CAR
COMMONWEALTH AUTOMOBILE REINSURERS
101 Arch Street, Suite 400 Boston, Massachusetts 02110
www.commauto.com 617-338-4000
NATALIE A. HUBLEY
PRESIDENT

ADDITIONAL INFORMATION

TO MEMBERS OF THE GOVERNING COMMITTEE

FOR THE MEETING OF:

Tuesday, September 23, 2025, at 10:30 a.m.

GC
25.12 Commercial Automobile Committee

The Records of the Commercial Automobile Committee meeting of August 27, 2025, are attached (Docket #GC25.12, Exhibit #3).

The Records of the Commercial Automobile Committee meeting of August 27, 2025, have been distributed and are on file.

GC
25.13 Actuarial Committee

The Records of the Actuarial Committee meetings of August 21, 2025, and September 16, 2025, are attached (Docket #GC25.13, Exhibits #2 and #3).

The Records of the Actuarial Committee meeting of August 21, 2025, and September 16, 2025, have been distributed and are on file.

NATALIE HUBLEY
President

Attachments

Boston, Massachusetts
September 18, 2025

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RECORDS OF MEETING

COMMERCIAL AUTOMOBILE COMMITTEE – AUGUST 27, 2025

Members Present

Mr. Thomas DePaulo – Chair	Cabot Risk Strategies, LLC
Ms. Annmarie Castonguay	The Hanover Insurance Company
Ms. Sheila Doherty	Doherty Insurance Agency, Inc.
Mr. Andrew Lajzer	Safety Insurance Company
Ms. Sharon Murphy	Acadia Insurance Company
Mr. John Olivieri, Jr.	J.K. Olivieri Insurance Agency, Inc.
Ms. Allison Ratliff	MAPFRE U.S.A. Corporation
Mr. Thomas Skelly, Jr.	Deland, Gibson Insurance Associates, Inc.
Mr. Barry Tagen	Pilgrim Insurance Company
Mr. David Zawilinski	Arbella insurance Group

Not in Attendance:
Mr. Tiago Prado, BRZ Insurance, LLC

Notes:
Ms. Sheila Doherty left the meeting at 11:45 a.m.
Ms. Sharon Murphy left the meeting at 12:07 p.m.

25.01 Records of Previous Meeting

The Committee voted with eight members in favor and one abstained to approve the Records of the Commercial Automobile Committee meeting of July 18, 2025. The Records have been distributed and are on file.

24.07 Proposed Amendments to CAR Rules and Manuals for New Coverage Forms

At the previous meeting, the Committee voted to adopt three additional exclusions for use in the residual market. After the meeting, it was brought to the attention of CAR Staff that there were similar exclusions that had not been considered in the discussion. Since then, CAR Staff conducted a review of the AIB's approved exclusionary endorsements and compiled a list to present to the Committee for their consideration.

Ms. Wendy Browne presented the various endorsements, most of which pertain to the Auto Dealer's Policy. For this reason, certain exclusions have separate versions that apply to the Covered Autos or General Liability sections of the policy. These exclusionary endorsements included Abuse &

Molestation, Cannabis, Communicable Disease, Fungi & Bacteria, PNP, Silica/Silica-Related, and Unmanned Aircrafts. Ms. Browne identified for the Committee those endorsements that the Committee had already recommended for adoption, the reasoning behind their choices, and the complimentary endorsements that would also apply to the general liability coverage.

Ms. Allison Ratliff suggested the Committee consider the General Liability section's Communicable Disease endorsement in addition to the Covered Autos endorsement the Committee has already proposed to adopt. Mr. David Zawilinski concurred and recommended adopting all parts of the Silica/Silica-Related endorsement as well.

After discussion, the Committee voted unanimously to recommend adoption of the two additional exclusionary endorsements – CA 25 57 – Communicable Disease Exclusion for General Liability Coverages and CA 25 39 – Silica or Silica-Related Dust Exclusion for General Liability Coverages for policies effective January 1, 2027 and later.

25.06 Adoption of Non-Fleet PPT Certification for Other Classes

Ms. Wendy Browne briefly shared some of the history behind the development of the non-fleet PPT certification, including the committee's intent to confirm that a viable commercial entity exists, to verify validly licensed operators, and to specifically exclude the named insured if not listed as an operator. Ms. Browne then opened discussion to the Committee regarding the suggestion that it could be appropriate to expand use of the certification forms to other classifications. Ms. Ratliff thought it feasible to expand the certification to certain TTT classifications. Mr. Barry Tagen suggested that the certification forms be utilized for Fleet-PPT risks. He described examples of vehicles added to commercial fleet policies that are not used for business purposes. He suggested that requiring the certification could reduce instances whereby a vehicle is improperly insured through the commercial residual market.

Significant discussion ensued during which producers recognized the practice of business owners purchasing and registering vehicles in the name of a business for various reasons, even if the majority use is personal. Committee members noted that vehicles owned by a business are ineligible to be written on the MA private passenger auto policy and are ineligible for placement in the MAIP. Some expressed concern that excluding these vehicles from the commercial residual market could create a gap in the availability of coverage. Others indicated that depending on the circumstances the insured should be advised to reregister the vehicle and insure it in the personal lines market. Committee members also questioned CAR's ability to regulate the personal use of vehicles owned by legitimate businesses.

Continued discussion focused on the original intent and purpose of the PPT-NF certification form. CAR Counsel, Attorney Steven Torres, explained that in 2016-2017, it was uncovered that businesses were being created for the sole purpose of placing vehicles in the commercial residual market and that those entities were not actually engaged in business operations. This certification helped ensure that only automobiles owned by businesses legitimately conducting trade or commerce would be insured through the commercial residual market. Further he advised that such requirement has been considered and upheld by Massachusetts courts.

Mr. Tagen noted that the certification form requires that the insured attest to the business use of the vehicle and discloses that insurers are entitled to verify the business use. After discussion, committee members agreed that additional review of the form is prudent. Some members questioned whether a separate certification for fleet PPT vehicles would be appropriate. Staff was directed to initiate the review and consider the points of discussion to develop potential discussion topics and considerations for the next meeting.

25.07 Prioritization of Objectives

Ms. Browne presented a list of potential topics to improve commercial residual market results and enhance consistent procedures among Servicing Carriers, compiled through review of Servicing Carrier Annual Reports and frequent discussions with carriers and producers. Ms. Allison Ratliff suggested prioritizing a review of the On-Hook Coverage rating procedures for clarification and the potential need for instructions when using the Auto Dealers Locations and Operations Not Covered endorsement form.

Staff also suggested that the Committee address some of the items identified under the classification consistency issue, and to consider suggested enhancements to the Taxi/Limousine/Car Service Underwriting Inspection Form.

The Committee agreed to move forward with these recommended topics for future discussions.

25.08 Policy Issuance Transition Procedures – Agency Reassignments

Ms. Natalie Hubley briefly outlined the discussions and concerns of servicing carriers and producers regarding policy issuance transition procedures when implementing the realignment of commercial ceded books of business. She advised that with the recent redistribution for policies effective 3/1/2025, CAR has received comments regarding the lack of continuity in required federal filings when the predecessor carrier terminates a filing prior to the successor carrier issuing a replacement filing. Some carriers have noted they would benefit from additional data relating to policies that would be reassigned. The Committee then began discussion on the continuity of filings issue.

Mr. John Olivieri noted the lapse between the time the predecessor carrier terminates a filing, and the new carrier issues a filing and expressed support for consistency and alignment amongst carriers in this process to reduce disruptive impacts to policyholders during this time. Ms. Elizabeth Tarpey-Kent noted that her agency, World Insurance, has a large fleet book of TTT business, which generally requires federal filings. She indicated that certain clients had received notices that their filings had been non-renewed and could be revoked because the new carrier had not yet made the new filing for policies not yet issued. She asked if there was a way for the filings to be automatically renewed from one carrier to another, rather than the issuance of a non-renewal.

Ms. Sheila Doherty and Ms. Annmarie Castonguay shared similar comments regarding the possible dispatch of a notice to policyholders informing them of upcoming change of servicing carrier to alleviate some confusion.

Ms. Sharon Murphy remarked some of these issues are due to timing. She noted that the prior Servicing Carrier is required to notify the FMSCA that it is no longer insuring the risk. She further commented that it would not be prudent to have the filings automatically updated because the risk may not move to the new Servicing Carrier. Mr. David Zawilinski indicated that there was no lapse in coverage, but rather just the issuance of a notification that the filing would expire on a certain date. In response to a suggestion that the new policy be issued 30 days in advance of the policy effective date, enabling the carrier to complete the filing, Ms. Tarpey-Kent noted difficulties for large fleet policies with frequent endorsement activity.

After discussion, the Committee agreed to gather additional information relating to potential coverage gaps and data needs for further consideration of transition procedures prior to the next redistribution.

RICHARD HEATH
Actuarial/Statistical Services

Boston, Massachusetts
September 17, 2025

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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

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101 Arch Street, Suite 400 Boston, Massachusetts 02110
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NATALIE A. HUBLEY
PRESIDENT

RECORDS OF MEETING

ACTUARIAL COMMITTEE – SEPTEMBER 16, 2025

Members Present

Ms. Meredith Woodcock – Chair	Liberty Mutual Insurance Companies
Ms. Sarah Clemens	MAPFRE U.S.A. Corporation
Ms. Melinda Etschman(1)	Arbella Insurance Group
Mr. Todd Lehmann	Quincy Mutual Group
Mr. Tiago Prado	BRZ Insurance
Mr. Jeffrey Price	The Hanover Insurance Company
Mr. Christopher Walendin	Safety Insurance Company
Mr. Mark Winiker	A-Affordable Insurance Agency
Mr. Joshua Wykle	Vermont Mutual Insurance Group
Mr. Hao Zhang	Plymouth Rock Assurance Corporation

Substituted for:
(1)Mr. Allen Chaves

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

25.01 Records of Previous Meeting

Chair Meredith Woodcock advised that, because the records of the previous meeting have not yet been publicly distributed, action on this agenda item will be postponed to the next meeting.

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

The Committee continued its deliberation regarding an April 1, 2026 credit offer. Ms. Woodcock noted the substantive discussion from the prior meeting focused on defining disproportionate representation in the residual market. As credit factors have remained constant since 2015, committee members noted a need to realign credits to territories with indicated need, thus providing the incentives as mandated by statute, while gradually reducing credit factors in areas where residual market shares are decreasing. To that end, the Committee reviewed three credit models intended to address these factors.

Committee-Requested Model

This model uses the formula codified in Rule 29, capping credit factor decreases to 10%, allowing all indicated credit factor increases, and taking no decreases to the 11 so-called “DOI territories”. The model results in a 4.5% increase in credit-eligible exposures and a 5.6% increase in potential credit premium.

Plymouth Rock Proposal

This model adjusts the threshold for credit eligibility to 4% residual market share, redefining disproportionate representation to 50% of the reduction in the overall size of the residual market as compared to the 2010-2012 levels. The model also uses various parameters to temper credit factor decreases to ensure market stability. The model results in a 22.4% increase in credit-eligible exposures and a 24.5% increase in potential credit premium.

Vermont Mutual Proposal

This model adjusts the threshold for credit eligibility to 3% residual market share, redefining disproportionate representation commensurate with the reduction in the overall size of the residual market as compared to the 2010-2012 levels. The model also caps credit factor decreases to 10% to ensure market stability and ensures that inexperienced operator classes receive at least the same level of credit as class 10 in a given territory. The model results in a 68.3% increase in credit-eligible exposures and a 68.1% increase in potential credit premium.

Mr. Joshua Wykle noted that, while he has previously objected to an increase in credits, he has reconsidered this position in light of the need to realign credits to areas where there is an indicated need. If the committee must avoid decreases to the "DOI territories", he argued that the only way to realign credits is to increase credits overall and questioned whether there is a negative impact of such a result. Mr. Wykle pointed out that residual market shares in territories 13, 14, and 15 (Revere, etc.) are more than double that of territory 42 (Springfield), and yet there is no credit incentive to write business voluntarily in those locations with indicated need. He further noted that redefining disproportionate representation pursuant to his model indicates little impact to the "DOI territories", while adding credit where needed.

Further discussion of the Vermont Mutual model ensued. Some members questioned whether a credit factor less than 1.0 would be approved by the Division in light of comments included in previous decisions. Most committee members did not favor an increase to credits with such a small residual market. Many noted support for keeping credits level but realigning credit factors to offer appropriate incentives to write business voluntarily where there is indicated need. Other members strongly supported redefining disproportionate representation. Some members, noting that the Plymouth Rock model more gradually modifies credit thresholds, inquired whether that model could be adjusted to satisfy the objectives of most committee members.

The Committee overall was encouraged by the robust discussion and expressed interest in continued deliberations with additional iterations evaluated. Committee members also recognized improvements not only in companies' voluntary rates but also in residual market rates. Many suggested delaying a recommended change to observe how the improved rates may result in shifts among class/territory cells and impact the indicated credit need. After discussion, the Committee resolved to meet early next year to consider alternative models to meet the expressed objectives of the Committee.

After discussion, the Committee voted with eight members in favor and two opposed to recommend no change to credits.

TIMOTHY GALLIGAN
Director of Actuarial & Statistical Services

Boston, Massachusetts
September 18, 2025