COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110
www.commauto.com 617-338-4000

NATALIE A. HUBLEY
PRESIDENT

September 25, 2025

BULLETIN NO. 1200

Annual Review of MAIP Quota Share Credits
for Policies Effective April 1, 2026 and Subsequent

Pursuant to Rule 29 – Assignment Process of the Rules of Operation, CAR's Governing Committee has completed its annual review of MAIP Quota Share credits. At its September 23, 2025 meeting, the Committee unanimously voted to notify the Commissioner of Insurance that CAR is recommending no change to credits for policies effective April 1, 2026 and subsequent. The Governing Committee is, therefore, submitting no proposed amendments to Rule 29. The notification letter submitted to the Commissioner is attached.

TIMOTHY GALLIGAN
Director of Actuarial and Statistical Services

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Honorable Michael T. Caljouw
Commissioner of Insurance
Massachusetts Division of Insurance
One Federal Street, Suite 700
Boston, MA 02110-2012
[delivered via email]

Dear Commissioner Caljouw:

Pursuant to Rule 29 – Assignment Process of the CAR Rules of Operation, CAR's Actuarial Committee completed its annual review of MAIP Quota Share credits and is recommending no change for policies effective April 1, 2026 and later.

The Committee discussed the directive included in G.L. c175 §113H to annually review credits to control the size of the residual market and to ensure that no class or territory is disproportionately represented in MAIP. In light of the reduction in the volume of risks insured through the MAIP since its inception, the Committee discussion focused heavily on defining disproportionate representation. The Committee also considered notable comments included in Division of Insurance decisions issued after hearings in 2016, 2017, and 2019 regarding the role of credits in reducing and maintaining the size of the residual market. Specifically the decisions cautioned against reducing the volume of credit-eligible vehicles and available credit premium due to the potential adverse impacts. However, as credit factors have remained constant since 2015, committee members noted a need to realign credit to territories with indicated need, thus providing the incentives as mandated by statute, while gradually reducing credit factors in areas where residual market shares are decreasing.

Credit models submitted by Plymouth Rock and Vermont Mutual proposed methods to adjust residual market volume thresholds that would indicate areas of credit need, but the models proposed significant increases in credit-eligible vehicles and available credit premium. Many members noted support for keeping available credits level and realigning credit factors to offer incentives to write business voluntarily where there is indicated need. Those members questioned whether the models could be further adjusted to satisfy those objectives.

The Committee also recognized improvements not only in companies' voluntary rates but also in residual market rates that have helped to stabilize the growth in the residual market over the past several months. Most members supported delaying a recommended change to 2027 in order to further evaluate alternative models and to observe how the improved rates may result in shifts among class/territory cells with potential impact to the indicated credit need.

At its September 23, 2025 meeting, the Governing Committee voted unanimously to adopt the Actuarial Committee's recommendation of no change to credits for policies effective April 1, 2026 and later. The Governing Committee is therefore submitting no proposed amendments to Rule 29.

Very truly yours,

Natalie A. Hubley
President

cc: Margaret Barao – Counsel to the Commissioner
Massachusetts Association of Insurance Agents
Massachusetts Urban Agents Association
Public Protection Division – Office of the Attorney General