



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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www.commauto.com 617-338-4000

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

TUESDAY, JUNE 17, 2025, AT 10:30 A.M.

MEMBERS OF THE COMMITTEE

Mr. William Hughes – Chair
Arbella Insurance Group

Ms. Pamela Bodenshtab-Krynicky
Ms. Sarah Clemens
Mr. Kevin Costigan
Mr. Thomas DePaulo
Ms. Jean Houghton
Ms. Ida Denard Jones
Ms. Nicole Martorana
Ms. Mary McConnell
Mr. John Olivieri, Jr.
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
Norfolk and Dedham Group
Denard Insurance Agency, Inc.
FBInsure, LLC
Safety Insurance Company
J.K. Olivieri Insurance Agency, Inc.
BRZ Insurance, LLC
The Hanover Insurance Company
Liberty Mutual Group

AGENDA

GC

25.01 Transcript of Previous Meeting

The transcript of the Governing Committee meeting of April 15, 2025, should be read and approved.

GC

25.03 CAR Conflict of Interest Policy

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

GC

25.04 President's Report

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

GC

25.05 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

25.06 Compliance and Operations Committee

The Governing Committee will hear the report of the Compliance and Operations Committee meeting of June 4, 2025.

The Records of the Compliance and Operations Committee meeting of June 4, 2025, will be distributed as additional information prior to the meeting.

GC

25.09 Loss Reserving Committee

The Governing Committee will hear the report of the Loss Reserving Committee meeting of June 4, 2025.

The Summary of the Loss Reserving Committee meeting of June 4, 2025, will be distributed as additional information prior to the meeting.

GC

25.13 Actuarial Committee

The Governing Committee will hear the report of the Actuarial Committee meeting of April 17, 2025.

The Records of the Actuarial Committee meeting of April 17, 2025, are attached (Docket #GC25.13, Exhibit #1).

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

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 HUBLEY
President

Attachment

Boston, Massachusetts
June 5, 2025



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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