



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

PERSONNEL COMMITTEE – FEBRUARY 8, 2023

Members Present

Mr. John Olivieri, Jr. – Chair
Ms. Sarah Clemens
Mr. Thomas DePaulo
Mr. William Hughes
Ms. Nicole Martorana
Mr. Christopher Taylor
Ms. Meredith Woodcock

J.K Olivieri Insurance Agency, Inc.
MAPFRE U.S.A. Corporation
Cabot Risk Strategies, LLC
Arbella Insurance Group
FBInsure, LLC
The Hanover Insurance Company
Liberty Mutual Insurance Companies

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 Personnel Committee meeting of October 25, 2022. The Records have been distributed and are on file.

23.04 2023 Annual Merit Increase

Mr. Timothy Costain provided the current market context within which CAR's merit increase proposal was developed. He noted ongoing inflation and increases to the Consumer Price Index, the responsive Social Security cost of living adjustment and employer comments reflecting higher merit increase averages across the country. Mr. Costain reviewed merit increase information of industry-funded peer organizations to which CAR ties its merit increase recommendation, noting that CAR's proposed increase is in line with the average of those companies. He did not specifically provide member company experience, noting diminished survey participation resulting in a lack of representative data.

Ms. Natalie Hubley provided the rationale for the proposed merit increase for staff and the President's discretionary percentage for outstanding performers. She noted her intent to motivate and retain talented staff coupled with succession planning objectives to involve middle and lower-level staff more directly in problem solving and implementation of impactful solutions. Ms. Hubley stressed the recommendation is conservative and fiscally responsible within the current economic environment, adding that the discretionary compensation is substantially awarded as one-time payments and does not represent an increase to base salary. She noted that her overall merit recommendation is well within the range of the peer organizations but resulting in CAR's base salary level increase less than the average of the peer

organizations. She indicated that the approach balances the interest of the member companies to mitigate rising costs with her interests as an advocate for the staff to soften the impact of today's economic environment. Ms. Hubley proposed a 2023 merit increase percentage, plus an amount to target individuals whose performance is deserving of meaningful additional compensation.

The Committee unanimously voted to recommend to the Governing Committee adoption of a merit increase for calendar year 2023 as proposed by Ms. Hubley, with an additional percentage to be distributed on a discretionary basis by the President to deserving employees.

23.05 2023 Annual Range Movement

Staff provided a review of salary range survey information compiled by CAR including industry-funded peer organizations planned increases. As is the case with the merit increase process, member companies are surveyed, but they are not a group upon which CAR focuses based on the varying approaches and lack of consistency on which to draw applicable conclusions. Based on the survey information and in keeping with past practice, CAR continues to focus on alignment with peer organizations. A 2023 salary range increase percentage was proposed for the Committee's consideration.

There were questions about the different percentage increases proposed for merit and salary range and whether there were individuals whose salary had reached the maximum of their range. Staff provided an explanation of CAR's merit increase formula which mitigates the likelihood that employees will hit their salary range ceiling over time. As longer-term employees reach retirement that possibility is lessened.

Following discussion, the Committee unanimously voted to recommend to the Governing Committee a salary range increase percentage as recommended for calendar year 2023.

23.06 Officer Salary Recommendations

Ms. Hubley provided 2022 job performance assessments of Ms. Wendy Browne, Vice President of Business Operations and Mr. Peter McCabe, Vice President of Technical Operations. She indicated that both individuals were highly successful and productive in 2022 and identified numerous challenges and accomplishments of each officer.

Ms. Hubley proposed a salary increase for Ms. Browne and for Mr. McCabe consistent with the merit increase percentage approved for CAR staff for 2023.

The Committee unanimously voted to recommend to the Governing Committee a 2023 salary increase for Wendy Browne, Vice President of Business Operations, as proposed by Ms. Hubley.

The Committee also unanimously voted to recommend to the Governing Committee a 2023 salary increase for Peter McCabe, Vice President of Technical Operations, as proposed by Ms. Hubley.

23.07 President's Salary Recommendation

Committee Chair John Olivieri provided a review and assessment of CAR President, Natalie Hubley's 2022 job performance. He cited discussion of the President's 2022 performance objectives at the Committee's October 2022 meeting and subsequent discussion confirmed consensus among committee members regarding Ms. Hubley's job performance. There was a desire expressed by members to continue

efforts to ensure a competitive salary level for CAR's President. Accordingly, the Committee focused on identifying an increase percentage to responsibly reposition Ms. Hubley's 2023 salary within her salary range.

Following discussion, the Committee unanimously voted to recommend to the Governing Committee a merit increase for Ms. Hubley in 2023 pursuant to that objective.

TIMOTHY COSTAIN
Chief of Staff

Boston, Massachusetts
February 9, 2023

ATTACHMENT LISTING

Docket #PC23.02, Exhibit #1

Attendance Listing

**PERSONNEL COMMITTEE MEETING
MEETING ATTENDEES
FEBRUARY 8, 2023**

Individual's Name

Company / Agency

PLEASE PRINT

John Olivieri, Jr.	J.K. Olivieri Insurance Agency, Inc.
William Hughes	Arbella Insurance Group
Sarah Clemens	MAPFRE U.S.A. Corporation
Thomas DePaulo	Cabot Risk Strategies, LLC
Nicole Martorana	FBInsure, LLC
Christopher Taylor	The Hanover Insurance Company
Meredith Woodcock	Liberty Mutual Insurance Companies
Timothy Costain	CAR Staff
Natalie Hubley	CAR Staff
Steven Gautieri	CAR Staff