



DANIEL R. JUDSON  
PRESIDENT

# COMMONWEALTH AUTOMOBILE REINSURERS

225 Franklin Street Boston, Massachusetts 02110

www.commauto.com

617-338-4000

## NOTICE OF MEETING

### GOVERNING COMMITTEE

A meeting of the Governing Committee will be held at the offices of Commonwealth Automobile Reinsurers, 225 Franklin Street, Boston, on

**WEDNESDAY, FEBRUARY 15, 2012 AT 10:00 A.M.**

### MEMBERS OF THE COMMITTEE

Mr. William J. Cahill, Jr. – Chairman  
The Hanover Insurance Company

Mr. Paolo V. Abelli  
Ms. Carol M. Berthold  
Mr. David H. Cochrane  
Mr. Sumner D. Gilman  
Ms. Paula W. Gold  
Mr. Richard P. Jones  
Mr. Joseph P. Leahy, Jr.  
Mr. Raymond A. Lukas  
Mr. Robert P. Suglia  
Ms. Marie-Armel Theodat  
Mr. John P. Tierney  
Mr. Joseph A. Vargas

Liberty Mutual Group  
GEICO  
The Commerce Insurance Company  
Economy Insurance Agency, Inc.  
Plymouth Rock Assurance Corporation  
Leslie S. Ray Insurance Agency, Inc.  
Leahy & Brown Insurance and Realty  
Chase, Clarke, Stewart & Fontana  
Amica Mutual Insurance Company  
R. Theodat Insurance Agency, Inc.  
Quincy Mutual Group  
Vargas & Vargas Insurance

### AGENDA

**GC**

**11.01 Records of Previous Meeting**

The Transcript of the Governing Committee meeting of November 16, 2011 should be read and approved.

**GC**

**12.01 Records of Previous Meeting**

The Transcript of the Special Governing Committee meeting of January 18, 2012 should be read and approved.

**GC**

**12.03 President's Report**

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

**GC**

**12.04 Counsel's Report**

Commonwealth Automobile Reinsurers' outside counsel will report on matters affecting pending litigation and CAR Rule changes.

**GC**

**11.05 Loss Reserving Committee**

The Chairman of the Loss Reserving Committee will report on the meeting of December 7, 2011.

A summary of the Loss Reserving Committee meeting of December 7, 2011 is attached. (Docket #GC11.05, Exhibit #5)

The Records of the Loss Reserving Committee meeting of December 7, 2011 have been distributed and are on file with CAR's Secretary.

**GC**

**12.06 MAIP Steering Committee**

The Chairman of the MAIP Steering Committee will report on the meetings of January 18 and February 14, 2012.

The Records of the MAIP Steering Committee meeting of January 18, 2012 are attached. (Docket #GC12.06, Exhibit #1)

A summary of the MAIP Steering Committee meeting of February 14, 2012 will be distributed at the meeting.

The Records of the MAIP Steering Committee meeting of January 18, 2012 have been distributed and are on file with CAR's Secretary.

**GC**

**12.07 Compliance Audit Committee**

The Chairman of the Compliance Audit Committee will report on the meeting of February 8, 2012.

The Records of the Compliance Audit Committee meeting of February 8, 2012 will be distributed as additional information prior to the meeting.

**GC  
12.08 Personnel Committee**

The Chairman of the Personnel Committee will report on the meeting of February 15, 2012.

A summary of the Personnel Committee meeting of February 15, 2012 will be distributed at the meeting.

The Records of the Personnel Committee meetings of September 6 and 13, 2011 have been distributed and are on file with CAR's Secretary.

**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.

DANIEL R. JUDSON  
President

**Attachments**

Boston, Massachusetts  
February 3, 2012



DANIEL R. JUDSON  
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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## SUMMARY OF MEETING

### LOSS RESERVING COMMITTEE – DECEMBER 7, 2011

#### Members Present

Mr. Michael A. DeConti – Chairman	Travelers Insurance
Mr. Kevin D. Burns	The Hanover Insurance Company
Mr. Joseph F. Cofield	Metropolitan P & C Insurance Company
Mr. Christopher J. Morkunas	Safety Insurance Company
Ms. Lynellen Ramirez	Arbella Insurance Group

Substituted for:

N/A

Not in Attendance:

Mr. Warren S. Ehrlich, The Commerce Insurance Company

Ms. Meredith M. Woodcock, Liberty Mutual Group

#### 11.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Loss Reserving Committee meeting of September 7, 2011. The Records have been distributed and are on file with CAR's Secretary.

#### 11.05 Policy Year Deficit and Loss Ratio Report

The Committee set loss and loss adjustment expense reserves, using data through September 30, 2011. The Committee estimated a policy year 2011 commercial deficit of \$4.7 million with a loss ratio of 76.0 percent and a policy year 2010 commercial deficit of \$5.1 million with a loss ratio of 74.0 percent.

The Committee projected a policy year 2009 private passenger ultimate deficit of \$9.3 million with a loss ratio of 106.7 percent. Ultimate loss ratio and deficit projections for policy years 2011 and prior are detailed in the attached exhibits.

SHANNON CHIU  
Actuarial/Statistical Analyst

Boston, Massachusetts  
February 3, 2012

**REPORT OF THE LOSS RESERVING COMMITTEE**  
**Quarter Ending September 30, 2011**

<b>Private Passenger LIABILITY</b>	<u>PY 2011</u>	<u>PY 2010</u>	<u>PY 2009</u>	<u>PY 2008</u>
	<u>@09 Mcs</u>	<u>@21 Mcs</u>		
Written Premium	0	0	19,477	103,435
Written Premium Accrued	0	0	0	0
Unearned Premium Current	0	0	0	0
Total Earned Premium	0	0	19,477	103,435
Reported Losses	0	0	22,148	106,708
I.B.N.R. Reserve	0	0	(1,232)	(685)
Total Incurred Losses	0	0	20,916	106,023
<b>Loss Ratio</b>	<b>0.000</b>	<b>0.000</b>	<b>1.074</b>	<b>1.025</b>
Ceding Expenses & Commissions	0	0	6,226	33,497
Ceding Expenses Accrued	0	0	0	0
Rate Deviation	0	0	1,905	6,408
Rate Deviation Expense All.	0	0	607	2,069
Deferred Acquisition Costs	0	0	0	0
Expense Ratio to Earned Premium	0.000	0.000	0.320	0.324
C.A.R. Underwriting Deficit	0	0	(6,367)	(31,746)
<b>Private Passenger PHYSICAL DAMAGE</b>	<u>PY 2011</u>	<u>PY 2010</u>	<u>PY 2009</u>	<u>PY 2008</u>
	<u>@09 Mcs</u>	<u>@21 Mcs</u>		
Written Premium	0	0	9,321	48,958
Written Premium Accrued	0	0	0	0
Unearned Premium Current	0	0	0	0
Total Earned Premium	0	0	9,321	48,958
Reported Losses	0	0	9,466	52,319
I.B.N.R. Reserve	0	0	349	(437)
Total Incurred Losses	0	0	9,815	51,882
<b>Loss Ratio</b>	<b>0.000</b>	<b>0.000</b>	<b>1.053</b>	<b>1.060</b>
Ceding Expenses & Commissions	0	0	3,049	16,397
Ceding Expenses Accrued	0	0	0	0
Rate Deviation	0	0	826	2,837
Rate Deviation Expense All.	0	0	268	951
Deferred Acquisition Costs	0	0	0	0
Expense Ratio to Earned Premium	0.000	0.000	0.327	0.335
C.A.R. Underwriting Deficit	0	0	(2,985)	(17,435)
<b>Private Passenger - ALL</b>	<u>PY 2011</u>	<u>PY 2010</u>	<u>PY 2009</u>	<u>PY 2008</u>
	<u>@09 Mcs</u>	<u>@21 Mcs</u>		
Written Premium	0	0	28,798	152,393
Written Premium Accrued	0	0	0	0
Unearned Premium Current	0	0	0	0
Total Earned Premium	0	0	28,798	152,393
Reported Losses	0	0	31,614	159,027
I.B.N.R. Reserve	0	0	(883)	(1,122)
Total Incurred Losses	0	0	30,731	157,905
<b>Loss Ratio</b>	<b>0.000</b>	<b>0.000</b>	<b>1.067</b>	<b>1.036</b>
Ceding Expenses & Commissions	0	0	9,275	49,894
Ceding Expenses Accrued	0	0	0	0
Rate Deviation	0	0	2,731	9,245
Rate Deviation Expense All.	0	0	875	3,020
Deferred Acquisition Costs	0	0	0	0
Expense Ratio to Earned Premium	0.000	0.000	0.322	0.327
C.A.R. Underwriting Deficit	0	0	(9,352)	(49,181)

**REPORT OF THE LOSS RESERVING COMMITTEE**  
**Quarter Ending September 30, 2011**

Private Passenger LIABILITY	<u>PY 2007</u>	<u>PY 2006</u>	<u>PY 2005</u>	<u>PY 2004</u>
Written Premium	176,663	213,116	291,370	305,053
Written Premium Accrued	0	0	0	0
Unearned Premium Current	0	0	0	0
Total Earned Premium	176,663	213,116	291,370	305,053
Reported Losses	175,721	203,405	261,959	322,037
I.B.N.R. Reserve	(1,703)	(1,835)	(1,699)	25
Total Incurred Losses	174,018	201,570	260,260	322,062
Loss Ratio	0.985	0.946	0.893	1.056
Ceding Expenses & Commissions	57,570	65,753	86,637	87,834
Ceding Expenses Accrued	0	0	0	0
Rate Deviation	1,173	1,242	1,595	1,674
Rate Deviation Expense All.	384	388	475	476
Deferred Acquisition Costs	0	0	0	0
Expense Ratio to Earned Premium	0.326	0.309	0.297	0.288
C.A.R. Underwriting Deficit	(54,136)	(53,353)	(54,407)	(103,645)
Private Passenger PHYSICAL DAMAGE	<u>PY 2007</u>	<u>PY 2006</u>	<u>PY 2005</u>	<u>PY 2004</u>
Written Premium	80,260	93,448	121,540	135,482
Written Premium Accrued	0	0	0	0
Unearned Premium Current	0	0	0	0
Total Earned Premium	80,260	93,448	121,540	135,482
Reported Losses	81,602	90,541	113,855	136,239
I.B.N.R. Reserve	(63)	(31)	0	0
Total Incurred Losses	81,539	90,510	113,855	136,239
Loss Ratio	1.016	0.969	0.937	1.006
Ceding Expenses & Commissions	27,445	30,961	37,991	42,759
Ceding Expenses Accrued	0	0	0	0
Rate Deviation	599	648	718	817
Rate Deviation Expense All.	206	212	223	252
Deferred Acquisition Costs	0	0	0	0
Expense Ratio to Earned Premium	0.342	0.331	0.313	0.316
C.A.R. Underwriting Deficit	(28,331)	(27,587)	(29,811)	(42,951)
Private Passenger - ALL	<u>PY 2007</u>	<u>PY 2006</u>	<u>PY 2005</u>	<u>PY 2004</u>
Written Premium	256,923	306,564	412,910	440,535
Written Premium Accrued	0	0	0	0
Unearned Premium Current	0	0	0	0
Total Earned Premium	256,923	306,564	412,910	440,535
Reported Losses	257,323	293,946	375,814	458,276
I.B.N.R. Reserve	(1,766)	(1,866)	(1,699)	25
Total Incurred Losses	255,557	292,080	374,115	458,301
Loss Ratio	0.995	0.953	0.906	1.040
Ceding Expenses & Commissions	85,015	96,714	124,628	130,593
Ceding Expenses Accrued	0	0	0	0
Rate Deviation	1,772	1,890	2,313	2,491
Rate Deviation Expense All.	590	600	698	728
Deferred Acquisition Costs	0	0	0	0
Expense Ratio to Earned Premium	0.331	0.315	0.302	0.296
C.A.R. Underwriting Deficit	(82,467)	(80,940)	(84,218)	(146,596)

**REPORT OF THE LOSS RESERVING COMMITTEE**  
**Quarter Ending September 30, 2011**

All Other LIABILITY	<u>PY 2011</u> <u>@09 Mos</u>	<u>PY 2010</u> <u>@21 Mos</u>	<u>PY 2009</u>	<u>PY 2008</u>
Written Premium	53,749	72,840	79,731	94,992
Written Premium Accrued	0	0	0	0
Unearned Premium Current	32,863	2,136	0	0
Total Earned Premium	20,886	70,704	79,731	94,992
Reported Losses	12,876	40,922	53,220	66,586
I.B.N.R. Reserve	2,519	10,914	3,035	1,663
Total Incurred Losses	15,395	51,836	56,255	68,249
Loss Ratio	0.737	0.733	0.706	0.718
Ceding Expenses & Commissions	15,802	22,179	24,156	27,532
Ceding Expenses Accrued	0	0	0	0
Deferred Acquisition Costs	9,661	650	0	0
Expense Ratio to Earned Premium	0.294	0.304	0.303	0.290
C.A.R. Underwriting Deficit	(650)	(2,661)	(680)	(789)
All Other PHYSICAL DAMAGE	<u>PY 2011</u> <u>@09 Mos</u>	<u>PY 2010</u> <u>@21 Mos</u>	<u>PY 2009</u>	<u>PY 2008</u>
Written Premium	14,044	18,972	23,325	29,251
Written Premium Accrued	0	0	0	0
Unearned Premium Current	8,358	569	0	0
Total Earned Premium	5,686	18,403	23,325	29,251
Reported Losses	4,452	14,463	15,198	17,515
I.B.N.R. Reserve	361	(360)	(22)	1,099
Total Incurred Losses	4,813	14,103	15,176	18,614
Loss Ratio	0.846	0.766	0.651	0.636
Ceding Expenses & Commissions	4,755	6,843	7,774	9,250
Ceding Expenses Accrued	0	0	0	0
Deferred Acquisition Costs	2,829	205	0	0
Expense Ratio to Earned Premium	0.339	0.361	0.333	0.316
C.A.R. Underwriting Deficit	(1,053)	(2,338)	375	1,387
All Other - ALL	<u>PY 2011</u> <u>@09 Mos</u>	<u>PY 2010</u> <u>@21 Mos</u>	<u>PY 2009</u>	<u>PY 2008</u>
Written Premium	67,793	91,812	103,056	124,243
Written Premium Accrued	0	0	0	0
Unearned Premium Current	41,221	2,705	0	0
Total Earned Premium	26,572	89,107	103,056	124,243
Reported Losses	17,328	55,385	68,418	84,101
I.B.N.R. Reserve	2,880	10,554	3,013	2,762
Total Incurred Losses	20,208	65,939	71,431	86,863
Loss Ratio	0.760	0.740	0.693	0.699
Ceding Expenses & Commissions	20,557	29,022	31,930	36,782
Ceding Expenses Accrued	0	0	0	0
Deferred Acquisition Costs	12,490	855	0	0
Expense Ratio to Earned Premium	0.303	0.316	0.310	0.296
C.A.R. Underwriting Deficit	(1,703)	(4,999)	(305)	598

**REPORT OF THE LOSS RESERVING COMMITTEE**  
**Quarter Ending September 30, 2011**

<b>All Other LIABILITY</b>	<b><u>PY 2007</u></b>	<b><u>PY 2006</u></b>	<b><u>PY 2005</u></b>	<b><u>PY 2004</u></b>
Written Premium	122,735	148,157	153,002	158,108
Written Premium Accrued	0	0	0	0
Unearned Premium Current	0	0	0	0
Total Earned Premium	122,735	148,157	153,002	158,108
Reported Losses	70,509	94,656	92,371	107,601
I.B.N.R. Reserve	(451)	182	(79)	(26)
Total Incurred Losses	70,058	94,838	92,292	107,575
Loss Ratio	0.571	0.640	0.603	0.680
Ceding Expenses & Commissions	34,683	43,414	40,971	42,185
Ceding Expenses Accrued	0	0	0	0
Deferred Acquisition Costs	0	0	0	0
Expense Ratio to Earned Premium	0.283	0.293	0.268	0.267
C.A.R. Underwriting Deficit	17,994	9,905	19,739	8,348
<b>All Other PHYSICAL DAMAGE</b>	<b><u>PY 2007</u></b>	<b><u>PY 2006</u></b>	<b><u>PY 2005</u></b>	<b><u>PY 2004</u></b>
Written Premium	37,480	45,570	49,093	52,088
Written Premium Accrued	0	0	0	0
Unearned Premium Current	0	0	0	0
Total Earned Premium	37,480	45,570	49,093	52,088
Reported Losses	20,652	24,687	25,412	28,203
I.B.N.R. Reserve	30	3	0	0
Total Incurred Losses	20,682	24,690	25,412	28,203
Loss Ratio	0.552	0.542	0.518	0.541
Ceding Expenses & Commissions	11,972	13,465	14,081	14,856
Ceding Expenses Accrued	0	0	0	0
Deferred Acquisition Costs	0	0	0	0
Expense Ratio to Earned Premium	0.319	0.295	0.287	0.285
C.A.R. Underwriting Deficit	4,826	7,415	9,600	9,029
<b>All Other - ALL</b>	<b><u>PY 2007</u></b>	<b><u>PY 2006</u></b>	<b><u>PY 2005</u></b>	<b><u>PY 2004</u></b>
Written Premium	160,215	193,727	202,095	210,196
Written Premium Accrued	0	0	0	0
Unearned Premium Current	0	0	0	0
Total Earned Premium	160,215	193,727	202,095	210,196
Reported Losses	91,161	119,343	117,783	135,804
I.B.N.R. Reserve	(421)	185	(79)	(26)
Total Incurred Losses	90,740	119,528	117,704	135,778
Loss Ratio	0.566	0.617	0.582	0.646
Ceding Expenses & Commissions	46,655	56,879	55,052	57,041
Ceding Expenses Accrued	0	0	0	0
Deferred Acquisition Costs	0	0	0	0
Expense Ratio to Earned Premium	0.291	0.294	0.272	0.271
C.A.R. Underwriting Deficit	22,820	17,320	29,339	17,377

ALL PRIVATE PASSENGER

Policy Yr	12-09	03-10	06-10	09-10	12-10	03-11	06-11	09-11
2011								
2010								
2009	108.4%	107.2%	109.4%	109.1%	108.2%	108.8%	108.1%	106.7%
2008	106.0%	105.3%	105.9%	105.2%	104.8%	104.0%	103.5%	103.6%
2007	99.8%	99.3%	99.7%	99.6%	99.6%	99.9%	99.5%	99.5%
2006	95.3%	95.3%	95.4%	95.5%	95.4%	95.5%	95.4%	95.3%
2005	90.8%	90.8%	90.8%	90.9%	90.9%	91.0%	90.8%	90.6%
2004	103.9%	103.9%	104.0%	103.9%	104.0%	104.0%	104.0%	104.0%

ALL OTHER THAN PRIVATE PASSENGER

Policy Yr	12-09	03-10	06-10	09-10	12-10	03-11	06-11	09-11
2011						77.9%	76.2%	76.0%
2010		76.8%	75.9%	76.9%	76.7%	76.7%	74.7%	74.0%
2009	72.8%	74.4%	74.6%	73.8%	73.8%	71.1%	70.0%	69.3%
2008	69.2%	69.3%	68.4%	68.4%	68.2%	70.0%	69.8%	69.9%
2007	60.0%	60.1%	59.0%	58.2%	58.0%	56.4%	56.2%	56.6%
2006	62.9%	63.0%	62.7%	62.2%	61.9%	61.7%	61.5%	61.7%
2005	58.8%	58.6%	58.8%	58.8%	58.5%	58.6%	58.4%	58.2%
2004	64.5%	64.7%	64.8%	65.1%	65.0%	64.8%	64.8%	64.6%

P.P. BODILY INJURY & PIP

Policy Yr	12-09	03-10	06-10	09-10	12-10	03-11	06-11	09-11
2011								
2010								
2009	124.3%	121.2%	124.2%	124.7%	123.3%	122.8%	121.2%	121.4%
2008	122.2%	119.6%	119.7%	118.6%	117.5%	116.3%	114.9%	114.6%
2007	108.5%	108.0%	108.5%	107.8%	107.8%	108.5%	107.4%	107.4%
2006	101.9%	101.9%	102.2%	102.3%	102.0%	102.4%	102.1%	101.9%
2005	97.4%	97.4%	97.3%	97.4%	97.4%	97.6%	97.2%	96.9%
2004	118.5%	118.4%	118.5%	118.5%	118.5%	118.6%	118.6%	118.7%

P.P. PROPERTY DAMAGE LIABILITY

Policy Yr	12-09	03-10	06-10	09-10	12-10	03-11	06-11	09-11
2011								
2010								
2009	85.4%	85.4%	86.6%	86.0%	85.9%	89.3%	89.3%	89.2%
2008	84.9%	85.9%	87.0%	87.0%	87.2%	87.2%	87.3%	87.1%
2007	89.2%	87.5%	87.5%	87.5%	87.4%	87.0%	87.0%	86.8%
2006	84.2%	84.2%	84.1%	84.2%	84.2%	84.3%	84.3%	84.0%
2005	78.0%	78.0%	78.0%	78.1%	78.1%	78.1%	78.1%	77.9%
2004	85.6%	85.6%	85.6%	85.6%	85.6%	85.6%	85.6%	85.6%

PRIVATE PASSENGER LIABILITY

Policy Yr	12-09	03-10	06-10	09-10	12-10	03-11	06-11	09-11
2011								
2010								
2009	107.4%	105.7%	107.8%	107.9%	107.0%	108.2%	107.3%	107.4%
2008	105.8%	104.8%	105.3%	104.7%	104.2%	103.5%	102.7%	102.5%
2007	100.2%	99.1%	99.4%	99.0%	98.9%	99.2%	98.6%	98.5%
2006	94.7%	94.7%	94.8%	94.9%	94.7%	95.0%	94.8%	94.6%
2005	89.7%	89.7%	89.6%	89.7%	89.7%	89.8%	89.6%	89.3%
2004	105.4%	105.4%	105.5%	105.4%	105.5%	105.5%	105.6%	105.6%

ALL OTHER BODILY INJURY & PIP

Policy Yr	12-09	03-10	06-10	09-10	12-10	03-11	06-11	09-11
2011						79.0%	75.7%	73.3%
2010		79.3%	79.2%	79.2%	78.6%	76.9%	73.6%	72.3%
2009	77.1%	79.0%	80.7%	79.4%	78.5%	73.9%	72.5%	70.9%
2008	69.2%	69.3%	69.3%	69.2%	68.8%	72.3%	71.8%	72.0%
2007	60.8%	61.1%	59.2%	57.7%	57.7%	54.4%	54.1%	54.8%
2006	65.1%	65.3%	65.0%	64.0%	63.5%	63.2%	62.6%	63.0%
2005	59.6%	59.1%	59.5%	59.7%	59.2%	58.8%	58.8%	58.5%
2004	67.6%	67.8%	67.8%	68.2%	67.9%	67.6%	67.6%	67.2%

ALL OTHER PROPERTY DAMAGE LIABILITY

Policy Yr	12-09	03-10	06-10	09-10	12-10	03-11	06-11	09-11
2011						75.6%	74.9%	74.7%
2010		78.9%	71.1%	74.5%	73.5%	76.8%	76.2%	75.8%
2009	72.8%	74.8%	71.4%	71.2%	72.1%	70.9%	70.2%	69.8%
2008	74.6%	74.6%	71.4%	71.4%	71.9%	71.8%	71.6%	71.5%
2007	62.6%	62.5%	62.3%	62.3%	61.6%	62.0%	62.0%	62.1%
2006	66.4%	66.3%	66.0%	66.0%	66.0%	66.0%	66.3%	66.4%
2005	64.5%	64.4%	64.7%	64.4%	64.3%	65.1%	64.7%	64.7%
2004	69.2%	69.2%	69.9%	70.2%	70.1%	70.1%	70.1%	70.1%

ALL OTHER LIABILITY

Policy Yr	12-09	03-10	06-10	09-10	12-10	03-11	06-11	09-11
2011						78.0%	75.4%	73.7%
2010		79.2%	76.7%	77.8%	77.0%	76.9%	74.4%	73.3%
2009	75.7%	77.7%	77.8%	76.8%	76.5%	73.0%	71.8%	70.6%
2008	71.0%	71.0%	70.0%	69.9%	69.8%	72.1%	71.7%	71.8%
2007	61.4%	61.5%	60.2%	59.1%	58.9%	56.7%	56.6%	57.1%
2006	65.5%	65.6%	65.3%	64.6%	64.3%	64.0%	63.7%	64.0%
2005	61.1%	60.7%	61.0%	61.1%	60.7%	60.7%	60.5%	60.3%
2004	68.0%	68.2%	68.4%	68.8%	68.5%	68.4%	68.3%	68.0%

P.P. COLLISION

Policy Yr	12-09	03-10	06-10	09-10	12-10	03-11	06-11	09-11
2011								
2010								
2009	111.5%	111.5%	113.6%	112.9%	111.6%	110.9%	110.8%	104.6%
2008	102.1%	101.3%	102.3%	102.3%	102.3%	101.0%	101.0%	102.3%
2007	97.1%	97.7%	98.4%	98.4%	98.4%	99.0%	99.0%	99.0%
2006	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%	94.9%
2005	90.9%	90.9%	90.9%	90.9%	90.9%	90.9%	90.9%	90.9%
2004	99.5%	99.5%	99.5%	99.5%	99.5%	99.5%	99.5%	99.4%

P.P. COMPREHENSIVE

Policy Yr	12-09	03-10	06-10	09-10	12-10	03-11	06-11	09-11
2011								
2010								
2009	108.2%	107.8%	110.4%	108.8%	108.3%	107.1%	107.1%	107.2%
2008	119.4%	120.5%	122.0%	117.2%	117.1%	117.0%	116.9%	116.9%
2007	105.5%	105.7%	106.7%	109.9%	110.0%	109.9%	109.9%	109.8%
2006	102.7%	102.7%	102.7%	102.7%	102.7%	102.7%	102.7%	102.8%
2005	101.2%	101.2%	101.2%	101.1%	101.2%	101.2%	101.2%	101.2%
2004	103.3%	103.3%	103.3%	103.3%	103.3%	103.3%	103.3%	103.3%

P.P. PHYSICAL DAMAGE

Policy Yr	12-09	03-10	06-10	09-10	12-10	03-11	06-11	09-11
2011								
2010								
2009	110.6%	110.5%	112.7%	111.8%	110.7%	109.8%	109.8%	105.3%
2008	106.5%	106.2%	107.3%	106.1%	106.1%	105.1%	105.1%	106.0%
2007	99.1%	99.6%	100.4%	101.1%	101.1%	101.6%	101.6%	101.6%
2006	96.8%	96.8%	96.8%	96.8%	96.8%	96.8%	96.8%	96.9%
2005	93.6%	93.7%	93.7%	93.6%	93.7%	93.7%	93.7%	93.7%
2004	100.6%	100.6%	100.6%	100.6%	100.6%	100.6%	100.6%	100.6%

ALL OTHER COLLISION

Policy Yr	12-09	03-10	06-10	09-10	12-10	03-11	06-11	09-11
2011						86.7%	86.8%	92.8%
2010		75.2%	81.4%	81.6%	86.8%	86.9%	86.4%	86.5%
2009	69.4%	69.4%	69.3%	68.4%	69.8%	70.1%	69.8%	72.1%
2008	71.2%	71.1%	71.6%	71.5%	71.5%	71.5%	71.9%	71.8%
2007	58.1%	58.6%	58.4%	58.4%	58.4%	58.4%	58.4%	58.5%
2006	57.4%	57.5%	57.4%	57.4%	57.4%	57.4%	57.3%	57.3%
2005	53.4%	53.3%	53.3%	53.3%	53.3%	53.3%	53.3%	53.3%
2004	57.2%	57.2%	57.2%	57.2%	57.2%	57.2%	57.2%	57.2%

ALL OTHER COMPREHENSIVE

Policy Yr	12-09	03-10	06-10	09-10	12-10	03-11	06-11	09-11
2011						62.8%	66.2%	71.9%
2010		55.9%	58.9%	60.7%	58.7%	58.9%	59.7%	61.7%
2009	53.5%	53.7%	55.3%	55.8%	55.7%	55.7%	54.1%	53.9%
2008	50.8%	51.0%	50.1%	50.3%	49.6%	49.9%	49.9%	50.2%
2007	50.3%	49.7%	49.6%	49.6%	49.5%	49.5%	49.5%	49.5%
2006	48.8%	48.8%	48.8%	48.7%	48.7%	48.7%	48.6%	48.6%
2005	49.2%	49.2%	49.1%	49.1%	49.1%	49.1%	49.1%	49.1%
2004	48.1%	48.1%	48.1%	48.1%	48.7%	48.8%	48.8%	48.8%

ALL OTHER PHYSICAL DAMAGE

Policy Yr	12-09	03-10	06-10	09-10	12-10	03-11	06-11	09-11
2011						77.4%	78.8%	84.6%
2010		67.6%	72.5%	73.3%	75.6%	75.8%	75.8%	76.6%
2009	63.2%	63.3%	63.9%	63.5%	64.3%	64.5%	63.7%	65.1%
2008	63.4%	63.5%	63.5%	63.4%	63.2%	63.3%	63.6%	63.6%
2007	55.3%	55.3%	55.2%	55.2%	55.2%	55.2%	55.1%	55.2%
2006	54.3%	54.4%	54.3%	54.3%	54.3%	54.3%	54.2%	54.2%
2005	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.7%	51.8%
2004	53.9%	53.9%	53.9%	53.9%	54.1%	54.1%	54.1%	54.1%

ULTIMATE POLICY YEAR DEFICIT PROJECTIONS  
 BASED ON DATA REPORTED THROUGH QUARTER ENDING 09/11  
 (000's OMITTED)

SUMMARY EXHIBIT

	Policy Year 2009		Policy Year 2010		Policy Year 2011	
	Dollars	% Prem	Dollars	% Prem	Dollars	% Prem
PRIVATE PASSENGER						
Premium	28,800	100.0%				
Losses Incurred and ALAE	30,730	106.7%				
Underwriting Expenses	9,275	32.2%				
Rate Deviation	2,731	9.48%				
Rate Deviation Expense All.	875	32.0%				
Underwriting Result	(9,348)	-32.5%				
OTHER THAN PRIVATE PASSENGER						
Premium	103,050	100.0%	91,630	100.0%	82,470	100.0%
Losses Incurred and ALAE	71,414	69.3%	67,806	74.0%	62,677	76.0%
Underwriting Expenses	31,928	31.0%	28,964	31.6%	24,494	29.7%
Underwriting Result	(292)	-0.3%	(5,140)	-5.6%	(4,701)	-5.7%
ALL CLASSES COMBINED						
Premium	131,850	100.0%	91,630	100.0%	82,470	100.0%
Losses Incurred and ALAE	102,144	77.5%	67,806	74.0%	62,677	76.0%
Underwriting Expenses	41,203	31.2%	28,964	31.6%	24,494	29.7%
Rate Deviation	2,731	2.1%				
Rate Deviation Expense All.	875	32.0%				
Underwriting Result	(9,640)	-7.3%	(5,140)	-5.6%	(4,701)	-5.7%

COMPARISON OF ULTIMATE POLICY YEAR DEFICIT PROJECTIONS  
PRIOR AND CURRENT QUARTER ESTIMATES

Policy Year 2010

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
PRIVATE PASSENGER						
Premium						
Losses Incurred and ALAE						
Underwriting Expenses						
Rate Deviation						
Rate Deviation Expense All.						
Underwriting Result						
OTHER THAN PRIVATE PASSENGER						
Premium	91,810	100.0%	91,630	100.0%	(180)	-0.2%
Losses Incurred and ALAE	68,582	74.7%	67,806	74.0%	(776)	-1.1%
Underwriting Expenses	29,104	31.7%	28,964	31.6%	(140)	-0.5%
Underwriting Result	(5,876)	-6.4%	(5,140)	-5.6%	736	-12.5%
ALL CLASSES COMBINED						
Premium	91,810	100.0%	91,630	100.0%	(180)	-0.2%
Losses Incurred and ALAE	68,582	74.7%	67,806	74.0%	(776)	-1.1%
Underwriting Expenses	29,104	31.7%	28,964	31.6%	(140)	-0.5%
Underwriting Result	(5,876)	-6.4%	(5,140)	-5.6%	736	-12.5%

COMPARISON OF ULTIMATE POLICY YEAR DEFICIT PROJECTIONS  
PRIOR AND CURRENT QUARTER ESTIMATES

Policy Year 2009

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
PRIVATE PASSENGER						
Premium	28,790	100.0%	28,800	100.0%	10	0.0%
Losses Incurred and ALAE	31,122	108.1%	30,730	106.7%	(392)	-1.3%
Underwriting Expenses	9,271	32.2%	9,275	32.2%	3	0.0%
Rate Deviation	2,732	9.49%	2,731	9.48%	(0)	0.0%
Rate Deviation Expense All.	877	32.1%	875	32.0%	(2)	-0.2%
Underwriting Result	(9,749)	-33.9%	(9,348)	-32.5%	400	-4.1%
OTHER THAN PRIVATE PASSENGER						
Premium	103,010	100.0%	103,050	100.0%	40	0.0%
Losses Incurred and ALAE	72,107	70.0%	71,414	69.3%	(693)	-1.0%
Underwriting Expenses	31,920	31.0%	31,928	31.0%	8	0.0%
Underwriting Result	(1,017)	-1.0%	(292)	-0.3%	725	-71.3%
ALL CLASSES COMBINED						
Premium	131,800	100.0%	131,850	100.0%	50	0.0%
Losses Incurred and ALAE	103,229	78.3%	102,144	77.5%	(1,085)	-1.1%
Underwriting Expenses	41,191	31.3%	41,203	31.2%	11	0.0%
Rate Deviation	2,732	2.1%	2,731	2.1%	(0)	0.0%
Rate Deviation Expense All.	877	32.1%	875	32.0%	(2)	-0.2%
Underwriting Result	(10,766)	-8.2%	(9,640)	-7.3%	1,125	-10.5%

COMPARISON OF ULTIMATE POLICY YEAR DEFICIT PROJECTIONS  
PRIOR AND CURRENT QUARTER ESTIMATES

Policy Year 2011

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
PRIVATE PASSENGER						
Premium						
Losses Incurred and ALAE						
Underwriting Expenses						
Rate Deviation						
Rate Deviation Expense All.						
Underwriting Result						
OTHER THAN PRIVATE PASSENGER						
Premium			82,470	100.0%	82,470	
Losses Incurred and ALAE			62,677	76.0%	62,677	
Underwriting Expenses			24,494	29.7%	24,494	
Underwriting Result			(4,701)	-5.7%	(4,701)	
ALL CLASSES COMBINED						
Premium			82,470	100.0%	82,470	
Losses Incurred and ALAE			62,677	76.0%	62,677	
Underwriting Expenses			24,494	29.7%	24,494	
Rate Deviation			0	0.0%	0	
Rate Deviation Expense All.			0	0.0%	0	
Underwriting Result			(4,701)	-5.7%	(4,701)	



DANIEL R. JUDSON  
PRESIDENT

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## RECORDS OF MEETING

### MAIP STEERING COMMITTEE – JANUARY 18, 2012

#### Members Present

Mr. John V. Kelly – Chairman	The Commerce Insurance Company
Mr. Paulo V. Abelli	Liberty Mutual Group
Ms. Carol M. Berthold	GEICO
Mr. William J. Cahill, Jr.	Hanover Insurance Company
Mr. Sumner D. Gilman	Economy Insurance Agency, Inc.
Mr. Richard P. Jones	Leslie S. Ray Insurance Agency, Inc.
Mr. Joseph P. Leahy, Jr.	Leahy & Brown Insurance & Realty
Ms. Ann M. McKeown	Safety Insurance Company
Mr. M. John Olivieri, Jr.	J.K. Olivieri Insurance Agency, Inc.
Mr. Michael Petrarca, Jr.	Amica Mutual Insurance Company
Ms. Erin Schaaf	Arbella Insurance Group
Ms. Susan K. Scott	Travelers of Massachusetts
Mr. Joseph A. Vargas	Vargas & Vargas Insurance

Substituted for:

N/A

Not in Attendance:

N/A

#### 11.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the MAIP Steering Committee meeting of November 8, 2011. The Records have been distributed and are on file with CAR's Secretary.

#### 11.07 Assigned Risk Producer Decertification

Continuing its discussion from the November 8, 2011 meeting, the Committee considered staff's draft proposal for handling in-force assigned business from a decertified Assigned Risk Producer (ARP). Ms. Pamela Wallace highlighted the important aspects of the proposal, consisting of policyholder notification procedures and a draft of a revised letter to be used as a guide by Assigned Risk Companies (ARCs) to assure consistency in notifying an insured of an ARP's decertification, company processing procedures, commission requirements and required Rule amendments.

She indicated that upon notification of an ARP's decertification, the ARC must provide a letter to each policyholder that has an in-force policy currently serviced by the ARP. The letter should include the steps the policyholder must take to secure replacement coverage and where to send payments or request policy changes in the interim. The letter must inform the risk that if replacement coverage is not secured,

the company will non-renew the policy upon expiration. If a 2A Form is received prior to the policy's expiration, the policy should be cancelled pro rata by the ARC. If a 2A Form is not received, the ARC will issue a non-renewal notice, but if the policy expiration date is within 60 days of the notice of ARP decertification, the policy will be non-renewed as of its next expiration date. Additionally, she indicated that no commission will be paid on any in-force assigned business of a decertified ARP.

Finally, Ms. Wallace noted that if the procedures are approved, amendments to Rules 29.D. and 30, as well as updates to the ARC and ARP Procedure Manuals, will be necessary to address non-renewal requirements and to reflect additional ARC requirements and responsibilities. Proposed Rule modifications will be presented to the Committee at a future meeting.

It was suggested that to avoid confusion upon receipt of the ARC letter it may be helpful for the ARC to provide the policyholder with a list of agencies within geographical location. However, it was noted that the ARC letter contains a reference to a website hosted by the Division of Insurance from where agencies may be located by line of business and ZIP code, and the policyholder would be able to use this link as a resource for obtaining new producer information. In response to a question by the Committee, staff noted that the volume of decertified producers is low; only five producers with 96 active policies have been decertified. It was further noted that each ARC is notified by staff at the time of the decertification as well as provided with access to reports on the MAIP website listing those producers that have been decertified.

The Committee unanimously voted to adopt, as drafted, the procedures to be followed by an ARC upon notification of an ARP's decertification.

#### **11.09 Voluntary Rate Analysis**

At its meeting of November 8, 2011, the Committee voted to require every ARC to provide ARPs with access to company voluntary rates at the time a MAIP assignment is made. The Committee requested staff to perform additional analysis including the identification of potential amendments to the Rules of Operation, the timing of the rate quote and the establishment of parameters for accessing a company's voluntary rates.

Ms. Wallace presented an exhibit displaying the additional analysis performed by staff. She indicated that at the time of assignment, the policy application system will provide the ARP with a link both to the ARC's Supplemental Application and to the rating service provided by the ARC. Any supplemental or additional information necessary to complete the voluntary premium quote would need to be provided within two days so that the ARP would receive the voluntary quote from the ARC and be able to adhere to the two-day timeframe required for submission of the signed application and down payment to the ARC. The ARC must provide access to its voluntary rates either by providing direct web-based access or through a third party vendor, or through a dedicated toll-free number quoting service. The ARC must provide the ARP with an immediate response upon receipt of the information necessary to provide the voluntary quote. Finally, amendments to Rules 28.C., 30.B.2., 30.B.4. and 31.B. to modify premium deposit requirements and identify additional ARC and ARP responsibilities would be required.

Concerns were raised relative to the timing of the voluntary rate quote including the likelihood of cooperation from all ARCs, potential development costs to an ARC or ARP to implement this requirement and whether potential improvements to the down payment process could be made so as to obtain a result consistent with statutory requirements.

In order to address the Committee's concern relative to the timing of the voluntary quote, staff was directed to develop criteria that ARCs must adhere to in order to define the parameters for an "immediate" quote response. Additionally, staff was requested to research whether the down payment program could be improved by requiring the company to provide any over-collected premium amount

back to the policyholder in the next billing cycle instead of spreading it out over the remainder of the policy term.

### **11.10 MAIP Policy Application Enhancement Request**

The Committee continued its discussion on the correspondence dated October 19, 2011 from the Massachusetts Urban Agents Association (MUAA) requesting that a function be added to the MAIP Policy Application which allows an ARP to void a MAIP assignment if the policy is not taken by the risk.

At the November 8, 2011 meeting, staff was requested to develop a proposal to modify the MAIP Policy Application, including a recommendation of the timeframe within which the ARP must submit the void request and the consequences of voiding the assignment when the vehicle registration has already been stamped. Accordingly, Ms. Wallace presented the Committee with a proposal identifying that an application may only be voided within two calendar days of policy assignment. If an RMV form has been stamped with the assigned company's name, the policy can not be voided using the automated application and the producer must directly contact the assigned company. Non-compliance with this provision will result in a violation of the ARP performance standards.

The Committee requested staff to identify how companies would be notified that a voided transaction had been processed. Ms. Wallace indicated that this information will be presented at the next meeting.

### **12.03 Pre-Inspection Requirements**

As requested by MUAA, the Committee discussed pre-inspection requirements as they apply to those applicants who qualify for no down payment at the time of assignment in accordance with the procedures contained in Rule 29.D.2. The Committee unanimously agreed that for those eligible risks unable to obtain replacement coverage at the expiration of the three-year assignment period, the pre-inspection requirement be waived by the newly designated ARC. Staff was directed to draft necessary amendments to Rule 29 for review by the Committee at its next meeting.

### **12.04 Compliance with Performance Standards**

Mr. John Metcalfe reviewed with the Committee, exhibits summarizing ARC and ARP complaint/violation submissions received during calendar year 2011. Staff was requested to review the monthly compliance threshold currently in place in order to determine whether a modification should be made to CAR's compliance review procedures to incorporate a minimum violation threshold, thus taking into account producers of different sizes. The results of this analysis will be presented to the Committee at its next meeting.

MARIAN ADGATE  
Corporate Documentation Specialist

Boston, Massachusetts  
January 27, 2012