices to reflect the current language of the underlying source document or reference. Another Standard was updated to strengthen the reference defining the requirements that insurers coordinate PIP and med pay claims with health plans. The Subcommittee also agreed with staff's proposed changes to use standardized templates to report SIU audits of garaging and policy facts and then the remaining modifications updated language for consistency.

On a roll call vote, the Committee voted unanimously to accept the amendments to the Private Passenger and Commercial Performance Standards as presented, and to recommend that the Standards be adopted by the Governing Committee and forwarded to the Commissioner of Insurance for approval. The proposed changes can be found in the Additional Information packet, Exhibit 1, Pages 5 through 60. It was lengthy.

This is an action item for your consideration.

Mr. Olivieri: Questions? I'll entertain a motion.

Mr. Harris: Moved to approve as proposed.

Mr. Olivieri: Do we have a second?

Mr. Taylor: Second.

Mr. Olivieri: Any further discussion? All in favor?

All Committee Members: Aye.

Mr. Olivieri: Opposed? Motion carries.

Ms. Browne: Thank you.

Mr. Olivieri: Don't go too far.

Ms. Browne: I'm not planning on it.

Mr. Harris: I have a question. I want to be clear; I support everything that was said but does the CAR Operations Committee have authority to suspend – to put a stay on payments or do we need to approve that?

Ms. Hubley: Normally, when it comes to penalty assessments, either way, it's under advisement by this Committee. So that if, down the road, the company is aggrieved they have an appeal avenue.

Mr. Harris: Thank you.

GC
23.08 Financial Audit Committee

Mr. Olivieri: Next agenda item, Financial Audit Committee. Wendy.

Ms. Browne: I will be reporting on the action item taken at the Financial Audit Committee meeting on February 7th.

Mr. John Buckley of Alexander, Aronson, Finning & Company discussed the review of CAR's financial statements indicating that no

differences were noted and no adjustments were needed. He further advised that based on the agreed upon procedures performed in accordance with standards established by the of American Institute of Certified Public Accountants and its review of CAR's financial statements, AAFCPA will issue a clean, unqualified review report as of and for the year ending September 30, 2022.

After discussing the procedures performed, the auditor findings and some questions and answers, the Committee, on a roll call vote, unanimously voted to recommend to the Governing Committee approval of CAR's financial statements for the fiscal year ending September 30, 2022. This is an action item for your consideration.

Mr. Olivieri: Questions? I'll entertain a motion.

Mr. Harris: Move to accept the report.

Ms. Clemens: Second.

Mr. Olivieri: Further discussion? All in favor?

All Committee Members: Aye.

Mr. Olivieri: Opposed? Motion carries.

Ms. Browne: Thank you very much.

**GC
23.09 Personnel Committee**

Mr. Olivieri: Next agenda item, Personnel Committee. It falls on me.

The Personnel Committee met on February 8th to discuss recommendations to this Committee regarding the annual staff merit increase, salary range movement, and also recommendations for officer salaries.

In preparation for this meeting, everyone has received all of the detail in regard to the minutes of the meeting as well as what the ranges are, salary movement, and also the officer salary recommendations.

At our meeting on the 8th, the Committee unanimously approved the merit increase recommendation proposed by CAR staff of 4% for an increase and .5% discretionary portion for an increase. That is an action item. Again, the Committee unanimously recommended that to the Governing Committee. So, I would entertain a motion unless anyone has any questions in regard to our recommendation.

Ms. Clemens: I make a motion to approve as suggested.

Mr. DePaulo: Second.

Mr. Olivieri: Any further discussion? All in favor?

All Committee Members: Aye.

Mr. Olivieri: Opposed? Motion carries.

At that meeting, the Committee also unanimously recommended that the salary range be 3% which was discussed as presented by CAR staff. Again, we unanimously recommended it to this Committee. I would entertain a motion to approve.

Mr. DePaulo: So moved.

Mr. Olivieri: Do we have a second?

Ms. Woodcock: Second.

Mr. Olivieri: Any further discussion?

Mr. Harris: Yes, I have a question. How is that determined? Not the 3%. That makes sense. But the ranges themselves, that must have been an old process. How is that process determined?

Mr. Olivieri: To make sure I don't trip over myself, figuratively, I'm going to have Nat explain the process.

Ms. Hubley: Early on in my tenure in this role, we undertook an evaluation where we contracted with NFP – they're our partners in these matters – and provided them a list of our job descriptions, got comps, and compared our current ranges – particularly the mid-points of our ranges – to a number of different benchmarks and confirmed our ranges in that way. We refreshed that study about three years later. So, I think the most recent study – I look to Tim because he's helped me with that – was about four years ago.

Mr. Costain: Yes.

Ms. Hubley: As we're doing a lot of succession planning right now and making some changes, we'll probably be refreshing that in the near future.

Mr. Harris: You got to my exact point. Thank you.

Mr. Olivieri: Any other questions, further discussion? All in favor?

All Committee Members: Aye.

Mr. Olivieri: Opposed? Motion carries.

The final portion of our meeting had to do with officer salary recommendations. Rather than go through all of the details, everyone does have those in front of them, so I will call them one at a time.

I would entertain a motion to approve Ms. Wendy Browne, Vice President of Business Operations, salary recommendation as proposed and voted on unanimously by the Personnel Committee.

Mr. Harris: So moved.

Mr. Olivieri: Do we have a second?

Mr. Hughes: Second.

Mr. Olivieri: Any further discussion? All in favor?

All Committee Members: Aye.

Mr. Olivieri: Opposed? Motion carries.

Mr. Peter McCabe, Vice President of Technical Operations, the Committee unanimously voted for the salary increase that's presented in front of you. Do we have a motion to approve?

Mr. DePaulo: So moved.

Mr. Olivieri: Do we have a second?

Ms. Clemens: Second.

Mr. Olivieri: Any further discussion? All in favor?

All Committee Members: Aye.

Mr. Olivieri: Opposed? Motion carries.

Finally, last but not least, Ms. Natalie Hubley, President of CAR, the Committee unanimously voted for the 2023 annual salary that is proposed in front of you. Do we have a motion to approve that?

Mr. DePaulo: So moved.

Ms. Woodcock: Second.

Mr. Olivieri: Any further discussion? All in favor?

All Committee Members: Aye.

Mr. Olivieri: Opposed? Motion carries. Thank you very much.

Other Business

Mr. Olivieri: That brings us to our next agenda item which is Other Business. Do we have any other business to come before us today? Seeing no indication that we do, I will entertain a motion to adjourn.

Mr. Harris: So moved.

Mr. Olivieri: Second?

Ms. Woodcock: Second.

Mr. Olivieri: All in favor?

All Committee Members: Aye.

Mr. Olivieri: Opposed? Motion carries. Thank you very much.

(Meeting ended at 11:10 a.m.)

NATALIE A. HUBLEY
President

Note: This Transcript has not been approved. It will be considered for approval at the next meeting of the Governing Committee.

Attachment

Boston, Massachusetts
February 21, 2023

The above proceedings have been transcribed in accordance with CAR's guidelines for producing quality transcripts, which provide for the elimination of insignificant material that does not alter the substance of the Committee's discussions, such as sidebar comments, the use of verbal fillers (i.e., uhm's and ah's), and commentary (i.e., "laughter" and "coughing").

ATTACHMENT LISTING

Docket #GC23.02, Exhibit #1

Attendance Listing

