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ADDITIONAL INFORMATION

TO MEMBERS OF THE ACTUARIAL COMMITTEE

FOR THE MEETING OF:

Thursday, August 21, 2025, at 10:00 a.m.

AC

25.04 Quota Share Credits for Policies Effective April 1, 2026 and Later

Attached is a submission from Plymouth Rock Assurance Corporation for the Committee's consideration as part of its credit discussions. (Docket #AC25.04, Exhibit #8)

TIMOTHY GALLIGAN
Director of Actuarial & Statistical Services

Attachment

Boston, Massachusetts
August 18, 2025

MGL Chapter 175, Section 113H

- Chapter 175, Section 113H states: “To control the size of the population of the plan, the plan shall annually provide for territorial and classification credits for those companies voluntarily writing private passenger automobile insurance within those territories and classifications that would otherwise be disproportionately represented in the plan. The size of the credits shall be such as to enhance the prospects that no classification or territory is disproportionately represented in the plan.”
- Guidance from the DOI and AG’s Office since 2012 has reinforced that statutory mandate. Three times the DOI has rejected CAR proposals that reduced total credits by focusing primarily on total market share of MAIP while ignoring disproportionate representation.
 - This includes a rejection in 2019 when MAIP was even smaller in share (1.25%) than it is today.
- The lowest threshold for receiving credits set in 2012 was 5% MAIP representation, when MAIP was ~2.5% of the industry. Therefore, territory/class combinations were credit-eligible if they had ~2x the statewide average MAIP representation – a reasonable threshold for “disproportionate representation”.
- Over the past 13 years while statewide MAIP market share has fluctuated there has been no change to this static 5% threshold, implicitly ignoring the mandated disproportionate representation consideration.
- Given today’s 3 year average MAIP market share of 1.5% (~40% lower than in 2012), 2x the statewide average would suggest 3% plan representation as a reasonable level to indicate a Credit today.
- Using such a 3% threshold would indicate a 53% increase in credits rather than a 30% decrease.
- To effectuate the goals of the statute, Plymouth Rock is – at a minimum – opposed to any decrease in the current credit offering.

CAR Rule 29 Credit Program (29.D.2)

- Adjusting “indication” thresholds for disproportionality to current size of MAIP points to a 53% increase rather than a 30% decrease in credits

Existing Rule		
Existing Rule 29.E.2		
Residual Market Group	Residual Market Share Range	Voluntary Credit Factor
0	0.0% - 4.9%	0.00
1	5.0% - 7.9%	1.00
2	8.0% - 10.9%	1.00
3	11.0% - 16.9%	1.00
4	17.0% - 22.9%	1.25
5	23.0% - 28.9%	1.50
6	29.0% - 34.9%	1.75
7	35.0% - 40.9%	2.00
8	41.0% - 46.9%	2.25
9	47.0% - 100.0%	2.50

A) Relative to 2.5% MAIP (~2012)			
Existing Rule re-stated for ~2012 Disproportionality			
Residual Market Group	Residual Market Relativity		Voluntary Credit Factor
	Min	Max	
0	0x	2x	0.00
1	2x	3.2x	1.00
2	3.2x	4.4x	1.00
3	4.4x	6.8x	1.00
4	6.8x	9.2x	1.25
5	9.2x	11.6x	1.50
6	11.6x	14x	1.75
7	14x	16.4x	2.00
8	16.4x	18.8x	2.25
9	18.8x	Max	2.50

B) Relative to 1.5% MAIP			
Re-stated to reflect Original Disproportionality Thresholds			
Residual Market Group	Residual Market Share		Voluntary Credit Factor
	Min	Max	
0	0.0%	3.0%	0.00
1	3.0%	4.8%	1.00
2	4.8%	6.6%	1.00
3	6.6%	10.1%	1.00
4	10.1%	13.7%	1.25
5	13.7%	17.3%	1.50
6	17.3%	20.9%	1.75
7	20.9%	24.4%	2.00
8	24.4%	28.0%	2.25
9	28.0%	100.0%	2.50

4/1/2025 Credit Factors			
Rate Class	Total Mkt Exposures	Credit Eligible Exposures	Potential Credit Premium
10	3,167,305	326,325	723,457,069
15	1,107,809	11,434	23,176,210
17	150,607	70,084	198,771,992
18	70,407	1,513	3,451,860
20	41,644	40,700	198,173,138
21	21,947	7,600	27,338,113
25	64,830	3,541	17,637,822
26	67,315	540	2,466,164
30	41,223	425	973,051
M/M	183,322	22,188	9,444,846
Total	4,916,407	484,350	1,204,890,264

4/1/26 Indicated - Current Rule			
Credit Eligible Exposures	%Δ	Potential Credit Premium	%Δ
153,435	-53.1%	425,818,910	-51.8%
0	-100.0%	0	-100.0%
88,455	25.8%	295,707,217	21.2%
626	-60.2%	1,694,114	-65.5%
41,869	2.0%	246,852,849	4.7%
3,462	-54.5%	15,088,972	-55.8%
6,749	87.6%	38,005,430	76.2%
319	-37.4%	1,144,711	-60.9%
513	21.4%	1,462,717	20.8%
0	-100.0%	0	-100.0%
295,429	-39.3%	1,025,774,920	-30.1%

4/1/26 Indicated - Re-based for Current Disproportionality			
Credit Eligible Exposures	%Δ	Potential Credit Premium	%Δ
519,273	58.6%	1,349,957,500	52.9%
3,055	-73.7%	7,869,114	-72.8%
115,332	64.0%	414,699,375	69.9%
2,062	31.0%	6,756,455	37.7%
41,869	2.0%	327,344,799	38.8%
7,080	-6.9%	31,644,825	-7.2%
23,477	552.6%	106,377,429	393.2%
319	-37.4%	1,144,711	-60.9%
1,502	255.1%	4,377,947	261.4%
839	-96.3%	409,665	-96.0%
714,807	46.8%	2,250,581,820	53.4%

Commonwealth Automobile Reinsurers
4/1/2026 Credit Offer - Data Through May, 2025 (2025/07 Rates)
Summary by Rate Class

4/1/2025 Credit Factors				4/1/26 Indicated - Current Rule				4/1/26 Indicated - Re-based for Current Disproportionality			
Rate Class	Total Mkt Exposures	Credit Eligible Exposures	Potential Credit Premium	Credit Eligible Exposures	%Δ	Potential Credit Premium	%Δ	Credit Eligible Exposures	%Δ	Potential Credit Premium	%Δ
10	3,176,696	327,413	883,147,946	153,435	-53.1%	425,818,910	-51.8%	519,273	58.6%	1,349,957,500	52.9%
15	1,125,639	11,619	28,931,411	0	-100.0%	0	-100.0%	3,055	-73.7%	7,869,114	-72.8%
17	150,514	70,329	244,065,393	88,455	25.8%	295,707,217	21.2%	115,332	64.0%	414,699,375	69.9%
18	71,557	1,574	4,905,498	626	-60.2%	1,694,114	-65.5%	2,062	31.0%	6,756,455	37.7%
20	41,977	41,060	235,819,951	41,869	2.0%	246,852,849	4.7%	41,869	2.0%	327,344,799	38.8%
21	22,113	7,603	34,114,455	3,462	-54.5%	15,088,972	-55.8%	7,080	-6.9%	31,644,825	-7.2%
25	65,180	3,597	21,570,927	6,749	87.6%	38,005,430	76.2%	23,477	552.6%	106,377,429	393.2%
26	66,933	510	2,929,614	319	-37.4%	1,144,711	-60.9%	319	-37.4%	1,144,711	-60.9%
30	39,794	423	1,211,318	513	21.4%	1,462,717	20.8%	1,502	255.1%	4,377,947	261.4%
M/M	185,017	22,868	10,263,774	0	-100.0%	0	-100.0%	839	-96.3%	409,665	-96.0%
Total	4,945,418	486,995	1,466,960,287	295,429	-39.3%	1,025,774,920	-30.1%	714,807	46.8%	2,250,581,820	53.4%

% of Total Mkt. Exp. 9.8%

14.5%

Estimated Credits Used	1,341,151,876	Estimated Credits Used	2,058,442,186
Credit Utilization	91.4%	Credit Utilization	91.5%

Credit Group Ranges:

Group	Lower	Upper	Credit Factor
0	0.000	0.030	0.00
1	0.030	0.048	1.00
2	0.048	0.066	1.00
3	0.066	0.101	1.00
4	0.101	0.137	1.25
5	0.137	0.173	1.50
6	0.173	0.209	1.75
7	0.209	0.244	2.00
8	0.244	0.280	2.25
9	0.280	1.000	2.50

Residual Mark Share Group	Keep Out Credits
0	0.00
1	1.00
2	1.00
3	1.00
4	1.25
5	1.50
6	1.75
7	2.00
8	2.25
9	2.50

Commonwealth Automobile Reinsurers
4/1/2026 Credit Offer - Data Through May, 2025 (2025/07 Rates)
Summary by Territory

4/1/2025 Credit Factors				Re-Based for Current Disproportionality			
<u>Territory</u>	<u>Total Mkt Exposures</u>	<u>Credit Eligible Exposures</u>	<u>Potential Credit Premium</u>	<u>Credit Eligible Exposures</u>	<u>%Δ</u>	<u>Potential Credit Premium</u>	<u>%Δ</u>
1	195,035	0	0	809	0.0%	2,708,629	0.0%
2	261,181	1,276	4,747,511	1,276	0.0%	5,934,389	25.0%
3	562,822	3,004	11,265,339	18,400	512.6%	46,513,487	312.9%
4	355,791	1,740	7,538,525	1,740	0.0%	7,538,525	0.0%
5	557,768	3,855	15,498,690	27,793	620.9%	92,585,925	497.4%
6	369,412	2,096	9,075,620	12,394	491.3%	38,406,621	323.2%
7	385,055	14,436	43,577,280	19,557	35.5%	70,890,658	62.7%
8	216,950	7,785	25,933,362	7,785	0.0%	27,828,206	7.3%
9	219,161	9,983	37,503,372	9,983	0.0%	40,302,274	7.5%
10	105,935	4,771	17,212,996	6,193	29.8%	26,020,700	51.2%
11	78,571	724	3,926,408	2,855	294.2%	11,219,575	185.7%
12	207,935	7,752	29,784,982	9,205	18.7%	39,464,314	32.5%
13	242,212	22,143	64,621,618	184,103	731.4%	496,200,868	667.9%
14	83,746	8,030	26,888,889	66,260	725.1%	174,681,454	549.6%
15	32,623	3,678	14,478,093	26,179	611.7%	81,800,146	465.0%
16	17,024	14,958	44,847,136	14,627	-2.2%	47,368,214	5.6%
17	18,407	514	2,144,443	514	0.0%	2,011,986	-6.2%
18	16,855	13,376	37,550,358	12,719	-4.9%	36,892,809	-1.8%
19	17,050	696	3,124,578	655	-5.8%	3,028,795	-3.1%
20	19,337	14,543	46,692,286	14,421	-0.8%	47,969,964	2.7%
21	49,904	48,671	167,410,392	39,490	-18.9%	153,202,811	-8.5%
22	18,817	18,817	69,523,086	18,336	-2.6%	73,060,943	5.1%
23	41,998	2,448	10,965,827	1,699	-30.6%	8,551,147	-22.0%
24	27,363	1,323	4,592,142	2,060	55.8%	8,480,372	84.7%
25	20,050	574	2,827,799	529	-7.8%	2,555,215	-9.6%
26	27,373	2,251	10,439,312	1,566	-30.5%	9,361,445	-10.3%
27	448,110	2,229	6,894,264	2,229	0.0%	6,894,264	0.0%
40	22,089	16,900	42,126,302	16,148	-4.4%	43,970,175	4.4%
41	69,202	57,265	126,031,666	55,445	-3.2%	135,247,013	7.3%
42	85,381	67,061	184,584,864	6,459	-90.4%	44,263,628	-76.0%
43	56,587	46,245	128,561,304	45,975	-0.6%	141,266,204	9.9%
44	49,523	43,373	102,551,021	44,488	2.6%	147,376,338	43.7%
45	55,342	44,480	164,040,820	42,916	-3.5%	176,984,726	7.9%
99	10,809	0	0	0	0.0%	0	0.0%
Total	4,945,418	486,995	1,466,960,287	714,807	46.8%	2,250,581,820	53.4%
% of Total Mkt. Exp.		9.8%		14.5%			