CAR
COMMONWEALTH AUTOMOBILE REINSURERS
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NATALIE A. HUBLEY
PRESIDENT

RECORDS OF MEETING

ACTUARIAL COMMITTEE – AUGUST 21, 2025

Members Present

Ms. Meredith Woodcock – Chair	Liberty Mutual Insurance Companies
Mr. Andrew Brown(1)	Plymouth Rock Assurance Corporation
Ms. Melinda Etschman(2)	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.
Mr. Joshua Wykle	Vermont Mutual Insurance Group
Mr. Qianyi Zhao(3)	MAPFRE U.S.A. Corporation

Substituted For:
(1)Mr. Hao Zhang
(2)Mr. Allen Chaves
(3)Ms. Sarah Clemens

Not in Attendance:
Mr. Joshua Huang, Allstate Insurance Group

Notes:
Mr. Tiago Prado, BRZ Insurance departed the meeting at 10:30 a.m.

25.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Actuarial Committee meeting of April 17, 2025. The Records have been distributed and are on file.

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

Ms. Meredith Woodcock initiated discussion by noting the directive included in CAR's enabling statute to annually review credits to control the size of the residual market and to ensure that no class or territory is disproportionately represented in the MAIP. She also noted that the statute does not define disproportionate representation, nor does it prescribe a credit formula. However, she highlighted notable Division of Insurance comments from decisions issued after hearings on the subject in 2016, 2017, and 2019 regarding the role of credits in reducing and maintaining the size of the residual market. Further, she pointed out, these decisions caution against reducing the volume of credit-eligible vehicles and available credit premium due to the potential adverse impacts.

Mr. Timothy Galligan walked through exhibits displaying a summary of the current indicated credit factors using the parameters codified in Rule 29, and six models requested by the Committee at the previous meeting, which include the following scenarios calculated for both five- and ten-year transitionary periods:

- Cap all indicated increases and decreases to credit factors
- Cap all indicated decreases to credit factors, and allow all increases
- Allow all indicated new credit factors, cap all other indicated increases and decreases

The exhibits summarize credit eligible exposure volumes, available credit premium, and the credit factor matrices indicated for each model.

Next, Mr. Andrew Brown reviewed Plymouth Rock's presentation distributed as additional information to the Committee. Mr. Brown emphasized the language in MGL Chapter 175 Section 113H: "The size of the credits shall be such as to enhance the prospects that no classification or territory is disproportionately represented in the plan."

Continuing, he noted that in 2012, around the time of the codification of the current Rule 29 credit formulation, the MAIP comprised about 2.5% of the industry, and thus a 5% representation in MAIP for a territory and rate class cell was roughly equal to two times the average MAIP representation. This was considered to be disproportionately represented and consequently assigned credit to encourage the voluntary writing of risks in those cells. Mr. Brown then applied this logic to the current MAIP market in which the three-year average MAIP residual market share is approximately 1.5%. He demonstrated that using twice the average MAIP representation, or 3% as the threshold for disproportionate representation results in a 47% increase in credit-eligible exposures and a 53% increase in available credit premium.

Mr. Brown therefore advised that Plymouth Rock is against any decrease in credits. Mr. Brown also commented that, in reviewing CAR's current credit indications and capped models, the class 10 credit decreases are too dramatic. He opined that this discourages the voluntary writing of these risks, and since this is the largest rate class, the DOI will most likely be disinclined to accept such a proposal. Similarly, almost half of the 11 territories the DOI listed as crucial would experience a decrease in credits, further dissuading the DOI to accept proposed changes based on the current Rule 29 credit formulation.

Mr. Chris Walendin expressed concern with an increase to credits given the existing MAIP volume. He suggested that if the market share threshold were to be lowered, the volume of credit for each credit group should also be revisited.

Mr. Joshua Wykle expressed concern with the use of such a rigid definition of disparate representation, particularly as the size of the residual market decreases. He noted that, if the Plymouth Rock definition were used when MAIP was 0.4% of the market, then disparate representation would be defined as 0.8% market share, but he opined such variance is immaterial. Mr. Wykle suggested it would be illogical to continually increase credits as the size of the MAIP decreases. Rather, he suggested that under these market conditions, the statutory reference should be considered a general term of guidance. He expressed concern that such large volumes of credits offer little incentive for carriers to write business that would typically be considered an assigned risk. Rather, carriers are incented to write business that would never be in the assigned risk pool, solely to seek credit, thus hurting those consumers that are typically residual market risks. Accordingly, Mr. Wykle opined that a new structure with credits in the correct cells would benefit consumers.

Mr. Brown suggested that frequent credit fluctuations will appreciably disrupt carriers' long-term business models, which in turn will impact consumers. He commented that carriers consider credit availability when considering where to write, where to make investments, and where to appoint agents. Therefore, he countered that any change to the credit model must contemplate disproportionate representation and must maintain stability. Ms. Woodcock also pointed out that past DOI decisions have identified certain territories of concern. She cautioned against decreasing credits in these areas.

Mr. Todd Lehmann remarked that a proposal similar to the current Plymouth Rock model was considered in the past by the committee and rejected for reasons similar to those raised by Mr. Wykle. Mr. Lehmann recognized that the current credits have been effective in keeping the size of the MAIP small, with appropriate incentives in place, but he expressed concern that there is no self-correcting mechanism in place. He supported an approach that adds credits where needed and reduces credits over a longer term to somewhat balance the increases. Mr. Chris Walendin agreed, reiterating his preference for maintaining the current overall credit volume while redistributing credits to address disproportionality.

Committee discussion ensued in which several members expressed interest in a model that is responsive to market changes by capping indicated decreases. Others expressed concern with maintaining stability. To that end, the Committee requested an additional model that allows new credits and increased credit factors, caps decreases at 10%, and takes no decreases for the so-called "DOI territories".

Some discussion also ensued regarding alternative approaches to quantify disproportionate representation and maintain stability with the Plymouth Rock model. Mr. Brown agreed to prepare additional exhibits for the next meeting as well.

25.05 Amendment of Quota Share Formula for New Compulsory Limits

Mr. Galligan advised the committee that Rule 29 – Assignment Process, of the Rules of Operation defines the calculation of MAIP Premium and MAIP Credit Premium to be used in the determination of each Member's credit-adjusted Quota Share. The current formula includes a premium calculation based on bodily injury including guest coverage at 20/40 limits. He explained that, in light of the recent increase to the statutory compulsory bodily limits, Rule 29 will require amendment to reflect the new compulsory limits that became effective 7/1/2025.

To that end, Mr. Galligan reviewed exhibits that were attached to the agenda demonstrating the increased compulsory limits in the quota share determination. He noted that the change has no material impact on the assignment order nor the anticipated assignment volumes among Assigned Risk Carriers.

After a brief discussion, the committee members agreed with staff's assessment, which affords staff time to develop an implementation plan and prepare appropriate Rule amendments. Therefore, Mr. Galligan advised that staff will consider system requirements and evaluate AIB plans to modify base rates to prepare implementation specifics and draft Rule amendments for presentation at a future meeting.

TIMOTHY GALLIGAN
Actuarial/Statistical Services Director

Boston, Massachusetts
September 16, 2025

ATTACHMENT LISTING

Docket #AC25.02, Exhibit #2	Attendance Listing

ACTUARIAL COMMITTEE MEETING
MEETING ATTENDEES
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Individual's Name	Company / Agency
Meredith Woodcock	Liberty Mutual Insurance Companies
Melinda Etschman	Arbella Insurance Group
Qianyi Zhao	MAPFRE U.S.A. Corporation
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, Inc.
Joshua Wykle	Vermont Mutual Insurance Group
Andrew Brown	Plymouth Rock Assurance Corporation
Monique Miller	AIB
Ron Martin	Preferred Mutual Insurance Company
Barry Tagen	Pilgrim Insurance Company
Kenneth Willis	Plymouth Rock Assurance Corporation
Paula Gold	Plymouth Rock Assurance Corporation
Vidya Velloo	Plymouth Rock Assurance Corporation
Margaret Barao	Division of Insurance
Wendy Browne	CAR Staff
Shannon Chiu	CAR Staff
Timothy Galligan	CAR Staff
Steven Gautieri	CAR Staff
Richard Heath	CAR Staff
Natalie Hubley	CAR Staff
Katy Proctor	CAR Staff
Evan Ross	CAR Staff

ACTUARIAL COMMITTEE MEETING
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Individual's Name	Company / Agency
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Lynne Rosenburg	CAR Staff
Robin Tigges	CAR Staff