



# COMMONWEALTH AUTOMOBILE REINSURERS

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RALPH A. IANNACO  
PRESIDENT

## SUMMARY OF MEETING

### SPECIAL GOVERNING COMMITTEE – JANUARY 19, 2010

#### Members Present

Mr. William F. Hofmann, III – Chairman	Provider Insurance Group, Inc.
Mr. William J. Cahill, Jr.	The Hanover Insurance Company
Mr. Andrew J. Carpentier	Encompass Insurance
Ms. Karen A. Cora	Deland Gibson Insurance Associates, Inc.
Mr. Robert J. Cordner*	OneBeacon Insurance
Ms. Paula W. Gold	Plymouth Rock Assurance Corporation
Mr. Richard P. Jones	Leslie S. Ray Insurance Agency, Inc.
Mr. Raymond A. Lukas	Chase, Clarke, Stewart & Fontana
Mr. James M. MacPhee	Liberty Mutual Group
Mr. Robert P. Suglia	Amica Mutual Insurance Company
Mr. Joseph A. Vargas	Vargas & Vargas Insurance

Substituted for:

Mr. John P. Friedman\*

Not in Attendance:

N/A

#### GC

##### 09.01 Transcript of Previous Meeting

The Committee unanimously voted to approve the Transcript of the Governing Committee meeting of November 18, 2009. The Transcript has been distributed and is on file with CAR's Secretary.

#### GC

##### 10.03 President's Report

Mr. Ralph Iannaco, CAR's President, informed the Committee that as of last week, Mr. Daniel Judson was no longer with the law firm of Morrison Mahoney, which provides CAR's outside counsel. Mr. Iannaco stated that he met with Mr. Judson and two attorneys from the firm, Ms. Rachel Davidson and Mr. Lee MacPhee, to discuss the issues that Mr. Judson was involved with, in order to assure a smooth transition both attorneys. Mr. Iannaco noted that both attorneys had previously worked with staff and Mr. Judson on matters relating to CAR.

Mr. Iannaco advised the Committee that the law firm of Morrison Mahoney was engaged as CAR's outside counsel for a two-year period commencing July 1, 2006. In 2008, the engagement was extended until June 30, 2010. Continuing, Mr. Iannaco asked if it was the pleasure of the Committee, CAR would draft a Request for Proposal in order to commence the process of reviewing options for outside counsel services.

A motion was made to add the topic of an RFP for outside legal counsel to the agenda and to waive the ten-day notice requirement. The Governing Committee unanimously voted to approve the motion.

Mr. MacPhee indicated that if the Committee voted to conduct an RFP, Morrison Mahoney would continue to serve as CAR's outside counsel until the conclusion of the RFP process.

Mr. William Cahill stated that he felt that counsel was being ably provided by Mr. MacPhee and Ms. Davidson, but noted that it might be worthwhile to conduct a RFP.

A motion was made to direct staff to develop a RFP for outside legal counsel for CAR. The Governing Committee unanimously voted to approve the motion. Mr. Iannaco stated that a schedule for the RFP would be presented to the Committee at its February meeting, and that a Contract Review Subcommittee would be appointed to conduct the RFP process at that time.

Mr. Iannaco reported that this special meeting of the Governing Committee was being held in order to discuss proposals relative to Rules 28 and 21. The proposal for Rule 21 was developed as the result of correspondence from the Division of Insurance to Mr. Iannaco dated January 14, 2010.

A motion was made to waive the 10-day notice requirement in order to consider the proposal for Rule 21.C., which was drafted in response to the Commissioner's correspondence. The Governing Committee unanimously voted to approve the motion.

Mr. Robert Cordner of OneBeacon Insurance noted that the proposed changes to Rule 21.C. involve a significant departure from current procedures, and noted that this matter would be more appropriately considered by the MAIP Steering Committee.

## **GC**

### **10.05 Actuarial Committee**

Ms. Natalie Hubley reported on the Actuarial Committee meeting of January 7, 2010. Ms. Hubley stated that staff updated the Actuarial Committee's recommended 2010 credit offer in accordance with the Commissioner's December 18, 2009 letter to CAR's President, Mr. Ralph Iannaco, by using CAR rates approved for policies effective April 1, 2010 and subsequent. The Committee reviewed two procedures that would meet the Commissioner's directive to ensure that available credit premium is 1) not reduced by more than five percent; 2) increased in noted territories by at least 25% in to; 3) not reduced in any of the noted territories by more than 15%; and 4) not reduced by more than 20% in total in the noted classes.

The Committee voted to recommend that the Governing Committee adopt proposed modifications to Rule 29.E. updating credit factors that reflect the use of separate credit factor assignments for the inexperienced principal operator classes and result in an overall reduction in available credit premium of approximately 4.6%, with noted territories increasing 29%, and noted classes decreasing 20%. The Governing Committee unanimously voted to approve the motion.

## **GC**

### **10.06 MAIP Steering Committee**

Mr. William Cahill reported that the MAIP Steering Committee, at its January 14, 2010 meeting, reviewed modifications to Rule 28.C., Premium Deposit and Payment Options, that were drafted by staff following Acting Commissioner Joseph Murphy's remand of proposed revisions to Rule 28 to CAR for further deliberation. The Committee voted to recommend several changes to Rule 28. The proposed

language requires a 25% down payment based upon MAIP rates for new business unless there has been a cancellation for non-payment during the preceding 24 months that resulted in the cancellation of the policy, in which case a down payment of 80% of the MAIP rate is required. Language was also added delineating the requirements for how any additional or return premium is to be handled.

A motion was made to adopt the proposed modifications to Rule 28 with certain language clarified as suggested by the Committee. The Governing Committee unanimously voted to approve the motion.

The Committee discussed correspondence dated November 13, 2009 from Acting Commissioner Joseph Murphy, which requested a review and analysis of matters raised by former ERPs at a meeting held at the Division of Insurance on October 29, 2009. The Committee reviewed these issues accordingly.

The Committee agreed, under other business, to add issues relating to the expiration of Clean-in-Three business provisions for policies effective April 1, 2011 and subsequent to the agenda for the next MAIP Steering Committee meeting. It was noted that CAR is required to develop a credit mechanism for Clean-in-Three business by December 2010.

RALPH A. IANNACO  
President

Boston, Massachusetts  
February 16, 2009