



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

JOINT ACTUARIAL COMMERCIAL LINES COMMITTEE – AUGUST 25, 2021

Members Present

Mr. Glenn Hiltbold – Chair	Safety Insurance Company
Mr. Winfred Botchway ⁽¹⁾	Arbella Insurance Group
Ms. Sarah Clemens	MAPFRE U.S.A. Corporation
Mr. James French	Quincy Mutual Group
Mr. Levi Kamenetsky	The Hanover Insurance Company
Mr. Thomas Skelly, Jr.	Deland, Gibson Insurance Associates, Inc.
Mr. Barry Tagen	Pilgrim Insurance Company

Substituted for:
⁽¹⁾Mr. Hugh Thai

Not in Attendance:
Ms. Sheila Doherty, Doherty Insurance Agency, Inc.

20.01 Records of Previous Meeting

On a roll call vote, the Committee unanimously voted to approve the Records of the Joint Actuarial Commercial Lines Committee meeting of November 12, 2020. The Records have been distributed and are on file.

21.04 CAR Commercial Rate Need Review

Ms. Wendy Browne advised that in its most recent filing, CAR had proposed to address rating for zone-rated vehicles garaged out-of-state via a redefinition of the current zone-rating tables. As the filing was subsequently withdrawn to allow for a review of 2020 data pursuant to the Division of Insurance filing guidance, staff is asking that the Committee consider alternative approaches to address the out-of-state rating differential and provide direction to staff as it prepares a rate filing for later this year.

Ms. Browne described the benefits and drawbacks of the approach taken in the most recent filing. She noted that the filing option initially required no rating system changes. However, additional base rate tables would be needed if CAR were to introduce rating differentials for additional states or state groupings. Further, she explained that this approach would result in inconsistencies among data reported for voluntary and residual market business.

Ms. Browne then described an alternative approach that would involve the addition of a separate rating factor with values varying depending upon principal garaging location. She explained that, while this approach would require rating system changes upon implementation, it offers more flexibility to introduce additional out-of-state differentials as needed. In addition, a modification to statistical reporting to collect garaging location for zone-rated vehicles in the premium town and zip code fields would enable accurate identification of comparable voluntary and residual market data.

The Servicing Carriers advised that the latter approach to add a rating factor with multiple values requires significantly less resources than the former approach to add rating tables. Further, the Committee noted the benefits of enhanced statistical data. After discussion, the members agreed to direct CAR to pursue the separate rating factor approach in its upcoming filing.

Mr. Timothy Galligan then advised that staff is currently evaluating the nature of the non-ownership liability coverage in preparation for a future filing, and is asking that the Committee comment on an expanded class plan and the practical administration of the non-ownership coverage. He explained that due to the growth in the delivery services industry, AIPSO in its recent report to CAR, recommended introducing separate non-ownership liability rates for delivery services and all other non-owned coverage. Further, due to the high volume of coverage purchased on a stand-alone basis, staff is also recommending rates for stand-alone policies and separate rates for coverage extended on an existing policy. Mr. Galligan referred to the table of recommended classifications provided with the Additional Information to illustrate the recommended approach.

Committee members expressed a preference to simplify the rating approach and questioned the need for separate rates for delivery services and all other non-owned coverage. Servicing Carriers advised that the vast majority of coverage being afforded in the residual market is for delivery services. Other members questioned whether rating by the number of vehicles used for delivery would be a better approach than by number of employees. In addition, committee members suggested that staff evaluate the impact of non-owned coverage afforded in conjunction with hired autos. The Committee directed staff to research the issues raised for further discussion at a future meeting.

21.05 Consideration of ISO Optional Class Plan

Ms. Browne described modifications to the ISO classification plan implemented in 2019. She noted the application of primary and secondary rating factors by coverage, the introduction of multiple fleet and age levels, the expanded use of original cost new, and the introduction of additional use classes as adopted by the North American Industry Classification System. She further noted that the private passenger type classes will also capture driving experience and principal/occasional status. Ms. Browne advised that 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.

The Committee noted the advantages of the more granular classification system but expressed concern with the significant and costly systems changes that would be needed to implement the new class structure. The Committee agreed that in light of other rating priorities such as those discussed earlier, and the lack of data indicating a rating concern, it would table further discussion on these issues at this time.

KATY PROCTOR
Actuarial/Statistical Analyst

Boston, Massachusetts
August 26, 2021

ATTACHMENT LISTING

Docket #JACL21.02, Exhibit #1

Attendance Listing

**JOINT ACTUARIAL COMMERCIAL LINES COMMITTEE MEETING
 MEETING ATTENDEES
 AUGUST 25, 2021**

Individual's Name

Company / Agency

PLEASE PRINT

Glenn Hiltpold	Safety Insurance Company
Winfred Botchway	Arbella Insurance Group
Sarah Clemens	MAPFRE U. S. A. Corporation
James French	Quincy Mutual Group
Levi Kamenetsky	The Hanover Insurance Company
Thomas Skelly, Jr	Deland, Gibson Insurance Associates, Inc.
Barry Tagen	Pilgrim Insurance Company
John Magadieu	Arbella Insurance Group
William Scully	AIB
Mary Ellen Thompson	Division of Insurance
Wendy Browne	CAR Staff
Shannon Chiu	CAR Staff
Timothy Costain	CAR Staff
Timothy Galligan	CAR Staff
Natalie Hubley	CAR Staff
Cheryl Kopas	CAR Staff
Katy Proctor	CAR Staff
Lynne Rosenberg	CAR Staff
Robin Tigges	CAR Staff