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NOTICE OF MEETING

JOINT ACTUARIAL COMMERCIAL LINES COMMITTEE

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

WEDNESDAY, AUGUST 25, 2021, AT 1:00 P.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

Mr. Glenn Hiltpold – Chair
Safety Insurance Company

Ms. Sarah Clemens
Ms. Sheila Doherty
Mr. James French
Mr. Levi Kamenetsky
Mr. Thomas Skelly, Jr.
Mr. Barry Tagen
Mr. Hugh Thai

MAPFRE U.S.A. Corporation
Doherty Insurance Agency, Inc.
Quincy Mutual Group
The Hanover Insurance Company
Deland, Gibson Insurance Associates, Inc.
Pilgrim Insurance Company
Arbella Insurance Group

AGENDA

JACL

20.01 Records of Previous Meeting

The Records of the Joint Actuarial Commercial Lines Committee meeting of November 12, 2020 should be read and approved.

JACL

21.03 CAR Conflict of Interest Policy

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

JACL

21.04 CAR Commercial Rate Need Review

During its discussions in 2020, the Joint Actuarial Commercial Lines Committee directed Staff to file amendments to its rates to implement the proposed rating modifications described in the white paper over a period of two years. While CAR did file a rate change in early 2021, this filing was subsequently withdrawn with the intention of submitting a new filing at a later date that would address the issues raised in the Division of Insurance filing guidance 2021-D.

Staff, with its actuarial consultant, is in the process of developing an updated filing and is seeking input from the Committee relative to rating options for zone rated vehicles with a principal garaging location outside of Massachusetts, and additional non-owned rates for delivery services and stand-alone policies. Descriptions of alternative rating options will be distributed as additional information prior to the meeting.

JACL

21.05 Consideration of ISO Optional Class Plan

The Committee is requested to consider whether revisions to the ISO Class Plan, or certain components within the plan, would benefit the residual market. (Docket #JACL21.05, Exhibit #1)

Other Business

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

Executive Session

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

KATY PROCTOR
Actuarial/Statistical Analyst

Attachment

Boston, Massachusetts
August 12, 2021

CAR Joint Actuarial Commercial Lines Committee Consideration - ISO Class Plan

The ISO Optional Class Plan was introduced in 2015 and implemented in most jurisdictions on an optional basis in 2016. Statistical reporting for the optional plan became mandatory in 2019. ISO support for its current class plan will cease in 2022 and the optional class plan will become mandatory. The AIB will file the new ISO Class Plan to enable companies to adopt it for use in MA at their discretion. However, the AIB does not intend to adopt the plan at this time for its advisory rate filing.

Below is a brief description of the revised ISO Class Plan and related statistical reporting impacts. The Committee is requested to comment on whether the revised plan, or certain components within the plan, would benefit the residual market from a rating perspective.

Components of the ISO Class Plan

Trucks, Tractors, and Trailers

- The primary factor for physical damage will vary by coverage
- The secondary factor is changing from an additive to multiplicative factor, and will vary for liability, collision, and OTC
- Fleet Size is expanding from 2 levels (+/- 5 vehicles) to 20 different levels.
- Age is expanded to 27 model years.
- Original Cost New will be collected for vehicles with values less than \$90,000. Currently, CAR collects Symbol and Original Cost New is required only for vehicles with a value exceeding \$90,000
- NAICS Factors – new factors are built into the classification system.
 - The North American Industry Classification System is the standard used by federal statistical agencies in classifying business establishments

Private Passenger Types

- Classification will include driving experience and principal/occasional status
- Fleet Size, Age, Original Cost New, and NAICS Factors as described above

Statistical Reporting Impacts if Adopted:

- Primary and Secondary Factors: new coding to implement factors varying by coverage
- Fleet Size: either additional classification codes or a new field to identify fleet size
- Age: either expand the current 1 byte field to a 2 byte field or introduce alphanumeric codes
- Original Cost New: eliminate the symbol field and collect cost new for all vehicles
- NAICS factors: addition of over 1,000 separate classification codes
- PPT: new classifications codes which will include driving experience and principal/occasional status