



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

ACTUARIAL COMMITTEE –APRIL 17, 2025

Members Present

Ms. Lynellen Ramirez – Chair	Arbella Insurance Group
Mr. Todd Lehmann	Quincy Mutual Group
Mr. Tiago Prado	BRZ Insurance, LLC
Mr. Jeff Price	The Hanover Insurance Company
Mr. Christopher Walendin	Safety Insurance Company
Mr. Mark Winiker	A-Affordable Insurance Agency, Inc.
Ms. Meredith Woodcock	Liberty Mutual Insurance Companies
Mr. Joshua Wykle	Vermont Mutual Insurance Group
Mr. Hao Zhang	Plymouth Rock Assurance Corporation

Not in Attendance:

Ms. Sarah Clemens, MAPFRE U.S.A. Corporation
Mr. Joshua Huang, Allstate Insurance Group

24.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Actuarial Committee meeting of September 5, 2024. The Records have been distributed and are on file.

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

The Actuarial Committee began discussions related to the April 1, 2026 Quota Share credit offer. In discussions of the prior year's credit offer, the Committee had resolved to keep credits frozen after considering the movement and increase of exposures in the MAIP and concluding that these changes were a result of market conditions rather than the existing credits. The Committee also proposed to monitor the MAIP volume over time to react to any significant changes in the size of the residual market.

Mr. Tim Galligan opened discussion by reviewing the indicated credit factors using statistically reported data through January 2025. Utilizing the indicated credit factors for 4/1/2026, potential credit premium decreases 29.2% overall as compared to the results using the current credit factors. The credit eligible exposures are indicated to decrease by 39.2%. Mr. Galligan discussed the change in credit factors, noting that 11 new credit factors would be added, while 46 credit factors are proposed for elimination. In total, 21 cells indicate a new or increasing credit factor, and 52 cells decrease or are proposed to be eliminated. An additional 267 cells stay the same as 2025, including 65 cells with 2025 credits that stay the same for 2026, and 202 non-credit cells that are also indicated to have no credits in 2026. Mr. Galligan

also summarized exhibits displaying trends of MAIP assignments, residual market shares, and take-out credit premium.

Additionally, the 2019 credit proposal, which was the last proposal submitted to the Division, and subsequent hearing decision were included for review and discussion. The Committee requested this information last year to better understand the arguments made for and against the proposal and the factors cited by the Hearing Officers in their decision to disapprove the proposal. Mr. Galligan went on to summarize this discussion and the parties' opposing points of view.

In the ensuing discussion, Mr. Todd Lehmann noted that the existing credit model was designed to be self-correcting from year-to-year but, due to the lack of support for change expressed by the Division, the Committee reluctantly agreed to file no change. This has resulted in infrastructure being built around the existing credit structure in companies' business models. He recognized the significant disruption to companies if CAR were to adopt the indicated credit factors. He indicated he would support either continued monitoring with no change this year or review of gradual changes. Mr. Lehmann questioned whether the 20% move to indicated reductions recommended in 2019 was too aggressive. Mr. Hao Zhang agreed that eliminating current credit factors would be disruptive. He indicated his support for continued monitoring for an additional year, or to add credit where there is an indicated need.

Mr. Joshua Wykle countered that the existing credit structure, held constant since 2015, is completely unrelated to the actual credit need in the marketplace, outweighing the potential disruption of change. He commented that a stagnant credit structure serves only to provide predictability rather than to incentivize insurers to write voluntarily where there is indicated need. Mr. Wykle pointed out that certain parts of the state with indicated credit need are not being offered that credit and those customers are adversely affected. Conversely, companies today are offered credit for writing some business voluntarily that would not otherwise be placed in the residual market. Furthermore, the Committee's recommended 20% of indicated credit decreases from 2019 seemed rather modest, but he concurred that such a proposal would be met with concern.

Committee members from the producer side commented that they still see some consumers that struggle to find reasonably priced insurance in the voluntary market, suggesting caution with the removal of credits or gradual reduction of credit factors.

After considerable discussion, the Committee members agreed to proceed with additional modeling of several alternatives to transition to the current indicated credit need to facilitate further discussion at the next meeting.

In discussing the Take-Out credits, the Committee noted carriers' use of take-out credits varies with the size of the residual market. The Committee agreed that the current structure of the Take-Out credit, which utilizes a credit factor of 1.0 applicable for a one year time-period, is working well and does not need to be enhanced at this time. The Committee unanimously passed a motion to make no changes to the Take-Out credit portion of Rule 29.

TIMOTHY GALLIGAN
Actuarial/Statistical Services Director

Boston, Massachusetts
May 6, 2025

ATTACHMENT LISTING

Docket #AC25.02, Exhibit #1

Attendance Listing

**ACTUARIAL COMMITTEE MEETING
MEETING ATTENDEES
APRIL 17, 2025**

Individual's Name

Company / Agency

PLEASE PRINT

Lynellen Ramirez	Arbella Insurance Group
Todd Lehmann	Quincy Mutual Group
Tiago Prado	BRZ Insurance, LLC
Jeffrey Price	The Hanover Insurance Company
Christopher Walendin	Safety Insurance Company
Mark Winiker	A-Affordable Insurance Agency
Meredith Woodcock	Liberty Mutual Insurance Companies
Joshua Wykle	Vermont Mutual Insurance Group
Hao Zhang	Plymouth Rock Assurance Corporation
Monique Miller	AIB
Ron Martin	Preferred Mutual Insurance Company
Barry Tagen	Pilgrim Insurance Company
Wendy Browne	CAR Staff
Timothy Galligan	CAR Staff
Steven Gautieri	CAR Staff
Richard Heath	CAR Staff
Natalie Hubley	CAR Staff
Katy Proctor	CAR Staff
Lynne Rosenburg	CAR Staff
Evan Ross	CAR Staff
Robin Tigges	CAR Staff