



NATALIE A. HUBLEY  
PRESIDENT

## COMMONWEALTH AUTOMOBILE REINSURERS

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### ADDITIONAL INFORMATION

#### TO MEMBERS OF THE ACTUARIAL COMMITTEE

#### FOR THE MEETING OF:

**Tuesday, September 16, 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 #11).

TIMOTHY GALLIGAN  
Director of Actuarial & Statistical Services

Attachment

Boston, Massachusetts  
September 9, 2025

# Alternative Approach

- In last meeting, interest was brought up in an alternative that 1) did not impact “DOI territories”, 2) would address disproportionate representation mandate and 3) is responsive but also stable
- Alternative approach accomplishes this by A) moving existing credit cells in DOI territories down no further than a 1.00 credit factor, and B) Adjusting the Territory/Class credit indication thresholds by ½ of the movement of overall MAIP since 2012
- The ½ adjustment calculation is illustrated here; 40% size reduction in MAIP in 2010-2012 vs. 2023-2025 results in a 20% reduction (0.80 factor) applied to each credit indication threshold:

## Existing Rule

### Existing Rule 29.D.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

### Threshold Adjustment Calculations

2.50%	Approx MAIP share in 2010-2012
1.48%	Latest 3 Yr MAIP Share
-41%	Change in MAIP Market Share
50%	MAIP Chg to Threshold Adjustment Ratio
-20.3%	Change in Credit Threshold
0.80	Threshold Adjustment Factor

## Alternative Approach

### Thresholds adjusted by 50% of MAIP Change

Residual Market Group	Residual Market Share		Voluntary Credit Factor
	Min	Max	
0	0.0%	4.0%	0.00
1	4.0%	6.4%	1.00
2	6.4%	8.8%	1.00
3	8.8%	13.5%	1.00
4	13.5%	18.3%	1.25
5	18.3%	23.1%	1.50
6	23.1%	27.9%	1.75
7	27.9%	32.7%	2.00
8	32.7%	37.4%	2.25
9	37.4%	100.0%	2.50

# Result *(part 1)*

- Just preventing any DOI Territory cells with a current credit from going below a 1.00 credit while making no adjustment in credit indication thresholds results in a 1.4% increase vs. the initial 31% indicated decrease.

4/1/2025 Credit Factors				4/1/26 Indicated - Current Rule				4/1/26 Indicated - DOI territory 1.00 minimum			
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	3,176,591	327,290	882,808,742	153,444	-53.1%	425,921,004	-51.8%	315,251	-3.7%	850,066,601	-3.7%
15	1,130,652	11,654	28,992,099	0	-100.0%	0	-100.0%	11,654	0.0%	28,992,099	0.0%
17	150,015	69,973	242,872,561	84,702	21.0%	282,932,937	16.5%	84,702	21.0%	282,932,937	16.5%
18	71,662	1,584	4,946,048	621	-60.8%	1,681,704	-66.0%	1,993	25.9%	5,946,678	20.2%
20	41,591	40,696	233,647,523	41,487	1.9%	244,054,314	4.5%	41,487	1.9%	244,295,170	4.6%
21	22,157	7,538	33,834,252	3,081	-59.1%	12,791,789	-62.2%	4,739	-37.1%	22,025,255	-34.9%
25	65,186	3,650	21,921,008	6,779	85.7%	38,223,816	74.4%	6,930	89.8%	39,075,406	78.3%
26	66,816	512	2,941,702	329	-35.7%	1,179,719	-59.9%	841	64.3%	4,121,421	40.1%
30	39,462	424	1,219,763	511	20.6%	1,451,682	19.0%	511	20.6%	1,451,682	19.0%
M/M	185,997	23,197	10,421,192	0	-100.0%	0	-100.0%	11,064	-52.3%	5,300,803	-40.1%
<b>Total</b>	<b>4,950,128</b>	<b>486,517</b>	<b>1,463,604,889</b>	<b>290,955</b>	<b>-40.2%</b>	<b>1,008,236,964</b>	<b>-31.1%</b>	<b>479,172</b>	<b>-1.5%</b>	<b>1,484,208,052</b>	<b>1.4%</b>

# Result *(part 2)*

- Also adjusting thresholds by 50% of MAIP movement results in +24.5% indicated credits.
- Changes by territory are small in absolute terms: Territories 14 and 15 see a significant increase by indicating new credits on Class 10, while Territory 18 sees a large decrease from elimination of credits on Class 10.
  - The actual Class 10 MAIP representation in those territories is not significantly different (~4.7% vs. 3.9%)
  - With the biggest changes coming on those territories driven by small actual differences in results, it may not respect the value of stability in our credit offer
- Plymouth Rock would support this approach, but also support no change

4/1/2025 Credit Factors				4/1/26 Indicated - Current Rule				4/1/26 Indicated - PRAC Proposal			
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	3,176,591	327,290	882,808,742	153,444	-53.1%	425,921,004	-51.8%	398,373	21.7%	1,051,899,228	19.2%
15	1,130,652	11,654	28,992,099	0	-100.0%	0	-100.0%	11,654	0.0%	28,992,099	0.0%
17	150,015	69,973	242,872,561	84,702	21.0%	282,932,937	16.5%	114,926	64.2%	376,375,062	55.0%
18	71,662	1,584	4,946,048	621	-60.8%	1,681,704	-66.0%	1,993	25.9%	5,946,678	20.2%
20	41,591	40,696	233,647,523	41,487	1.9%	244,054,314	4.5%	41,487	1.9%	272,765,348	16.7%
21	22,157	7,538	33,834,252	3,081	-59.1%	12,791,789	-62.2%	6,184	-18.0%	28,397,677	-16.1%
25	65,186	3,650	21,921,008	6,779	85.7%	38,223,816	74.4%	8,398	130.1%	46,319,664	111.3%
26	66,816	512	2,941,702	329	-35.7%	1,179,719	-59.9%	841	64.3%	4,121,421	40.1%
30	39,462	424	1,219,763	511	20.6%	1,451,682	19.0%	511	20.6%	1,451,682	19.0%
M/M	185,997	23,197	10,421,192	0	-100.0%	0	-100.0%	11,064	-52.3%	5,300,803	-40.1%
<b>Total</b>	<b>4,950,128</b>	<b>486,517</b>	<b>1,463,604,889</b>	<b>290,955</b>	<b>-40.2%</b>	<b>1,008,236,964</b>	<b>-31.1%</b>	<b>595,432</b>	<b>22.4%</b>	<b>1,821,569,662</b>	<b>24.5%</b>

Territory 14 and 15: Everett, Malden, Randolph, Revere

Territory 18: Roslindale

# Appendix

*(prior Committee Meeting slides)*

# 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.D.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	3,176,591	327,290	882,808,742
15	1,130,652	11,654	28,992,099
17	150,015	69,973	242,872,561
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25	65,186	3,650	21,921,008
26	66,816	512	2,941,702
30	39,462	424	1,219,763
M/M	185,997	23,197	10,421,192
Total	4,950,128	486,517	1,463,604,889

4/1/26 Indicated - Current Rule			
Credit Eligible Exposures	%Δ	Potential Credit Premium	%Δ
153,444	-53.1%	425,921,004	-51.8%
0	-100.0%	0	-100.0%
84,702	21.0%	282,932,937	16.5%
621	-60.8%	1,681,704	-66.0%
41,487	1.9%	244,054,314	4.5%
3,081	-59.1%	12,791,789	-62.2%
6,779	85.7%	38,223,816	74.4%
329	-35.7%	1,179,719	-59.9%
511	20.6%	1,451,682	19.0%
0	-100.0%	0	-100.0%
290,955	-40.2%	1,008,236,964	-31.1%

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 - PRAC Proposal			
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	3,176,591	327,290	882,808,742	153,444	-53.1%	425,921,004	-51.8%	398,373	21.7%	1,051,899,228	19.2%
15	1,130,652	11,654	28,992,099	0	-100.0%	0	-100.0%	11,654	0.0%	28,992,099	0.0%
17	150,015	69,973	242,872,561	84,702	21.0%	282,932,937	16.5%	114,926	64.2%	376,375,062	55.0%
18	71,662	1,584	4,946,048	621	-60.8%	1,681,704	-66.0%	1,993	25.9%	5,946,678	20.2%
20	41,591	40,696	233,647,523	41,487	1.9%	244,054,314	4.5%	41,487	1.9%	272,765,348	16.7%
21	22,157	7,538	33,834,252	3,081	-59.1%	12,791,789	-62.2%	6,184	-18.0%	28,397,677	-16.1%
25	65,186	3,650	21,921,008	6,779	85.7%	38,223,816	74.4%	8,398	130.1%	46,319,664	111.3%
26	66,816	512	2,941,702	329	-35.7%	1,179,719	-59.9%	841	64.3%	4,121,421	40.1%
30	39,462	424	1,219,763	511	20.6%	1,451,682	19.0%	511	20.6%	1,451,682	19.0%
M/M	185,997	23,197	10,421,192	0	-100.0%	0	-100.0%	11,064	-52.3%	5,300,803	-49.1%
<b>Total</b>	<b>4,950,128</b>	<b>486,517</b>	<b>1,463,604,889</b>	<b>290,955</b>	<b>-40.2%</b>	<b>1,008,236,964</b>	<b>-31.1%</b>	<b>595,432</b>	<b>22.4%</b>	<b>1,821,569,662</b>	<b>24.5%</b>
% of Total Mkt. Exp.		9.8%		5.9%				12.0%			
Estimated Credits Used			1,340,160,302	Estimated Credits Used		898,201,404		Estimated Credits Used		1,667,801,424	
Credit Utilization			91.6%	Credit Utilization		89.1%		Credit Utilization		91.6%	

Credit Group Ranges:

Group	Lower	Upper	Credit Factor
0	0.000	0.040	0.00
1	0.040	0.064	1.00
2	0.064	0.088	1.00
3	0.088	0.135	1.00
4	0.135	0.183	1.25
5	0.183	0.231	1.50
6	0.231	0.279	1.75
7	0.279	0.327	2.00
8	0.327	0.374	2.25
9	0.374	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**

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EXHIBIT #11  
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4/1/2025 Credit Factors				PRAC Proposal			
<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	195,211	0	0	791	0.0%	2,652,559	0.0%
2	261,468	1,285	4,775,340	1,285	0.0%	4,775,340	0.0%
3	563,880	2,973	11,142,278	18,384	518.4%	46,463,273	317.0%
4	356,313	1,740	7,536,625	1,740	0.0%	7,536,625	0.0%
5	558,389	3,811	15,313,000	19,732	417.7%	59,496,423	288.5%
6	370,106	2,042	8,851,151	12,348	504.6%	35,932,751	306.0%
7	385,324	14,373	43,429,664	14,373	0.0%	46,695,779	7.5%
8	216,856	7,744	25,772,462	7,744	0.0%	25,772,462	0.0%
9	219,246	9,890	37,150,759	8,913	-9.9%	33,303,787	-10.4%
10	106,031	4,762	17,166,943	6,161	29.4%	24,637,706	43.5%
11	78,642	713	3,869,960	2,837	298.0%	11,162,583	188.4%
12	208,019	7,710	29,643,143	7,710	0.0%	29,643,143	0.0%
13	242,187	22,138	64,128,348	16,656	-24.8%	83,955,078	30.9%
14	83,724	8,038	26,928,276	65,613	716.2%	164,264,170	510.0%
15	32,691	3,739	14,628,391	25,507	582.1%	77,494,214	429.8%
16	16,944	14,869	44,469,821	14,869	0.0%	45,364,011	2.0%
17	18,438	504	2,096,543	504	0.0%	1,969,860	-6.0%
18	16,846	13,349	37,522,764	655	-95.1%	3,889,910	-89.6%
19	17,095	688	3,084,865	658	-4.4%	3,039,811	-1.5%
20	19,327	14,517	46,647,729	14,517	0.0%	46,647,729	0.0%
21	49,937	48,702	167,304,714	48,702	0.0%	169,609,365	1.4%
22	18,856	18,856	69,511,034	18,856	0.0%	70,755,157	1.8%
23	42,049	2,440	10,830,690	1,687	-30.8%	8,446,308	-22.0%
24	27,359	1,312	4,550,140	1,882	43.4%	7,796,234	71.3%
25	20,049	573	2,819,233	524	-8.4%	2,528,123	-10.3%
26	27,359	2,256	10,403,408	2,256	0.0%	9,618,612	-7.5%
27	448,746	2,217	6,858,549	2,217	0.0%	6,858,549	0.0%
40	22,140	16,935	42,010,574	17,164	1.3%	43,213,863	2.9%
41	69,117	57,126	125,616,150	57,896	1.3%	134,340,607	6.9%
42	85,395	67,014	184,178,871	67,779	1.1%	188,734,636	2.5%
43	56,656	46,265	128,616,870	46,587	0.7%	135,271,879	5.2%
44	49,556	43,363	102,500,992	44,312	2.2%	117,831,178	15.0%
45	55,466	44,573	164,245,602	44,573	0.0%	171,867,939	4.6%
99	10,708	0	0	0	0.0%	0	0.0%
Total	4,950,128	486,517	1,463,604,889	595,432	22.4%	1,821,569,662	24.5%
% of Total Mkt. Exp.		9.8%		12.0%			

DOI Territories