



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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NOTICE OF MEETING

GOVERNING COMMITTEE

A meeting of the Governing Committee will be held at the Automobile Insurers Bureau Conference Center at 101 Arch Street, 7th Floor, Boston, on

WEDNESDAY, FEBRUARY 15, 2023, AT 10:30 A.M.

MEMBERS OF THE COMMITTEE

Mr. John Olivieri, Jr. – Chair
J.K. Olivieri Insurance Agency, Inc

Ms. Pamela Bodenshtab-Krynicky
Ms. Sarah Clemens
Mr. Kevin Costigan
Mr. Thomas DePaulo
Mr. Thomas Harris
Mr. William Hughes
Ms. Ida Denard Jones
Ms. Nicole Martorana
Ms. Mary McConnell
Mr. Tiago Prado
Mr. Christopher Taylor
Ms. Meredith Woodcock

P.L. Krynicky Insurance Agency, Inc.
MAPFRE U.S.A. Corporation
GEICO
Cabot Risk Strategies, LLC
Quincy Mutual Group
Arbella Insurance Group
Denard Insurance Agency, Inc.
FBInsure, LLC
Safety Insurance Company
BRZ Insurance, LLC
The Hanover Insurance Company
Liberty Mutual Group

AGENDA

GC

22.01 Transcript of Previous Meeting

The Transcript of the Governing Committee meeting of November 16, 2022 should be read and approved.

GC

23.03 CAR Conflict of Interest Policy

The Chair will read a statement relative to CAR's Conflict of Interest Policy.

GC

23.04 President's Report

Commonwealth Automobile Reinsurers' President will report on matters affecting CAR.

GC

23.05 Counsel's Report

Commonwealth Automobile Reinsurers' counsel will report on pending litigation, CAR Rule changes and any other matters relevant to legal issues at CAR.

GC

22.10 Loss Reserving Committee

The Governing Committee will hear the report of the Loss Reserving Committee meeting of December 7, 2022.

A Summary of the Loss Reserving Committee meeting of December 7, 2022 is attached. (Docket #GC22.10, Exhibit #4)

The Records of the Loss Reserving Committee meeting of December 7, 2022 have been distributed and are on file.

GC

23.06 MAIP Steering Committee

The Governing Committee will hear the report of the MAIP Steering Committee meeting of January 25, 2023.

The Records of the MAIP Steering Committee meeting of January 25, 2023 are attached. (Docket #GC23.06, Exhibit #1)

The Records of the MAIP Steering Committee meeting of January 25, 2023 have been distributed and are on file.

GC

23.07 Compliance and Operations Committee

The Governing Committee will hear the report of the Compliance and Operations Committee meeting of February 1, 2023.

The Records of the Compliance and Operations Committee meeting of February 1, 2023 will be distributed as additional information prior the meeting.

GC

23.08 Financial Audit Committee

The Governing Committee will hear the report of the Financial Audit Committee meeting of February 7, 2023.

The Records of the Financial Audit Committee meeting of February 7, 2023 will be distributed as additional information prior to the meeting.

GC

23.09 Personnel Committee

The Governing Committee will hear the report of the Personnel Committee meeting of February 8, 2023.

The Records of the Personnel Committee meeting of February 8, 2023 will be distributed as additional information prior to the meeting.

Other Business

To transact any other business that may properly come before this Committee.

Executive Session

The Governing Committee may convene in Executive Session in accordance with the provisions of G.L. c. 30A, § 21.

NATALIE A. HUBLEY
President

Attachments

Boston, Massachusetts
February 2, 2023



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110

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SUMMARY OF MEETING

LOSS RESERVING COMMITTEE – DECEMBER 7, 2022

Members Present

Ms. Lynellen Ramirez – Chair
Ms. Julie Ann Frechette
Mr. Gavin Traverso
Ms. Melissa Vaughn⁽¹⁾

Arbella Insurance Group
The Hanover Insurance Company
MAPFRE U.S.A. Corporation
Safety Insurance Company

Substituted for:

⁽¹⁾ Mr. Glenn Hiltbold

Not in Attendance:

N/A

22.01 Records of Previous Meeting

On a roll call vote, the Committee unanimously voted to approve the Records of the Loss Reserving Committee meeting of September 7, 2022. The Records have been distributed and are on file.

22.04 Quality of Current Quarter Reporting

The Committee was informed that four Bodily Injury (BI) and one Property Damage Liability (PDL) large loss claims were referred this quarter to CAR's Compliance Audit Department for additional information and verification of the reported statistics. Of the four BI large losses, 3 carry a \$1.0 million combined single limit (CSL) coverage, and 1 policy has a \$5.0 million CSL coverage. These claims were either newly reported, experienced large upward or downward reserve changes, or were paid in excess of the prior quarter reserve and were verified for accuracy with the reporting Servicing Carrier.

The Committee reviewed large loss reports for all large losses greater than \$1.0 million reported for policy years 2013-2022 as of September 2022. During the current quarter, there were seven new claims added to the report, including two claims with a \$5.0 million CSL, both with current incurred losses of approximately \$1.0 million and \$1.2 million, respectively. The remaining losses carry a \$1.0 million CSL. Three large losses were removed for dropping below the threshold. As of the current quarter, there are 113 claims over \$1.0 million reported during the latest ten policy years. The reports are attached as pages 6-10.

Summary of Large Losses GT \$1.0M as of September, 2022 (\$ in millions)

	Claims >>\$1.0M	Current Incurred Losses	Current Reserves	Prior Incurred Losses	Change in Loss
New Claims	7	\$7.6	\$6.4	\$2.4	\$5.2
Total Claims	113	\$190.8	\$63.9	\$184.5	\$6.5

The Committee was also informed that during the current quarter, thirteen new claims were reported using the Large Loss Notification Form. This report is attached as page 11. Additionally, one loss was reported after the initial reports were published and were forwarded to the Committee for consideration in the ultimate loss selections. Seven of the losses carry a \$1.0 million CSL coverage, five carry a \$5.0 million CSL coverage, and one has a \$1.5 million CSL coverage.

22.06 Policy Year Deficit and Loss Ratio Report

The Committee estimated a policy year 2020 surplus of \$28.0 million with an ultimate loss ratio of 62.3%, resulting in a \$1.2 million improvement of the prior quarter's projected surplus of \$26.8 million.

The Committee estimated a policy year 2021 surplus of \$25.1 million with an ultimate loss ratio of 66.5%. The estimate results in a \$1.2 million improvement of the prior quarter's projected surplus of \$23.9 million.

The Committee estimated a policy year 2022 surplus of \$7.5 million with an ultimate loss ratio of 72.4%. This is the first estimate for the policy year 2022 results.

Committee members affirmed that the most recent policy years continue to present a challenge. The resulting impacts of the pandemic, stay at home order, and new traffic patterns are still unfolding. That, combined with sharply increasing loss costs, is causing a need for the initial ultimate estimates to be refined. The Committee analyzes the individual years on a quarterly basis and makes necessary adjustments as more information becomes available.

Ultimate loss ratio and deficit projections for all policy years are attached as pages 12-15.

The following summary displays the policy year results:

Policy Year Results Total Commercial Ceded

PY	Earned Premium (000)	Loss & Allocated Loss Adjustment Expense (000)				Number of Open Claims
		Paid	Case Outstanding	IBNR	Held Ultimate	
2013	110,512	97,012	513	1	97,526	7
2014	127,937	99,253	2,239	26	101,518	17
2015	151,439	129,402	1,443	1	130,846	14
2016	169,141	151,608	16,031	577	168,216	124
2017	182,590	127,086	16,971	58	144,115	131
2018	195,958	145,309	32,249	4,067	181,625	270
2019	190,284	96,054	37,957	7,855	141,866	352
2020	172,656	60,750	36,407	10,454	107,611	737
2021	178,041	53,774	38,061	26,495	118,330	2,027
2022@ 9 mos	53,961	9,325	10,485	19,260	39,070	1100
Total	1,532,519	969,573	192,356	68,794	1,230,723	4,779

Policy Year Change in Ultimate Loss

PY	Current Quarter			Prior Quarter			Difference	
	Ultimate Loss(000)	Earned Prem(000)	Loss Ratio	Ultimate Loss(000)	Earned Prem(000)	Loss Ratio	Ultimate Loss(000)	Loss Ratio
2013	97,526	110,512	88.2%	97,480	110,512	88.2%	46	0.0%
2014	101,518	127,937	79.3%	101,524	127,937	79.4%	-6	0.0%
2015	130,846	151,439	86.4%	131,157	151,439	86.6%	-311	-0.2%
2016	168,216	169,141	99.5%	168,700	169,141	99.7%	-484	-0.3%
2017	144,115	182,590	78.9%	144,235	182,590	79.0%	-120	-0.1%
2018	181,625	195,958	92.7%	180,794	195,958	92.3%	831	0.4%
2019	141,866	190,284	74.6%	141,930	190,284	74.6%	-64	0.0%
2020	107,611	172,656	62.3%	108,717	172,692	63.0%	-1,106	-0.6%
2021	118,330	178,041	66.5%	107,317	161,366	66.5%	11,013	0.0%
2022@ 9 mos	39,070	53,961	72.4%	18,000	24,159	74.5%	21,070	-2.1%

The following summary displays the accident year results from the meeting:

Accident Year Results Total Commercial Ceded

CAL/AY	Loss & Allocated Loss Adjustment Expense (000)					Number of Open Claims
	Earned Premium(000)	Paid	Case Outstanding	IBNR	Held Ultimate	
2013	102,216	81,297	55	1	81,353	3
2014	117,843	101,110	1,128	26	102,264	8
2015	140,066	109,036	1,619	1	110,656	17
2016	160,225	152,768	3,976	246	156,990	31
2017	175,270	138,741	20,102	457	159,300	153
2018	189,480	136,180	27,294	600	164,074	215
2019	198,126	129,159	37,446	5,562	172,167	318
2020	176,013	67,505	31,307	9,123	107,935	435
2021	181,639	57,693	38,862	22,236	118,791	1,162
2022@ 9 mos	138,329	33,796	30,567	30,542	94,905	2,437
Total	1,579,207	1,007,285	192,356	68,794	1,268,435	4,779

Accident Year Change in Ultimate Loss

CAL/AY	Current Quarter			Prior Quarter			Difference	
	Ultimate Loss(000)	Earned Prem(000)	Loss Ratio	Ultimate Loss(000)	Earned Prem(000)	Loss Ratio	Ultimate Loss(000)	Loss Ratio
2013	81,353	102,216	79.6%	81,351	102,216	79.6%	2	0.0%
2014	102,264	117,843	86.8%	102,316	117,843	86.8%	-52	0.0%
2015	110,656	140,066	79.0%	110,759	140,066	79.1%	-103	-0.1%
2016	156,990	160,225	98.0%	157,065	160,225	98.0%	-75	0.0%
2017	159,300	175,270	90.9%	160,477	175,270	91.6%	-1,177	-0.7%
2018	164,074	189,480	86.6%	162,760	189,480	85.9%	1,314	0.7%
2019	172,167	198,126	86.9%	172,200	198,126	86.9%	-33	0.0%
2020	107,935	176,013	61.3%	108,311	176,026	61.5%	-376	-0.2%
2021	118,791	181,639	65.4%	119,163	181,612	65.6%	-372	-0.2%
2022@ 9 mos	94,905	138,329	68.6%	63,169	91,904	68.7%	31,736	-0.1%

22.08 Committee Membership Considerations

Chair Lynellen Ramirez recognized that, in recent years, the Committee has undergone a reduction in membership and has experienced frequent turnover in representation due to staffing and retention challenges experienced throughout the industry. She commented that this has resulted in a less experienced Committee and less robust discussions, often resulting in one or two committee members assuming a disproportionate role in the ultimate loss selections. Ms. Ramirez expressed concern that the Committee

should have an experienced membership with full participation in discussions that drive the decisions relating to ultimate loss and deficit projections. Staff also noted the potential for a lack of a quorum inherent with such a small committee and the potentially significant impact to the time-sensitive nature of the Committee's quarterly activities.

In light of these issues, the Committee discussed ideas related to membership and structure in an effort to explore opportunities to ensure a more thorough review and discussion of the loss reserving function, a critical part of CAR's quarterly financial results. The Committee considered alternatives in lieu of a traditional committee, including delegating the responsibility to CAR staff and/or contract AIB or another independent consultant. The Committee also discussed moving the responsibilities to the Actuarial Committee.

The committee members cited the need for seasoned reservists with direct experience in the Massachusetts automobile insurance marketplace to serve CAR's loss reserving needs. The members expressed a strong preference for each of the Servicing Carriers to participate, given their involvement in servicing the commercial residual market. The Committee also supported participation of Member Companies with larger voluntary market shares, noting the impacts the losses assumed from CAR would have on their voluntary rates.

After significant discussion, the Committee recommended the current committee structure with added membership for stability. Members opined that a larger membership would assist in quorum issues, allow for back-up for coverage responsibilities, and positively impact the discussion concerning the ultimate loss selections. The Committee also discussed the potential need for training of new members. There was not a consensus as to who should be responsible for this training. Some committee members felt they needed help becoming familiar with CAR-specific procedures and reserving reports.

The Committee agreed to recommend that staff solicit additional membership on the committee as the 2023 advisory committee appointments finalized. The members agreed to monitor progress on the issue and consider additional alternatives as needed.

SHANNON CHIU
Actuarial/Statistical Analyst

Boston, Massachusetts
January 18, 2023

Loss Reserving Committee Executive Summary – Attachments

<u>Report Name</u>	<u>Page(s)</u>
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Large Loss Notification Form Summary	11
Ultimate Loss Ratio and Deficit Projections at September, 2022	12-15

Commonwealth Automobile Reinsurers
Large Loss Detail By Policy Year (Large Losses \$1.0 Million and Greater)

CAR DOCKET #GC22.10
EXHIBIT #4
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Data Reported Through September, 2022

Row	Eff Yr	Liab Lim	Lim Id	Accdt Year	Clm	Class Desc	ITD Paid Loss	Current Reserve	ALAE ITD	ITD Total Loss	Prior Reserves	Prior Qtr Tot Loss	Change Tot Loss	PIP Loss	State	Qtr First > \$1.0M	First Rptd
1	21	1.0 M	CSL	2022	3	Non-Owned / Special Rating	0	1,000,000	15,249	1,015,249	1,000,000	1,014,501	748	0	Out Of State	2Q 2022	2Q 2022
2	21	1.0 M	CSL	2021	1	TTT	4,044	995,955	49,798	1,049,797	450,000	476,544	573,253	0	MA	3Q 2022	4Q 2021
3	21	1.0 M	CSL	2021	8	TTT	134,914	990,000	57,667	1,182,581	990,000	1,178,875	3,706	0	MA	1Q 2022	4Q 2021
4	21	5.0 M	CSL	2022	4	TTT	152,390	2,543,600	146,941	2,842,931	2,543,600	2,851,278	-8,347	0	MA	1Q 2022	1Q 2022
5	21	5.0 M	CSL	2022	1	Zone Rated Bus	0	1,000,000	25,000	1,025,000	0	0	1,025,000	0	Out Of State	3Q 2022	3Q 2022
6	21	1.0 M	CSL	2021	2	TTT	30,884	1,000,000	30,019	1,060,903	1,000,000	1,060,903	0	8,000	MA	4Q 2021	4Q 2021
							322,232	7,529,555	324,674	8,176,461	5,983,600	6,582,101	1,594,360	8,000			
1	20	1.0 M	CSL	2020	5	TTT	132,002	930,779	7,630	1,070,411	930,779	1,070,214	197	0	MA	4Q 2020	4Q 2020
2	20	1.0 M	CSL	2021	3	TTT	49,498	1,000,000	12,454	1,061,952	1,000,000	1,063,487	-1,535	0	MA	2Q 2021	1Q 2021
3	20	1.0 M	CSL	2021	1	PPT - NF	0	1,000,000	55,964	1,055,964	1,000,000	1,053,540	2,424	0	Out Of State	2Q 2021	1Q 2021
4	20	1.0 M	CSL	2020	2	PPT Fleet	170,000	750,000	44,429	964,429	950,000	1,001,327	-36,898	0	MA	2Q 2022	1Q 2021
5	20	1.0 M	CSL	2021	3	Zone Rated TTT	26,254	977,947	48,897	1,053,098	973,747	1,048,688	4,410	0	MA	1Q 2022	2Q 2021
6	20	1.0 M	CSL	2021	3	Zone Rated TTT	25,146	1,006,000	59,933	1,091,079	1,006,000	1,088,993	2,086	0	Out Of State	4Q 2021	2Q 2021
7	20	1.0 M	CSL	2021	3	TTT	52,982	1,000,000	55,658	1,108,640	1,000,000	1,071,908	36,732	68	Out Of State	2Q 2022	3Q 2021
8	20	1.0 M	CSL	2021	5	TTT	38,851	990,619	61,881	1,091,351	1,041,168	1,142,231	-50,880	5,242	MA	3Q 2021	1Q 2021
9	20	1.0 M	CSL	2020	2	Zone Rated TTT	2,412	997,588	51,776	1,051,776	997,588	1,049,879	1,897	0	Out Of State	2Q 2022	4Q 2020
10	20	1.0 M	CSL	2020	1	Public Transportation Buses	1,008,000	0	1,782	1,009,782	1,000,000	1,009,782	0	8,000	MA	1Q 2022	4Q 2020
11	20	1.0 M	CSL	2021	3	Non-Owned / Special Rating	0	1,000,000	23	1,000,023	1,000,000	1,000,023	0	0	MA	3Q 2021	2Q 2021
12	20	5.0 M	CSL	2021	1	Commercial Bus	8,000	1,000,000	2,021	1,010,021	1,000,000	1,008,023	1,998	8,023	MA	4Q 2021	4Q 2021
13	20	1.0 M	CSL	2020	1	Garage	1,008,000	0	1,042	1,009,042	0	1,009,042	0	8,000	MA	4Q 2021	1Q 2021
14	20	5.0 M	CSL	2021	4	Zone Rated Bus	897,111	108,950	25,598	1,031,659	108,950	1,028,221	3,438	4,075	Out Of State	2Q 2022	2Q 2021
15	20	1.0 M	CSL	2020	3	Zone Rated TTT	20,372	1,000,000	150,109	1,170,481	1,000,000	1,145,481	25,000	0	Out Of State	3Q 2020	2Q 2020
							3,438,628	11,761,883	579,197	15,779,708	13,008,232	15,790,839	-11,131	33,408			
1	19	1.0 M	CSL	2019	1	TTT	1,000,000	0	33,462	1,033,462	0	1,033,462	0	0	Out Of State	3Q 2020	3Q 2020
2	19	1.0 M	CSL	2020	2	TTT	0	1,000,000	51,240	1,051,240	250,000	263,740	787,500	0	MA	3Q 2022	1Q 2020
3	19	1.0 M	CSL	2019	8	TTT	1,093,233	0	0	1,093,233	0	1,093,233	0	0	MA	4Q 2019	3Q 2019
4	19	1.0 M	CSL	2019	5	Zone Rated TTT	744,406	250,000	80,644	1,075,050	700,000	806,791	268,259	0	Out Of State	3Q 2022	4Q 2019
5	19	5.0 M	CSL	2020	11	TTT	1,668,733	349,279	46,310	2,064,322	349,279	2,064,322	0	0	MA	2Q 2020	2Q 2020
6	19	1.0 M	CSL	2019	3	TTT	32,130	975,870	49,398	1,057,398	975,870	1,056,794	604	8,000	MA	4Q 2021	2Q 2019
7	19	1.0 M	BI	2019	3	Non-Owned / Special Rating	0	1,000,000	75,749	1,075,749	1,000,000	1,075,749	0	0	#Error	3Q 2021	2Q 2020
8	19	1.0 M	CSL	2019	2	TTT	33,578	994,064	18	1,027,660	994,064	1,027,660	0	0	MA	2Q 2022	4Q 2019
9	19	1.0 M	CSL	2019	2	TTT	1,000,000	0	576	1,000,576	0	1,000,576	0	0	MA	4Q 2019	3Q 2019
10	19	1.0 M	CSL	2020	2	TTT	0	1,003,750	75,145	1,078,895	1,003,750	1,078,895	0	3,875	MA	4Q 2020	3Q 2020
11	19	1.0 M	CSL	2020	7	TTT	102,655	960,814	101,827	1,165,296	620,000	834,482	330,814	0	Out Of State	3Q 2022	1Q 2020
12	19	5.0 M	CSL	2019	7	Zone Rated Bus	139,274	3,530,000	83,188	3,752,462	1,780,000	1,985,976	1,766,486	65,552	Out Of State	1Q 2020	4Q 2019
13	19	5.0 M	CSL	2019	1	Zone Rated Bus	20,410	1,000,000	75,441	1,095,851	1,000,000	1,095,851	0	20,851	Out Of State	2Q 2022	3Q 2019
14	19	5.0 M	CSL	2020	4	Zone Rated Bus	103,454	3,000,000	185,021	3,288,475	3,000,000	3,259,171	29,304	100,000	Out Of State	3Q 2020	1Q 2020
15	19	1.0 M	CSL	2019	7	Zone Rated TTT	1,045,357	0	18,256	1,063,613	0	1,063,613	0	0	MA	4Q 2020	3Q 2019
16	19	1.5 M	CSL	2019	6	Commercial Bus	1,116,830	0	50,712	1,167,542	0	1,167,542	0	109,801	Out Of State	3Q 2019	3Q 2019
17	19	1.0 M	CSL	2020	5	Zone Rated TTT	1,036,871	0	34,790	1,071,661	0	1,071,661	0	0	Out Of State	3Q 2020	2Q 2020
18	19	5.0 M	CSL	2019	3	Zone Rated Bus	45,011	600,000	44,141	689,152	1,300,000	1,366,344	-677,192	6,241	Out Of State	1Q 2020	3Q 2019
19	19	5.0 M	CSL	2019	13	Zone Rated Bus	1,560,420	900,000	93,742	2,554,162	1,600,000	3,153,672	-599,510	43,307	Out Of State	4Q 2019	3Q 2019
20	19	1.0 M	CSL	2019	6	TTT	1,030,550	0	10,784	1,041,334	0	1,041,334	0	42	MA	1Q 2020	4Q 2019
							11,772,912	15,563,777	1,110,444	28,447,133	14,572,963	26,540,868	1,906,265	357,669			

Commonwealth Automobile Reinsurers
Large Loss Detail By Policy Year (Large Losses \$1.0 Million and Greater)
Data Reported Through September, 2022

CAR DOCKET #GC22.10
EXHIBIT #4
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Row	Eff Yr	Liab Lim	Lim Id	Accdt Year	Clm	Class Desc	ITD Paid Loss	Current Reserve	ALAE ITD	ITD Total Loss	Prior Reserves	Prior Qtr Tot Loss	Change Tot Loss	PIP Loss	State	Qtr First > \$1.0M	First Rptd
1	18	1.5 M	CSL	2019	2	Commercial Bus	8,000	1,508,000	50,015	1,566,015	1,508,000	1,566,014	1	16,009	MA	4Q 2019	3Q 2019
2	18	1.0 M	CSL	2018	4	TTT	1,094,953	0	32,112	1,127,065	0	1,127,065	0	0	Out Of State	3Q 2019	2Q 2018
3	18	1.0 M	CSL	2018	8	TTT	1,183,229	0	17,741	1,200,970	0	1,200,970	0	0	Out Of State	4Q 2018	4Q 2018
4	18	1.0 M	CSL	2018	6	TTT	486,542	763,744	54,942	1,305,228	763,744	1,302,633	2,595	0	MA	3Q 2020	4Q 2018
5	18	1.0 M	CSL	2019	2	TTT	1,079,123	0	4,331	1,083,454	0	1,083,454	0	0	Out Of State	1Q 2019	1Q 2019
6	18	1.0 M	CSL	2019	2	Commercial Bus	8,005	993,940	66,762	1,068,707	993,940	1,066,854	1,853	0	MA	3Q 2021	3Q 2019
7	18	1.0 M	CSL	2018	2	Non-Owned / Special Rating	1,000,000	0	135,006	1,135,006	0	1,135,006	0	0	#Error	2Q 2020	2Q 2018
8	18	1.0 M	CSL	2019	2	Garage	1,013,028	0	5,071	1,018,099	0	1,018,099	26,068	0	MA	2Q 2019	2Q 2019
9	18	1.0 M	CSL	2018	4	TTT	1,090,942	0	39,901	1,130,843	0	1,130,843	0	0	Out Of State	3Q 2020	4Q 2018
10	18	1.0 M	CSL	2019	16	Zone Rated TTT	1,024,688	0	78,550	1,103,238	0	1,103,238	0	0	Out Of State	2Q 2019	2Q 2019
11	18	1.0 M	CSL	2018	2	TTT	34,184	1,000,000	786	1,034,970	1,000,000	1,034,970	0	0	MA	4Q 2018	4Q 2018
12	18	1.0 M	CSL	2018	3	Zone Rated TTT	960,890	0	68,594	1,029,484	0	1,029,484	0	35,083	Out Of State	2Q 2020	4Q 2018
13	18	1.0 M	CSL	2018	5	TTT	65,976	1,000,099	50,455	1,116,530	1,000,099	1,116,530	0	0	MA	4Q 2018	4Q 2018
14	18	5.0 M	CSL	2018	9	Zone Rated Bus	135,822	1,500,000	65,063	1,700,885	1,500,000	1,695,606	5,279	21,624	Out Of State	3Q 2020	4Q 2018
15	18	5.0 M	CSL	2019	14	Zone Rated Bus	75,644	1,675,000	167,169	1,917,813	1,930,000	2,206,817	-289,004	25,198	Out Of State	4Q 2019	3Q 2019
16	18	1.0 M	CSL	2019	2	Zone Rated TTT	28,466	998,440	45,144	1,072,050	998,440	1,068,837	3,213	26,906	Out Of State	2Q 2022	2Q 2019
17	18	5.0 M	CSL	2019	59	Zone Rated Bus	5,026,954	726,643	398,141	6,151,738	726,643	6,147,933	3,805	372,854	Out Of State	1Q 2019	1Q 2019
18	18	5.0 M	CSL	2018	1	Zone Rated Bus	5,000,000	0	29,419	5,029,419	0	5,029,419	0	21	Out Of State	1Q 2019	4Q 2018
19	18	5.0 M	CSL	2019	4	Zone Rated Bus	5,000,000	0	209,896	5,209,896	0	5,209,896	0	0	Out Of State	3Q 2019	3Q 2019
20	18	5.0 M	CSL	2019	11	Zone Rated Bus	162,665	890,000	50,226	1,102,891	915,000	1,127,991	-25,100	26,700	Out Of State	1Q 2020	3Q 2019
21	18	5.0 M	CSL	2018	72	Zone Rated Bus	967,309	5,003,500	549,131	6,519,940	5,003,500	6,426,237	93,703	1,377,383	Out Of State	2Q 2018	2Q 2018
							25,446,420	16,059,366	2,118,455	43,624,241	16,339,366	43,827,896	-177,587	1,901,778			
1	17	1.0 M	CSL	2017	8	TTT	1,136,433	0	3,762	1,140,195	0	1,140,195	0	4,100	MA	4Q 2017	3Q 2017
2	17	1.0 M	CSL	2018	1	Commercial Bus	0	1,000,000	56,902	1,056,902	0	0	1,056,902	0	MA	3Q 2022	3Q 2022
3	17	1.0 M	CSL	2018	6	TTT	1,002,713	0	78,737	1,081,450	0	1,081,450	0	2,783	MA	2Q 2019	1Q 2018
4	17	5.0 M	CSL	2017	4	Zone Rated Bus	2,511,460	0	33,014	2,544,474	0	2,544,474	0	0	Out Of State	2Q 2021	4Q 2017
5	17	1.0 M	CSL	2017	1	Non-Owned / Special Rating	1,000,000	0	3,456	1,003,456	0	1,003,456	0	0	Out Of State	1Q 2018	4Q 2017
6	17	5.0 M	CSL	2017	2	Zone Rated TTT	0	1,150,000	0	1,150,000	0	0	1,150,000	0	Out Of State	3Q 2022	3Q 2022
7	17	1.0 M	CSL	2017	2	Commercial Bus	1,020,493	0	1,692	1,022,185	0	1,022,185	0	0	MA	3Q 2017	3Q 2017
8	17	1.0 M	CSL	2018	2	TTT	0	1,003,501	200,125	1,203,626	1,003,501	1,203,626	0	3,625	MA	4Q 2018	4Q 2018
9	17	1.0 M	CSL	2018	2	TTT	1,009,645	0	6,934	1,016,579	0	1,012,011	4,568	0	MA	3Q 2018	2Q 2018
10	17	1.0 M	CSL	2018	2	TTT	3,922	1,000,000	125,000	1,128,922	1,000,000	1,128,922	0	0	Out Of State	3Q 2020	2Q 2018
							7,684,666	4,153,501	509,622	12,347,789	2,003,501	10,136,319	2,211,470	10,508			

Commonwealth Automobile Reinsurers
Large Loss Detail By Policy Year (Large Losses \$1.0 Million and Greater)
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Row	Eff Yr	Liab Lim	Lim Id	Accdt Year	Clm	Class Desc	ITD Paid Loss	Current Reserve	ALAE ITD	ITD Total Loss	Prior Reserves	Prior Qtr Tot Loss	Change Tot Loss	PIP Loss	State	Qtr First > \$1.0M	First Rptd
1	16	1.0 M	CSL	2017	3	Garage	1,068,595	0	24,217	1,092,812	0	1,092,812	121,410	8,000	Out Of State	1Q 2018	2Q 2017
2	16	5.0 M	CSL	2016	1	Commercial Bus	5,000,000	0	51,479	5,051,479	0	5,051,479	0	0	Out Of State	3Q 2016	3Q 2016
3	16	1.0 M	CSL	2017	2	Non-Owned / Special Rating	1,000,000	0	17	1,000,017	0	1,000,017	0	0	Out Of State	3Q 2017	2Q 2017
4	16	1.0 M	CSL	2016	1	Commercial Bus	1,007,000	0	118,457	1,125,457	0	1,125,457	0	2,000	MA	1Q 2020	3Q 2016
5	16	5.0 M	CSL	2017	4	Commercial Bus	3,550,031	0	78,378	3,628,409	0	3,628,409	0	50,337	Out Of State	4Q 2018	2Q 2017
6	16	1.0 M	CSL	2016	3	Zone Rated TTT	1,003,220	0	39,530	1,042,750	0	1,042,750	6,442	0	Out Of State	3Q 2018	4Q 2016
7	16	5.0 M	CSL	2017	27	Commercial Bus	507,816	5,565,810	421,581	6,495,207	5,565,810	6,492,816	2,391	72,935	Out Of State	4Q 2017	3Q 2017
8	16	5.0 M	CSL	2016	1	Commercial Bus	3,250,000	0	384,547	3,634,547	0	3,634,547	0	0	MA	4Q 2018	4Q 2016
9	16	1.0 M	CSL	2016	2	Non-Owned / Special Rating	1,000,000	0	45	1,000,045	0	1,000,045	0	0	#Error	1Q 2017	3Q 2016
10	16	1.0 M	CSL	2016	10	TTT	1,013,500	0	52,275	1,065,775	0	1,065,775	0	0	MA	2Q 2018	4Q 2016
11	16	1.0 M	CSL	2016	1	PPT Fleet	50,000	1,000,000	150,493	1,200,493	1,000,000	1,200,493	0	50,025	Out Of State	4Q 2016	3Q 2016
12	16	1.0 M	CSL	2017	4	TTT	994,060	0	9,918	1,003,978	0	1,003,978	0	0	MA	2Q 2020	4Q 2017
13	16	1.0 M	CSL	2016	4	Non-Owned / Special Rating	1,000,000	0	109,214	1,109,214	0	1,109,214	0	0	#Error	4Q 2017	3Q 2017
14	16	5.0 M	CSL	2017	12	Zone Rated Bus	1,366,396	366,494	212,601	1,945,491	366,494	1,945,491	0	46,964	Out Of State	4Q 2018	3Q 2017
15	16	1.0 M	CSL	2017	18	Garage	1,010,100	800,542	480,815	2,291,457	800,542	2,186,378	105,079	0	MA	2Q 2017	2Q 2017
16	16	1.5 M	CSL	2016	4	Commercial Bus	1,497,944	0	57,951	1,555,895	0	1,555,895	0	39,509	Out Of State	2Q 2017	2Q 2016
17	16	1.0 M	CSL	2017	17	Garage	1,000,000	812,599	1,500	1,814,099	812,599	1,814,099	0	0	MA	2Q 2017	2Q 2017
18	16	1.0 M	CSL	2017	30	TTT	106,574	375,000	114,505	596,079	908,045	1,245,387	-649,308	0	Out Of State	1Q 2019	1Q 2017
							25,425,236	8,920,445	2,307,523	36,653,204	9,453,490	37,195,042	-413,986	269,770			
1	15	1.0 M	CSL	2016	2	TTT	1,016,000	0	12,957	1,028,957	0	1,028,957	0	16,000	MA	4Q 2016	4Q 2016
2	15	5.0 M	CSL	2016	76	Zone Rated Bus	5,560,777	0	862,876	6,423,653	0	6,424,998	-1,345	321,254	Out Of State	4Q 2016	1Q 2016
3	15	1.0 M	CSL	2016	3	TTT	999,999	0	86,581	1,086,580	0	1,086,580	0	0	Out Of State	1Q 2018	2Q 2017
4	15	5.0 M	CSL	2016	31	Non-Owned / Special Rating	5,000,000	0	76,786	5,076,786	0	5,150,700	-73,914	0	Out Of State	2Q 2018	4Q 2016
5	15	5.0 M	CSL	2016	5	Non-Owned / Special Rating	1,842,823	0	146,584	1,989,407	0	1,989,407	0	0	MA	1Q 2016	1Q 2016
6	15	1.0 M	CSL	2016	2	TTT	1,000,000	0	40,716	1,040,716	0	1,040,716	0	0	Out Of State	1Q 2019	2Q 2016
7	15	1.0 M	CSL	2016	3	Zone Rated TTT	1,001,356	0	172,598	1,173,954	0	1,173,954	0	0	Out Of State	4Q 2018	1Q 2016
8	15	1.0 M	CSL	2015	3	Public Transportation Buses	1,015,095	0	489	1,015,584	0	1,015,584	0	6,380	MA	1Q 2016	3Q 2015
9	15	5.0 M	CSL	2016	15	Zone Rated Bus	2,954,996	0	312,059	3,267,055	200,000	3,289,848	-22,793	55,845	Out Of State	3Q 2016	2Q 2016
							20,391,046	0	1,711,646	22,102,692	200,000	22,200,744	-98,052	399,479			
1	14	1.0 M	CSL	2015	9	Garage	0	1,000,000	1,103,508	2,103,508	1,000,000	2,037,843	65,665	0	Out Of State	1Q 2017	3Q 2015
2	14	1.0 M	CSL	2014	4	TTT	1,027,733	0	56,146	1,083,879	0	1,083,879	0	0	Out Of State	4Q 2014	4Q 2014
3	14	1.0 M	CSL	2015	2	Non-Owned / Special Rating	1,000,000	0	0	1,000,000	0	1,000,000	0	0	MA	1Q 2015	1Q 2015
4	14	1.0 M	CSL	2014	4	TTT	1,000,000	0	77,176	1,077,176	0	1,077,176	0	0	MA	1Q 2019	2Q 2014
5	14	1.0 M	BI	2015	3	PPT - NF	1,065,335	0	3,315	1,068,650	0	1,068,650	0	22,362	MA	4Q 2015	2Q 2015
6	14	1.0 M	CSL	2014	6	Public Transportation Buses	427,435	587,760	187,896	1,203,091	587,760	1,185,843	17,248	5,891	MA	4Q 2020	4Q 2014
7	14	1.5 M	CSL	2015	6	Zone Rated Bus	1,672,346	0	47,698	1,720,044	0	1,720,044	0	167,172	Out Of State	4Q 2015	3Q 2015
8	14	1.0 M	CSL	2014	4	Non-Owned / Special Rating	938,211	0	295,018	1,233,229	0	1,233,229	0	0	Out Of State	3Q 2016	3Q 2014
							7,131,060	1,587,760	1,770,757	10,489,577	1,587,760	10,406,664	82,913	195,425			

Commonwealth Automobile Reinsurers
Large Loss Detail By Policy Year (Large Losses \$1.0 Million and Greater)
Data Reported Through September, 2022

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Row	Eff Yr	Liab Lim	Lim Id	Accdt Year	Cln	Class Desc	ITD Paid Loss	Current Reserve	ALAE ITD	ITD Total Loss	Prior Reserves	Prior Qtr Tot Loss	Change Tot Loss	PIP Loss	State	Qtr First > \$1.0M	First Rptd
1	13	5.0 M	CSL	2013	2	Commercial Bus	1,764,710	0	66,058	1,830,768	0	1,830,768	0	0	Out Of State	4Q 2016	1Q 2014
2	13	1.0 M	CSL	2013	2	Non-Owned / Special Rating	1,000,000	0	26,833	1,026,833	0	1,026,833	0	0	Out Of State	3Q 2015	4Q 2013
3	13	1.0 M	CSL	2014	3	Zone Rated TTT	750,000	0	252,213	1,002,213	0	1,002,213	0	0	Out Of State	3Q 2019	3Q 2014
4	13	5.0 M	CSL	2014	15	Zone Rated Bus	3,400,701	0	303,501	3,704,202	0	3,704,202	0	242,451	Out Of State	4Q 2014	1Q 2014
5	13	5.0 M	CSL	2014	3	Zone Rated Bus	1,432,188	0	75,117	1,507,305	0	1,507,305	0	0	Out Of State	3Q 2017	1Q 2014
6	13	5.0 M	CSL	2014	2	Commercial Bus	1,217,136	0	52,574	1,269,710	0	1,269,710	0	0	Out Of State	4Q 2015	1Q 2014
7	13	5.0 M	CSL	2014	1	Non-Owned / Special Rating	2,508,000	0	23,224	2,531,224	0	2,531,224	0	8,000	MA	2Q 2017	3Q 2014
8	13	1.0 M	CSL	2014	1	Non-Owned / Special Rating	1,000,000	0	25,432	1,025,432	0	1,025,432	0	0	#Error	3Q 2014	2Q 2014
9	13	1.5 M	CSL	2014	17	Zone Rated Bus	1,521,226	0	11,697	1,532,923	0	1,532,923	0	22,359	Out Of State	3Q 2014	2Q 2014
							14,593,961	0	836,649	15,430,610	0	15,430,610	0	272,810			

Large Loss by Policy Year

Change by Quarter

Data Reported through September, 2022

Summary of Losses Over 1.0 Million

Policy Year	# Policies	Current Reserves	Current Incurred Loss	Prior Incurred Loss	Change in Loss
2021	6	7,529,555	8,176,461	6,582,101	1,594,360
2020	14	11,011,883	14,815,279	14,789,512	25,767
2019	19	14,963,777	27,757,981	25,174,524	2,583,457
2018	21	16,059,366	43,624,241	43,827,896	(177,587)
2017	10	4,153,501	12,347,789	10,136,319	2,211,470
2016	17	8,545,445	36,057,125	35,949,655	235,322
2015	9	0	22,102,692	22,200,744	(98,052)
2014	8	1,587,760	10,489,577	10,406,664	82,913
2013	9	0	15,430,610	15,430,610	0
Subtotal	113	63,851,287	190,801,755	184,498,025	6,457,650

Losses that went under 1.0 Million (Remain on Report)

Policy Year	# Policies	Current Reserves	Current Incurred Loss	Prior Incurred Loss	Change in Loss
2020	1	750,000	964,429	1,001,327	(36,898)
2019	1	600,000	689,152	1,366,344	(677,192)
2016	1	375,000	596,079	1,245,387	(649,308)
Subtotal	3	1,725,000	2,249,660	3,613,058	(1,363,398)
Total All	116	65,576,287	193,051,415	188,111,083	5,094,252

New to Report: Incurred Losses Over 1.0 Million

Policy Year	# Policies	Current Reserves	Current Incurred Loss	Prior Incurred Loss	Change in Loss
2021	2	1,995,955	2,074,797	476,544	1,598,253
2019	3	2,210,814	3,291,586	1,905,013	1,386,573
2017	2	2,150,000	2,206,902	0	2,206,902
Subtotal	7	6,356,769	7,573,285	2,381,557	5,191,728

Commonwealth Automobile Reinsurers
Large Loss Notification Summary
September, 2022 Loss Reserving Committee Meeting
Large Loss Notifications By Policy Year

											Current Qtr	Difference of	Difference of
	Notification	Policy	Accident	Estimated \$							Stat Reported	Estimate to	Prior to Current
#	Date	Year	Year/Qtr	Liab Limit	Class Description	BI	PDL	PIP	Total	State	Total	Current Qtr	Qtr Reported Losses
Prior Quarter Loss Notifications													
1	6/14/2022	2022	20222	\$1,000,000	TTT	500,000	5,000	0	505,000	NH	528,830	(23,830)	0
2	8/8/2022	2021	20214	\$1,000,000	TTT	995,955	4,044	0	999,999	M<	1,049,797	(49,798)	573,253
3	6/14/2022	2021	20212	\$1,000,000	Car Service	300,000	0	0	300,000	MA	329,952	(29,952)	0
4	8/8/2022	2019	20201	\$1,000,000	TTT	750,000	0	0	750,000	RI	436,984	313,016	(359,780)
5	8/8/2022	2019	20201	\$1,000,000	TTT	1,000,000	0	0	1,000,000	MA	1,051,240	(51,240)	787,500
6	6/3/2022	2019	20201	250/500		256,000	0	10,000	266,000	MA	0	0	0
7	6/27/2022	2019	20194	\$1,000,000		994,064	5,936	0	1,000,000	MA	1,027,660	(27,660)	0
8	6/16/2022	2019	20192	\$1,000,000		400,000	3,000	0	403,000	CT	203,497	199,503	(210,914)
9	7/12/2022	2018	20184	\$1,000,000		650,000	7,000	0	657,000	CT	691,234	(34,234)	462,044
10	8/11/2022	2018	20183	\$1,000,000		300,000	9,000	0	309,000	NJ	350,751	(41,751)	101,800
11	8/12/2022	2017	20181	\$1,000,000	Commercial Bus	1,000,000	0	0	1,000,000	MA	0	1,000,000	(43,059)
12	6/3/2022	2017	20172	\$1,000,000		0	0	0	0	CT	70,839	(70,839)	(397,470)
Current Quarter Loss Notifications													
1	11/22/2022	2022	20223	\$5,000,000	PPT Buses	125,000	0	16,000	141,000	DE	0	0	0
2	11/10/2022	2022	20223	\$1,500,000	PPT Buses	400,000	0	50,000	450,000	NY	0	0	0
3	8/25/2022	2022	20223	\$5,000,000	Commercial Bus	250,000	0	50,000	300,000	NY	124,225	175,775	124,225
4	9/19/2022	2021	20214	\$1,000,000		470,000	0	20,000	490,000	MA	49,626	440,374	7,213
5	10/20/2022	2021	20221	\$1,000,000		250,000	0	8,000	258,000	MA	109,699	148,301	5,762
6	8/25/2022	2021	20221	\$1,000,000		350,000	15,000	0	365,000	SC	368,124	(3,124)	343,784
7	9/29/2022	2021	20222	\$1,000,000		350,000	7,500	0	357,500	WV	58,431	299,069	58,431
8	9/29/2022	2021	20222	\$5,000,000	Commercial Bus	250,000	0	50,000	300,000	ny	1,025,000	(725,000)	1,025,000
9	11/10/2022	2019	20194	\$1,000,000	TTT	800,000	0	0	800,000	MA	422,554	377,446	0
10	11/10/2022	2019	20194	\$1,000,000	TTT	703,800	21,806	0	725,606	MA	480,812	244,794	158,298
11	8/25/2022	2019	20194	\$1,000,000	ZR TTT	9,943,154	6,846	0	9,950,000	PA	1,075,050	8,874,950	268,259
12	11/10/2022	2018	20194	\$5,000,000		1,000,000	5,000	0	1,005,000	NY	241,230	763,770	10,682
13	9/19/2022	2017	20172	\$5,000,000		1,150,000	20,000	0	1,170,000	CT	1,150,000	20,000	1,150,000

COMMERCIAL ULTIMATE POLICY YEAR DEFICIT PROJECTIONS
 BASED ON DATA REPORTED THROUGH QUARTER ENDING SEPTEMBER 2022
 (000's OMITTED)

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SUMMARY EXHIBIT

	Policy Year 2020		Policy Year 2021		Policy Year 2022	
	Dollars	% Prem	Dollars	% Prem	Dollars	% Prem
Premium	172,600	100.0%	183,600	100.0%	190,000	100.0%
Losses Incurred and ALAE	107,530	62.3%	122,094	66.5%	137,560	72.4%
Underwriting Expenses	37,112	21.5%	36,420	19.8%	44,916	23.6%
Underwriting Result	27,958	16.2%	25,086	13.7%	7,524	4.0%

COMPARISON OF ULTIMATE POLICY YEAR DEFICIT PROJECTIONS
PRIOR AND CURRENT QUARTER ESTIMATES

Policy Year 2022

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium			190,000	100.0%		
Losses Incurred and ALAE			137,560	72.4%		
Underwriting Expenses			44,916	23.6%		
Underwriting Result			7,524	4.0%		

Policy Year 2021

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	183,400	100.0%	183,600	100.0%	200	0.1%
Losses Incurred and ALAE	121,961	66.5%	122,094	66.5%	133	0.1%
Underwriting Expenses	37,542	20.5%	36,420	19.8%	(1,122)	-3.0%
Underwriting Result	23,897	13.0%	25,086	13.7%	1,189	5.0%

Policy Year 2020

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	172,700	100.0%	172,600	100.0%	(100)	-0.1%
Losses Incurred and ALAE	108,801	63.0%	107,530	62.3%	(1,271)	-1.2%
Underwriting Expenses	37,138	21.5%	37,112	21.5%	(26)	-0.1%
Underwriting Result	26,761	15.5%	27,958	16.2%	1,197	4.5%

COMPARISON OF ULTIMATE POLICY YEAR DEFICIT PROJECTIONS
PRIOR AND CURRENT QUARTER ESTIMATES

Policy Year 2019

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	190,284	100.0%	190,284	100.0%	0	0.0%
Losses Incurred and ALAE	141,927	74.6%	141,862	74.6%	(65)	0.0%
Underwriting Expenses	41,379	21.7%	41,379	21.7%	0	0.0%
Underwriting Result	6,978	3.7%	7,043	3.7%	65	0.9%

Policy Year 2018

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	195,958	100.0%	195,958	100.0%	0	0.0%
Losses Incurred and ALAE	180,795	92.3%	181,627	92.7%	832	0.5%
Underwriting Expenses	45,927	23.4%	45,927	23.4%	0	0.0%
Underwriting Result	(30,764)	-15.7%	(31,596)	-16.1%	(832)	2.7%

Policy Year 2017

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	182,591	100.0%	182,591	100.0%	0	0.0%
Losses Incurred and ALAE	144,237	79.0%	144,116	78.9%	(121)	-0.1%
Underwriting Expenses	45,686	25.0%	45,686	25.0%	0	0.0%
Underwriting Result	(7,332)	-4.0%	(7,211)	-3.9%	121	-1.7%

COMPARISON OF ULTIMATE POLICY YEAR DEFICIT PROJECTIONS
PRIOR AND CURRENT QUARTER ESTIMATES

PY 2016

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	169,141	100.0%	169,141	100.0%	0	0.0%
Losses Incurred and ALAE	168,698	99.7%	168,214	99.5%	(484)	-0.3%
Underwriting Expenses	43,287	25.6%	43,287	25.6%	0	0.0%
Underwriting Result	(42,844)	-25.3%	(42,360)	-25.0%	484	-1.1%

PY 2015

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	151,439	100.0%	151,439	100.0%	0	0.0%
Losses Incurred and ALAE	131,158	86.6%	130,847	86.4%	(311)	-0.2%
Underwriting Expenses	38,778	25.6%	38,778	25.6%	0	0.0%
Underwriting Result	(18,497)	-12.2%	(18,186)	-12.0%	311	-1.7%



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

MAIP STEERING COMMITTEE – JANUARY 25, 2023

Members Present

Mr. Barry Tagen – Chair
Mr. Allen Chaves
Ms. Sarah Clemens
Ms. Ida Denard Jones
Ms. Sheila Doherty
Mr. Cory Hanson ⁽¹⁾
Ms. Jean Houghton
Mr. Robert Jackson
Ms. Nicole Martorana
Ms. Mary McConnell
Mr. Henry Risman
Mr. Mark Winiker

Pilgrim Insurance Company
Arbella Insurance Group
MAPFRE U. S.A. Corporation
Denard Insurance Agency, Inc.
Doherty Insurance Agency, Inc.
The Hanover Insurance Company
Norfolk & Dedham Group
GEICO
FBInsure, LLC
Safety Insurance Company
Risman Insurance Agency, Inc.
A-Affordable Insurance Agency, Inc.

Substituted for:

⁽¹⁾Mr. Christopher Taylor

Not in Attendance:

Mr. Shaun Farley, Vermont Mutual Insurance Group

MSC

22.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the MAIP Steering Committee meeting of June 28, 2022. The Records have been distributed and are on file.

MSC

22.04 Electronic MAIP Stamp

Mr. John Metcalfe reported that Staff has completed the development and testing of the MAIP E-stamp for use on registration and insurance certifications for MAIP policies. He indicated Staff developed a process for use of the E-Stamp including training documentation and proper security provisions which were tested by staff and selected certified agents. He indicated that it is CAR's intent to implement use of the stamp for all agencies in late February. He noted that the availability and use of an E-Stamp will be complementary to the availability and use of wet stamps, and that there are no immediate plans to replace the wet stamp until the usage of each can be evaluated.

Mr. Metcalfe reviewed proposed amendments to the Assigned Risk Producer Procedures Manual in Chapter II – MAIP Stamp Requirements and Authorization and Chapter IV – MAIP Stamps. He informed

the Committee that the proposed edits to the manual language provide information on the availability and use of a MAIP E-Stamp in addition to MAIP wet Stamps procedures.

The Committee unanimously voted to recommend to the Governing Committee approval of the proposed amendments to the Assigned Risk Producer Procedures Manual.

MSC

22.06 Private Passenger Definition

Ms. Wendy Browne reviewed the proposed changes to Rule 27 – Private Passenger Definition of the MAIP rating manual to include SUVs in the eligibility definition, address vehicles with a gross vehicle weight up to 16,000 pounds and to ensure consistency with the commercial manual. Ms. Browne advised that pursuant to Committee discussion at its last meeting, reference to the sole personal use of pick-up, van, and SUV vehicle types has been removed from the original draft to ensure consistency with the business use classification.

The Committee unanimously voted to recommend to the Governing Committee approval of the proposed amendments to Rule 27 - Private Passenger Definition.

MSC

22.08 MAIP Physical Damage Maximum Loss Payable

Mr. Tim Galligan provided an overview of the documentation attached to the Notice of Meeting which included information requested by the Committee at its previous meeting. The documentation addressed historical high-valued vehicle counts, loss experience and information on maximum physical damage loss limitations in other states' residual markets. Mr. Galligan noted that staff reviewed the AIPSO plans and identified 3 states that exclude physical damage coverage, 10 states with coverage limits ranging from \$25,000 to \$75,000, and 10 states that restrict or exclude coverage based on MSRP.

CAR Counsel Steven Torres advised the Committee on his review of Massachusetts statutory regulations that might apply to limitation of coverage with respect to a physical damage coverage cap. He advised that while the statute contains a requirement to offer physical damage coverage, there is no language that prohibits a payout limit under the statutory physical damage coverage obligations outlined in MGL c. 175 § 113H – Assigned Risk Plans.

Some committee members noted the small volume of claims experience greater than \$100,000 and questioned the need for a coverage limitation. Mr. Barry Tagen noted that the loss exposure, however, is significant. He further commented that due to the large volume of companies with LADAs and credit purchases, the risk of these large losses is not spread equitably among all Members. After discussion, the Committee reached consensus that a coverage limitation would be appropriate.

Discussion then focused on an appropriate coverage limitation. The Committee considered the coverage limitations adopted in contiguous states but agreed that the \$75,000 limit is low in light of the cost of the average vehicle. After discussion, the Committee unanimously voted to set the MAIP physical damage loss payable coverage limit at \$175,000 per vehicle.

As a result of their action, the Committee was informed that staff will draft amendments to the Rules of Operation and MAIP Insurance Manual and will provide applicable endorsement forms for consideration at the next meeting.

MSC

23.04 MAIP Policy Application Update – Risk Email Address

Ms. Wendy Browne informed the Committee that an assigned risk company had requested that the Committee consider adding the insured email address to the MAIP Policy Application and the associated data transfer record layout.

Ms. Browne noted that such a change to the record layout requires system resources by both CAR staff and the Assigned Risk Companies (ARC) and that CAR had reached out to the 8 ARCs currently receiving assignments to solicit input on the perceived benefits and costs. She reviewed the feedback received from the ARC's indicating that the responses varied from being favorable regardless of the cost to those that were unsure of the benefits and those that did not see any value in adding the new field. She also noted that the change would be substantial for those companies that utilize the MAIP XML option as compared to those companies that utilize the ACORD transfer option.

The Committee discussed the benefits of adding the email address, including the possibility of going paperless if the email address were provided, and the drawbacks, including the lack of data integrity of the email addresses that are currently provided through the supplemental applications.

Following additional discussion, the Committee agreed that further information should be obtained from companies about the cost associated with implementing this change. One member also inquired whether any decision to proceed would be impacted by statute relative to requiring proof of mailing. Finally, it was suggested that, to minimize future record changes, CAR solicit feedback regarding additional data elements that may be useful, such as cell phone number. As a result, CAR staff indicated that they would update the Committee with their findings, including any potential impacts to CAR manual language for discussion at its next meeting,

ADRIANNE DONOVAN
Residual Market Services Liaison

Boston, Massachusetts
February 2, 2023

January 25, 2023

Assigned Risk Producer Procedures Manual Updates

Memorandum of Changes

The following modifications are proposed to Chapter II – Assigned Risk Producer Responsibilities and Chapter IV – Assignment of an Application to an ARC:

Chapter II – Assigned Risk Producer Responsibilities

- Section A.6 – MAIP Stamp Requirements – language has been added to reference the availability and use of MAIP E-Stamps for vehicle registration certifications as an option in addition to the use of a MAIP wet stamp. Also, language has been added to specifically identify wet stamps in some procedures.

Chapter IV – Assignment of an Application to an ARC

- Section B.6 – MAIP Stamp – language has been added to reference the availability and use of MAIP E-Stamps for vehicle registration certifications as an option in addition to the use of a MAIP wet stamp.

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be added to that individual's security profile. The agency's Security Administrator may add the locations by accessing the Detail Users page from the Manage Users function menu, clicking on the user's name and then adding the location.

- f. In order to assure that the tax identification information needed for the commission process is automatically provided to the company to which a MAIP application is assigned, the Security Administrator must make sure that agency tax information is entered into the MAIP system. This can be done via the Enter Tax ID function which is available on the Security Administration Menu. Tax identification information is maintained on an encrypted file and is only made available to ARCs via the transfer of assigned applications.

Note that some companies may also request agencies to complete additional forms.

5. Activation of MAIP Policy Application Access – Tutorial Requirements

Every individual securing a MAIP User ID and password must complete a MAIP Policy Application tutorial prior to being permitted to place business through the MAIP. The tutorial will educate individuals on how to enter, edit and submit policy applications for assignment to an ARC. Completion of the tutorial will satisfy the certification provision of Rule 31 – Assigned Risk Producer Requirements requiring electronic access to the MAIP.

Once the tutorial has been completed, entry of the MAIP User ID will activate the MAIP Policy Application and the individual will then be able to enter policy application data.

6. MAIP Stamp Requirements

Upon completion of the ARP certification requirements specified in Section A.1. of this Chapter, each certified ARP office location will be provided with two MAIP wet stamps. MAIP E-Stamps are also available for vehicle registration certifications within the MAIP Policy Application, which includes instructions for use.

The MAIP stamp, once affixed to RMV forms, will provide proof of insurance to the RMV. The stamp will contain a MAIP agency

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number specific to the office location as assigned by CAR and will contain lines for the name and company number of the ARC to which the policy is assigned and the ARP's signature. The RMV will be provided with a listing of all active and certified agency numbers. The MAIP stamps may be used on appropriate registration forms once an assignment to a company has been made. The ARP is required to assure that the accurate assigned company's name and three-digit company number appears legibly. ~~accurately and legibly print the assigned company's name and number on the stamped RMV form for acceptance at the RMV.~~

a. Authorization

Use of MAIP stamps is authorized by CAR specific to a particular agency and agency office location. The authorization is valid as long as the producer information on file at CAR remains unchanged, the agency license remains current and the producer maintains all certification requirements. Copying the MAIP wet stamp and/or unauthorized use of a MAIP stamp is prohibited and such action will result in the decertification of the producer and the producer's inability to place business through the MAIP.

Note that a ~~the~~ MAIP stamp may not be used as a courtesy to certify registration forms. A courtesy stamp may only be performed by a producer that represents the company insuring the applicant's vehicle, using that company's stamp.

b. Duplication, Replacement or Request for Additional Stamps

Any replacement or request for additional MAIP wet stamps must be approved by CAR. A MAIP Wet Stamp Request form may be found on the MAIP Producer page of CAR's website, under Forms (refer to Exhibit II-A-4).

c. Return of MAIP Stamps

An agency sale, merger, acquisition, termination, decertification or individual office location closing must be immediately reported to CAR. In any such case, all MAIP wet stamps must be promptly returned to CAR.

d. Power of Attorney

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An Authorization to Certify Motor Vehicle Insurance Coverage form (refer to Exhibit II-A-5) may be used to grant (or revoke) licensed and non-licensed agency employees the authority to certify, through the use of the ARP's MAIP stamps, the existence of motor vehicle insurance coverage for risks assigned to an ARC. This form must be completed and signed by a licensed and certified agency principal. Such authority is extended only to those policies issued through the MAIP and produced in the course of the individual's employment agreement with the insurance agency. The Authorization to Certify Motor Vehicle Insurance Coverage form may be found on the MAIP Producer page of CAR's website, under Forms, using the Power of Attorney Authorization link.

7. Ongoing Assigned Risk Producer Requirements

An ARP is also responsible for fulfilling many ongoing requirements, several of which are listed below. Failure to do so will be grounds for revocation of certification. Refer to Rule 31.B. – Assigned Risk Producer Requirements of CAR's Rules of Operation for a complete list of all ARP requirements.

- a. Based upon the MAIP eligibility requirements outlined in Rule 26 – Policyholder Rights and Responsibilities of CAR's Rules of Operation, assure that all applications submitted for MAIP placement meet the established MAIP eligibility criteria.
- b. Assure that MAIP application information, and any additional or supplemental information is submitted on the proper forms and that each application is submitted accurately and in its entirety by taking the following steps:
 - (1) List all licensed operators in the household, including those not used for classifications purposes.
 - (2) Verify through the RMV Registration Inquiry System, the driver's license for each listed operator who holds a Massachusetts driver's license. The ARP must submit a photocopy of the license of any operator holding an out-of-state or a foreign driver's license with the new business application.

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which contains either a company link or an email address for each ARC. Via these links, companies provide ARPs with information relative to their company rates, underwriting, billing, claims and SIU operations, pre-inspection requirements and inspection sites, premium deposit payment information and billing remittance address, supplemental application information requirements and any other information necessary for successful policy submission and maintenance.

6. MAIP Stamp~~s~~

In order to provide proof of insurance to the RMV, all RMV forms must be stamped with a MAIP stamp.

~~A~~The MAIP wet stamp will contain the MAIP Agency Number as assigned by CAR. MAIP wet stamps ~~and~~ will contain lines for the name and company number of the ARC to which the policy is assigned and the ARP's signature. The ARP is required to accurately and legibly print the assigned company's name and number on the stamped RMV form for acceptance at the Registry. Two wet MAIP stamps will be provided to each certified ARP office location.

MAIP E-Stamps are also available for authorized use and can be found in the E-Stamp section of the MAIP Policy Application. The ARP is required to accurately select the correct E-Stamp for the assigned company and three-digit company number and apply an authorized signature for use with an RMV form.

Note that ~~the~~ MAIP stamp~~s~~ may not be used as a courtesy to certify registration forms. A courtesy stamp may only be performed by another producer that represents the company insuring the applicant's vehicle, using that company's stamp.

For additional information regarding the authorization of stamp use, the duplication, replacement or request for additional stamps, the return of MAIP wet stamps and the use of the Authorization to Certify Motor Vehicle Insurance Coverage form, refer to Chapter II of this Manual.

7. Documents to be Provided to the Assigned ARC

Within two business days of policy assignment, the ARP must provide the assigned ARC with the following:

January 25, 2023

Private Passenger Residual Market Automobile Insurance Manual Updates

Memorandum of Changes

The following modifications are proposed to Section II – Private Passenger Automobiles – Rule 27 Private Passenger Definition:

- Section B – the definition of the vehicle type has been expanded to include SUV
- Section B.1 – in conjunction with changes to 540 CRM plate definition to indicate that a pick-up truck or cargo van weighing less than 16,000 pounds can now have a private passenger plate, the gross vehicle weight has been updated from 10,000 pounds to 16,000 to maintain consistency with Registry procedures.

SECTION II - PRIVATE PASSENGER AUTOMOBILES

RULE 27. PRIVATE PASSENGER DEFINITION

- A. A motor vehicle of the private passenger or station wagon type that is owned or leased under contract for a continuous period of at least twelve months by one or more individuals, excluding (1) partnerships, (2) corporations, (3) unincorporated business associations, and (4) other legal business entities with a federal employer identification number, and is not used as a public or livery conveyance nor rented to others. A vehicle which meets the conditions of Rule 31, regarding the transportation of fellow employees, students or others for consideration, is included in this definition, provided such vehicle is not registered for carrying passengers for hire.
- B. A motor vehicle that is a pick-up, ~~or~~ van, or SUV that is owned or leased under contract for a continuous period of at least 12 months by one or more individuals, excluding (1) partnerships, (2) corporations, (3) unincorporated business associations, and (4) other legal business entities with a federal employer identification number, and
 1. has a gross vehicle weight rating of less than ~~10,000~~ 16,000 pounds or has a vehicle rating group assigned to it by the Automobile Insurers Bureau of MA (AIB), and
 2. is not used for the delivery or transportation of goods or materials unless such use is incidental to the insured's business of installing, maintaining or repairing furnishings or equipment.
- C. Gross Vehicle Weight Rating means the value specified by the manufacturer as the loaded weight of a single vehicle.
- D. An eligible vehicle under this rule whose title has been transferred to a trust may be insured under a policy issued by assignment through the MAIP, subject to the following requirements: the grantor of the trust must be an individual or lawfully married individuals residing in the same household, and must be the only insured(s) named in Item 1 of the Coverage Selections Page. All vehicle(s) insured under the policy must be owned by the trust. A vehicle owned by a trust in which the grantor is a partnership or corporation must be written under a commercial auto policy.

If a motor vehicle is leased as described in the foregoing paragraphs, and the lessee is obtaining the insurance, the policy must be issued to the lessee as named insured and Endorsement M-0070-S, "Coverage For Anyone Renting An Auto To You," must be attached to the policy.

RULE 28. PRIVATE PASSENGER CLASSIFICATIONS

A. Operator Classes

- 10 Experienced Operator.** The operator has been licensed at least six years and is under the age of 65 and the automobile is not used in the occupation, profession or business of the insured.
- 15 Experienced Operator - age sixty-five or more.** The operator has been licensed at least six years and is sixty-five years of age or more and the automobile is not used in the occupation, profession or business of the insured.
- 17 Inexperienced Principal Operator - licensed three or more years.** The operator of the automobile has been licensed at least three years and less than six years and is the principal operator of the automobile.
- 18 Inexperienced Occasional Operator - licensed three or more years.** The operator has been licensed at least three years and less than six years and is not the principal operator of the automobile.
- 20 Inexperienced Principal Operator - licensed less than three years. No driver training.** The operator has been licensed less than three years, is the principal operator of the automobile, and has not completed a Satisfactory Driver Training Program.
- 21 Inexperienced Occasional Operator - licensed less than three years. No driver training.** The operator has been licensed less than three years, is not the principal operator of the automobile, and has not completed a Satisfactory Driver Training Program.