



COMMONWEALTH AUTOMOBILE REINSURERS
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ADDITIONAL INFORMATION

TO MEMBERS OF THE GOVERNING COMMITTEE

FOR THE MEETING OF:

Tuesday, February 10, 2026, at 10:30 a.m.

GC

26.09 Actuarial Committee

The Records of the Actuarial Committee meeting of February 5, 2026, are attached (Docket #GC26.09, Exhibit #1). The Records of Meeting have been distributed and are on file.

NATALIE HUBLEY
President

Attachment

Boston, Massachusetts
February 6, 2026



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RECORDS OF MEETING

ACTUARIAL COMMITTEE – FEBRUARY 5, 2026

Members Present

Ms. Meredith Woodcock – Chair
Mr. Andrew Brown
Ms. Sarah Clemens
Ms. Melinda Etschman
Ms. Jennifer Graunas⁽¹⁾
Mr. Todd Lehmann
Mr. Jeffrey Price
Mr. Thomas Spankroy
Mr. Christopher Walentin
Mr. Mark Winiker

Liberty Mutual Insurance Companies
Plymouth Rock Assurance Corporation
MAPFRE U.S.A. Corporation
Arbella Insurance Group
Vermont Mutual Insurance Group
Quincy Mutual Group
The Hanover Insurance Company
GEICO
Safety Insurance Company
A-Affordable Insurance Agency

Substituted for:

⁽¹⁾Mr. Joshua Wykle

Not in Attendance:

Mr. Tiago Prado, BRZ Insurance

25.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Actuarial Committee meetings of August 21, 2025 and September 16, 2025. The Records have been distributed and are on file.

26.04 Quota Share Credits for Policies Effective April 1, 2027 and Later

Chair Meredith Woodcock summarized highlights of last year's credit discussions. She noted that the Committee observed that credit factors have been in place since 2015, recognizing numerous Division of Insurance decisions directing that, absent a compelling change in the size of the MAIP, changes to credits are not warranted. Committee members also noted that special attention should be given to the 11 DOI territories to not disrupt their current credit eligibility. The Committee also deliberated at length about the need to clearly define disproportionate representation. Ms. Woodcock commented that the resulting discussion of various credit models noted the potential need to realign credits where there is indicated need while gradually reducing credits in areas with decreasing residual market shares. Further, the Committee recognized that improved voluntary market profitability and residual market rate increases could have an impact on residual market shares by class and territory. The Committee therefore resolved to meet early in 2026 to continue discussion.

Mr. Evan Ross reviewed exhibits identifying 2022-2025 MAIP assignment volumes and residual market shares, highlighting dates on which new MAIP rates were placed on file and noting trends of decreasing assignment volumes after MAIP rate changes were placed on file. Mr. Ross noted that this trend continues with the latest 12-month residual market share of 1.64% as of November 2025, which represents an 11% decrease from the 1.85% market share as of June 2025, subsequent to the most recent filing with a July 1, 2025 effective date.

Mr. Ross then reviewed indicated credits calculated using the methodology codified in Rule 29, which reflects a 50% decrease in credit-eligible exposures and a 43% decrease in potential credit premium. He noted that 99% of the decrease results from indicated decreases in the DOI territories. Furthermore, rate class 10 comprises 97% of the total change, 95% of which results from decreases in the DOI territories.

Mr. Timothy Galligan then presented credit calculations tempered using procedures discussed by the Committee during last year's deliberations. That is, all indicated increases in class/territory cells are allowed, decreases are limited to 10% of the indicated change, and no decreases are allowed for the 11 DOI territories. This model results in a 4.5% increase to credit-eligible exposures and a 5.2% increase to potential credit premium. Mr. Galligan noted that additional detailed pages were provided to illustrate the credit selection model and to highlight indicated changes.

Mr. Andrew Brown presented an alternative model which he previously reviewed during last year's discussions, updated to reflect the more recent data. He explained that the Plymouth Rock model reduces proportionally the residual market share threshold established in 2010-2012 that would indicate potential credit need, based on current market shares. The model then allows all indicated credit changes based on the recalibrated definition of disproportionate representation, but limits decreases to credits in the DOI territories by setting a minimum credit level of 1.00. Mr. Brown asserted that this approach to redefine disproportionate representation is responsive to the statute and most likely to be supported by the Division of Insurance. He suggested that the model presented by staff recognizes absolute representation as opposed to disproportionate representation, while others asserted that the lack of definition in the statute leaves disproportionate representation open to interpretation. In response to a question from Ms. Jennifer Graunas, Mr. Brown explained that his recalibration of the residual market share threshold is a more appropriate alternative to the capping used in the model presented by staff.

After substantive discussion, Committee members agreed to evaluate the data again in three months and consider additional models. Specifically, the Committee requested an update of the Rule 29 and Plymouth Rock models and requested iterations of the capped Rule 29 indications to:

- (1) allow for capped decreases to the DOI territories with no changes bringing those cells below 1.00
- (2) off-balance credit factors from (1) above to result in no change to total available credit premium from the prior year
- (3) off-balance credit factors from (1) above of the non-DOI territories to result in no change to total available credit premium from the prior year.

The Committee also requested that staff prepare an analysis identifying the MAIP rate adequacy of each class/territory cell and invited committee members to submit alternative models.

25.05 Amendment of Quota Share Formula for New Compulsory Limits

Mr. Galligan presented draft amendments to Rule 29 – Assignment Process to reflect the new compulsory BI limits that became effective July 1, 2025. He explained that the amendments include a proposed implementation with the quota share determination using statistical data as of the June 2026 accounting submission, which will be reflected in the quota share base data update in late August 2026. This will ensure that, upon implementation, all rates used to calculate MAIP premium and credit premium in the quota share will be based on the new limits, which will minimize required programming changes.

Brief discussion ensued in which the committee members recognized that the impact to quota share determination and assignment order is immaterial as demonstrated in exhibits reviewed by the Committee in August 2025. **The Committee therefore voted unanimously to recommend Governing Committee approval of the Rule 29 amendments as drafted.**

TIMOTHY GALLIGAN
Director of Actuarial & Statistical Services

Boston, Massachusetts
February 6, 2026

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Rule 29	Assignment Process
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A. Assignment of Applications

The MAIP shall randomly assign applications that are eligible for coverage based on each Member's individual Quota Share. A Member's Quota Share shall reflect that Member's proportion of Private Passenger Motor Vehicle MAIP premiums that its respective voluntary private passenger property damage liability direct written exposures bears to the statewide total of voluntary private passenger property damage liability direct written exposures of all companies in the state.

1. For the purpose of such distribution as described above: 1) voluntary private passenger property damage liability direct written exposures; and (2) private passenger MAIP premiums shall be defined as below:

- a. Voluntary private passenger property damage liability direct written exposures shall be the number of private passenger property damage liability car years written by the company for the most recent 12 months, regardless of the type of Motor Vehicle Insurance policy under which such property damage liability car years are written, excluding private passenger liability car years written through the MAIP.

For policies effective March 31, 2021 and prior, exposures for motorcycles, snowmobiles, and electric motor vehicles will be adjusted by a factor of 0.33.

For policies effective April 1, 2021 and subsequent, exposures for motorcycles and snowmobiles will be adjusted by a factor of 0.33.

As of calendar date April 1, 2021, exposures for specialty and classic cars and specialty and classic motorcycles will be adjusted by a factor of 0.33.

- b. For the purpose of establishing the Quota Share of a Newly Writing Company that becomes eligible for appointment as an ARC pursuant to Rule 30 before that Member is required to submit detailed statistical data under the provisions of the Massachusetts Private Passenger Automobile Statistical Plan, the Member is required to report interim summary data pursuant to Section B.
- c. Private Passenger Motor Vehicle MAIP premiums shall be developed from the MAIP rates and rating plan as follows:

and Quota Shares determined using statistical data as of the May 2026 accounting submission and prior shall include the total of 20/40 bodily injury (including guest), \$100,000 property damage liability, and \$8,000 personal injury protection manual premiums

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excluding subsidies calculated using MAIP cost-based rates and adjusted for the MAIP merit rating plan for Private Passenger Motor Vehicle MAIP insureds and any risk voluntarily insured that is eligible for premium credits allowed pursuant to this Rule.

Quota Shares determined using statistical data as of the June 2026 accounting submission and subsequent shall include the total of 25/50 bodily injury (including guest), \$100,000 property damage liability, and \$8,000 personal injury protection manual premiums excluding subsidies calculated using MAIP cost-based rates and adjusted for the MAIP merit rating plan for Private Passenger Motor Vehicle MAIP insureds and any risk voluntarily insured that is eligible for premium credits allowed pursuant to this Rule.

2. MAIP will assign applications to the most undersubscribed Member as defined by the ratio of the Member's assigned MAIP premium to the Member's credit-adjusted Quota Share. In the event this ratio is the same for two or more Members, MAIP will assign the application to the most undersubscribed of those Members based upon the difference between each Member's assigned MAIP premium and its credit-adjusted Quota Share. All assignments are subject to the distribution restrictions relative to the assignment process pursuant to Section E. After assignment, MAIP will update the accumulated assigned MAIP premium and recalculate each Member's ratio of assigned MAIP premium to credit-adjusted Quota Share.

B. Quota Share Adjustment

The MAIP shall adjust the assigned premium Quota Share of each Member monthly, in order to correct for the amount of previously assigned MAIP premium which was less than or in excess of each Member's appropriate share of total MAIP premium, for the amount of premium connected with reversed assignments due to non-payment or insufficient funds, and for the amount of premium associated with MAIP risks moving to the voluntary market or adjustments for any applicable credits. On a monthly basis, the MAIP shall notify each Member of its market share and premium Quota Share adjustments.

To determine the current premium Quota Share of a Newly Writing Company that becomes eligible for appointment as an ARC pursuant to Rule 30.A.1. before that Member is required to submit detailed statistical data under the provisions of the Massachusetts Private Passenger Automobile Statistical Plan, the Member is required to report interim summary data to CAR. The Member shall begin reporting summary data no later than 45 days after the close of the month of the