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**TRANSCRIPT OF  
GOVERNING COMMITTEE MEETING**

A meeting of the Governing Committee was held virtually via Zoom video conferencing software on

**WEDNESDAY, FEBRUARY 14, 2024, AT 10:00 A.M.**

Committee Members present –

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

|                              |                                    |
|------------------------------|------------------------------------|
| Ms. Pamela Bodestab-Krynicky | P L Krynicky Insurance Agency      |
| Mr. Kevin Costigan           | GEICO                              |
| Mr. Thomas DePaulo           | Cabot Risk Strategies, LLC         |
| Mr. Thomas Harris            | Quincy Mutual Group                |
| Mr. William Hughes           | Arbella Insurance Group            |
| Ms. Ida Denard Jones         | Denard Insurance Agency, Inc.      |
| Ms. Nicole Martorana         | FBinsure, LLC                      |
| Ms. Mary McConnell           | Safety Insurance Company           |
| Mr. Tiago Prado              | BRZ Insurance, LLC                 |
| Mr. Christopher Taylor       | The Hanover Insurance Company      |
| Ms. Meredith Woodcock        | Liberty Mutual Insurance Companies |

Substituted for:  
N/A

Not in Attendance:  
Ms. Sarah Clemens, MAPFRE U.S.A. Corporation

PROCEEDINGS

*(Meeting began at 10:03 a.m.)*

Mr. Olivieri: I would like to call to order the Governing Committee meeting originally scheduled for February 13<sup>th</sup> but rescheduled to the 14<sup>th</sup>. In that vein, the first thing I'd like to do is, because we're rescheduled due to weather, in order to facilitate the change in schedule I'd accept a motion to proceed with a meeting of CAR's Governing Committee by Zoom video conference. In order to do that, we need to waive the 10-day notice requirement in CAR Rules 4 and 24 and that we address each of the topics described in the CAR Notice of Meeting dated February 1 for the 13<sup>th</sup> and supplemented on February 6<sup>th</sup>. As you can tell, I'm reading off of counsel's email to me. I'll accept that motion if anyone would be so inclined.

Ms. Woodcock: So moved.

Mr. Harris: So moved.

Mr. Olivieri: Meredith, you get the motion. Tom, you have the second. Any further discussion? I will do a roll call vote. I believe Sarah Clemens is the only one who is not here. Correct, Robin?

Ms. Tigges: That is correct, John.

Mr. Olivieri: Pam? We didn't hear you.

Ms. Bodestab-Krynicki: Yes.

Mr. Olivieri: Kevin?

Mr. Costigan: Yes.

Mr. Olivieri: Thom?

Mr. DePaulo: Aye.

Mr. Olivieri: Tom Harris?

Mr. Harris: Aye.

Mr. Olivieri: Bill?

Mr. Hughes: Aye.

Mr. Olivieri: Ida?

Ms. Denard Jones: Aye.

Mr. Olivieri: Nicole?  
Ms. Martorana: Aye.  
Mr. Olivieri: Mary?  
Ms. McConnell: Aye.  
Mr. Olivieri: Tiago?  
Mr. Prado: Aye.  
Mr. Olivieri: Chris?  
Mr. Taylor: Aye.  
Mr. Olivieri: Meredith?  
Ms. Woodcock: Aye.  
Mr. Olivieri: Motion carries. We can continue on with our meeting.

**23.01 Transcript of Previous Meeting**

Mr. Olivieri: The first agenda item is the approval of the transcript of the prior meeting's minutes. I will entertain a motion to approve if anyone would like.  
Mr. DePaulo: So moved.  
Mr. Olivieri: We have a first. Do we have a second?  
Ms. McConnell: Second.  
Mr. Olivieri: We have a second. Any further discussion? Roll call vote. Pam?  
Ms. Bodenstab-Krynicky: Aye.  
Mr. Olivieri: Kevin?  
Mr. Costigan: Aye.  
Mr. Olivieri: Thom DePaulo?  
Mr. DePaulo: Aye.  
Mr. Olivieri: Tom Harris?  
Mr. Harris: Aye.  
Mr. Olivieri: Bill?

Mr. Hughes: Aye.

Mr. Olivieri: Ida?

Ms. Denard Jones: Aye.

Mr. Olivieri: Nicole?

Ms. Martorana: Aye.

Mr. Olivieri: Mary?

Ms. McConnell: Aye.

Mr. Olivieri: Tiago?

Mr. Prado: Aye.

Mr. Olivieri: Chris?

Mr. Taylor: Aye.

Mr. Olivieri: Meredith?

Ms. Woodcock: Aye.

Mr. Olivieri: Motion carries unanimously.

**24.04 President's Report**

Mr. Olivieri: Now into the meat of the agenda. The President's Report, Natalie.

Ms. Hubley: Thank you. I do have a number of topics to bring to your attention today. Some are status reports and others are new for this meeting.

On February 8<sup>th</sup>, CAR was notified by the Division of Insurance of Electric Insurance Company's plan to withdraw from the Massachusetts private passenger automobile insurance market. A bulletin to that effect did go out to the industry. Interested parties may request a hearing on the withdrawal plan within ten days of that notice, the February 8<sup>th</sup> notice. If no parties object, we will await an order from the Commissioner and then take appropriate steps to address their withdrawal here at CAR.

A status report on Spinnaker Insurance. We've reported at the last several meetings that this newest entrance to the private passenger market has begun writing. We're monitoring them closely. At this time, they've written seven policies. The company is a specialty writer that is writing RVs only. At this time, the company plans to address – as you've heard before – their residual market obligations through the purchase of credits. With this option, the carrier does need to be appointed as an ARC. Wendy and Lynne have been in frequent communications with the carrier. They

are reporting interim summary data. They are being responsive but because their volume is so very low, they don't have an impact on quota share. They are working to bring their website up to date in order to fit that ARC requirement. Wendy has told them that they have about three to six months to get that done. So, I'll report next to you when we have something to report.

As you are all aware, CAR's private passenger rate filing was placed on file with an effective date of May 1, 2024. Governing Committee members were notified of this approval and a bulletin was distributed to the industry on January 25<sup>th</sup>.

CAR also recently filed for a commercial rate amendment with a proposed effective date of July 1<sup>st</sup>. The filing involves public and zone rated classes only. At this time, we've heard no comments from the reviewer.

I wanted to notify you that Wendy and her staff will be meeting with Jackie Horrigan at the Division of Insurance in the next couple of weeks. They have two meetings scheduled. The first is a meeting that was requested by the Division of Insurance to discuss the increase in the size of the private passenger residual market. Jackie and her staff are watching the Actuarial Committee's discussions and they, too, are monitoring this issue. At the request of CAR, Wendy has a meeting set up to discuss the Commercial Auto Committee's recommendation relating to the rate, rule, and form filing that will be made. We want to address the committee's goals and ensure that we work on coordinating that filing with the Division because of the very long effective date, for the January 1, 2027 proposed effective date. We want to make sure that goes as smoothly as we can.

To give you a brief update relating to CAR's office space renewal. Since I reported to you in September of staff's work in conjunction with the like organizations located in this building to engage a commercial real estate broker, we have met several times with that broker both collectively as a group and individually. We've discussed space needs. We've toured alternative locations both in this building and in surrounding areas. This building has recently been sold and CAR as well as the other organizations together with our broker have met with the new landlord. Earlier this month, the landlord submitted a renewal proposal to the group of organizations as a whole. This starting point does represent a favorable reduction in cost for CAR. We're working with our broker to prepare a counterproposal. If the results of those negotiations are favorable, we may bring the issue before the Budget Committee to review those proposed terms with a possible recommendation to this Committee in April. I am keeping the Chair and the Vice Chair apprised of the events and we'll work with them to determine the appropriate time to convene committee discussions.

Moving on. To give some highlights for upcoming events prior to your April Governing Committee meeting and the advisory committee activity, the Loss Reserving Committee is scheduled to meet on March 6<sup>th</sup>. They'll review the December quarter results. The Compliance and Operations Committee is scheduled to meet on March 27<sup>th</sup> to hear reports on ongoing

audits. The Commercial Auto Committee is scheduled to meet on March 28<sup>th</sup>. They'll be continuing discussions relating to peer-to-peer vehicle sharing and radius and geographical class defaults. The Legal Contract Review Committee will be convening on March 13<sup>th</sup>. Our current arrangement with CAR counsel goes through the end of June. The Committee will meet to discuss how they would like to proceed in that regard. The Commercial Program Oversight Committee will be meeting as well. We don't have a date yet scheduled for that. The Committee will continue discussions on book of business distribution issues and will begin drafting an RFP for the next Servicing Carrier appointment term. Finally, the MAIP Steering Committee will also be meeting. We don't have a date for that yet, but CAR staff has worked hard behind the scenes to develop a package relating to the physical damage coverage limits proposed by this Committee. We've reviewed that package with counsel and with the AIB. We believe we're prepared to pull the MAIP Steering Committee together to get their thoughts on the implementation package.

If there are no questions, that would conclude my report.

Mr. Olivieri: Any questions for Nat? Thank you very much Natalie.

## 25.05 Counsel's Report

Mr. Olivieri: Next up is Counsel's Report.

Mr. Hincks: Thank you, Mr. Chairman. Good morning, everybody. First of all, just to state for the record that this meeting is proceeding by vote under the Governor's remote meeting protocols and is being recorded.

There are three items on today's Counsel Report and no action items.

The first item relates to the Calianos Insurance Agency's appeal to the DOI. This matter has been fully briefed and argued. We await a decision from the hearing office at the Division of Insurance.

The second matter relates to the pending Point Insurance appeal. In regard to the so-called Point II appeal which is the proceeding in which Point is challenging Arbella's termination. The parties attended a hearing in November before the Division of Insurance to confirm the contents of the appellate record to be considered by the hearing officer in deciding that appeal. Thereafter, the parties submitted an additional round of briefing to address Point's claim of a lack of due process in its hearings before CAR's Market Review Committee and Governing Committee Review Panel. With that hearing and the additional briefing behind us, it appears that the hearing officer is now in a position to decide the appeal.

Finally, in regard to the Rule 31 amendment, the Governing Committee's Rule 31 amendment is also pending at the Division. We await a decision or ruling on that as well.

Unless there are any questions, this concludes today's Counsel Report. Thank you.

Mr. Olivieri: Thanks, Ben. Thanks for picking up my not recognizing the remote meeting protocols.

Mr. Hincks: No worries.

Mr. Olivieri: Any questions for counsel?

### **23.11 Loss Reserving Committee**

Mr. Olivieri: Loss Reserving. Tim, you're on mute.

Mr. Galligan: Thank you, Mr. Chairman, members of the Committee. I'll be reporting on the December 6<sup>th</sup> Loss Reserving Committee meeting. The summary of this meeting was included in your agenda. The records of the meeting are on file with CAR's secretary.

The first agenda item at the meeting was Committee Membership Considerations where the committee considered the delegation of the Loss Reserving function to CAR's Actuarial and Statistical Department given continued turnover that the committee has seen over the last couple of years.

By way of a little history, a year ago the committee had similar discussions, considered various options and eventually had a consensus to maintain the current structure of the committee with a directive to further stabilize membership by making a push to get all four Servicing Carriers on the committee as well as the potential to add some larger voluntary companies if possible.

The following year, we went forward with that. The committee did add membership. We went from four members to six members with all four Servicing Carriers sitting on the committee for two out of the four meetings in that year. But that industry-wide turnover continued through the year. Here we are starting 2024, we have five members on the committee, three Servicing Carriers.

In the committee's discussion on the structure in general, members weighed in on both sides. Those in favor of the current structure had comments including – they felt that this function requires seasoned reservists with direct experience in the Massachusetts market, the potential cost in hiring an actuary to oversee the results that we would come up with could be prohibitive, and some members felt like the turnover is going to be a temporary situation and membership could stabilize in the future. Other members were in favor of moving forward and looking to have staff take over. Some of their highlights included CAR's familiarity with the data, the years of experience working with the committee, and that this experience would be beneficial to utilize. Other comments, by new members coming on, it's difficult for them to step in and sufficiently

contribute to the process in which they have little or no experience. Others felt that it's unlikely that the turnover will stop anytime soon so there's a potential for continued disruption.

The committee directed staff to outline the process in which CAR could take on the additional responsibilities. This includes the documentation of the selections, the distribution of information to Member Companies and alternatives for backend review of the results that may involve the committee or an accredited actuary to look at it. CAR is going to take a look at that, put together an outline, and bring that to be presented at a future Loss Reserving Committee meeting.

I think I'm going to pause there and ask if there are any questions on that part before I move on to the second piece.

Mr. Olivieri:

It looks like you're good to keep going, Tim.

Mr. Galligan:

Okay. Next, the committee discussed the ongoing data reporting concerns as well as the large losses that occurred during the quarter. We did have one Servicing Carrier that did not submit premium, paid and outstanding losses. However, they did work with CAR staff and they were able to give us very good estimates that were included in the loss reserving data.

As far as large losses, there were eight new large losses, seven of those occurred in policy year '22 and one was in 2019. Two of these large losses carried a \$5 million CSL with one reporting reserves at the \$5 million limit. This related to an out-of-state zone bus accident. The other five carried a \$1 million CSL.

There were also six new claims reported using the Large Loss Notification Form during the current quarter, five with a \$1 million CSL and one claim with a \$5 million CSL that is currently estimated at \$700,000.

Next, the committee set commercial loss reserves and ultimate deficits using data reported through September '23.

The committee estimated a policy year 2021 surplus of \$23.2 million with an ultimate loss ratio of 67.5%. This was a \$700,000 increase of the prior quarter's projected surplus of \$22.5 million.

The committee estimated a policy year 2022 deficit of \$17.2 million. This had an ultimate loss ratio of 85.6%. This was a \$12.1 million increase of the prior quarter's projected deficit of \$5.1 million. A pretty significant increase which was largely contributed to those large losses that we saw come in for policy year 2022.

For the policy year 2023 deficit, \$6.6 million deficit with an ultimate loss ratio of 79.3%. This was the first estimate of the policy year 2023 year.

The ultimate loss ratio and deficit projections for all policy years are attached to the Executive Summary. The next meeting for the Loss



Reserving Committee is scheduled for March 6<sup>th</sup> to make projections using data reported through December 2023.

That concludes my report. I'd be happy to take any questions.

Mr. Olivieri: Any questions for Tim? Thank you very much.

#### 24.06 Commercial Automobile Committee

Mr. Olivieri: Next up, Commercial Auto. Thom.

Mr. DePaulo: Thank you, Mr. Chairman. Good morning, committee. I will be reporting on the Commercial Auto Committee meetings of December 8<sup>th</sup>, January 10<sup>th</sup>, and February 1<sup>st</sup>. Because the topics that I'm going to address here were pretty much discussed at every meeting, it was easier to organize my report by topics not by the meeting date. I will have one action item for the committee today.

The first topic was the Eligibility of Peer-to-Peer Vehicle Sharing Programs. This was brought before the Commercial Auto Committee by the MA agents group as there is an increasing popularity of peer-to-peer sharing and agents were not finding markets to place these exposures. The committee felt that it was important to research and perform due diligence to better understand the exposure and associated risk factors in order to determine how CAR should respond to this.

In an effort to do this, the committee had requested staff to research a number of items related to peer-to-peer vehicle sharing programs. Staff reported that the Registry of Motor Vehicles had indicated that a vehicle is properly registered if it has a registration that is appropriate for that vehicle type and that there is no difference between a personal and commercial ride share from a vehicle registration perspective nor does the Registry differentiate between the registrations of traditional rental vehicles or vehicles engaged with the peer-to-peer sharing. We tried to research if there was a delineation there and there wasn't.

In addition, the committee has reviewed an outline of potential industry survey topics that will inquire about the approach that companies are taking relative to insuring peer-to-peer ride sharing vehicles including questions addressing capacity of coverage, restrictions, how coverage is provided, and possible underwriting differences. After a brief discussion, staff is going to draft the survey and incorporate suggestions offered at the meeting. We will have that review for the next meeting.

Lastly, we will continue to closely monitor legislative activity around peer-to-peer sharing and what may come out of that which could give some indication on how we would move forward.

The next item would be the Implementation of Commercial Policy Coverage and Endorsement Forms. There will be an action item at the end of this section.

The committee continued its review of manual rule amendments related to the implementation of new policy coverage and endorsement forms. Amendments to Section III - which is Trucks, Tractors and Trailers, and Section IV - Private Passenger Types, and Section VII, Special Types, were reviewed by the committee at its December 8<sup>th</sup> meeting. The majority of the changes were the addition of references to specific endorsements, language modifications for consistency, and language modifications to align with the AIB manual. More substantive changes included the addition of the towing and labor coverages for light trucks and the withdrawal of four endorsements that are either written in accordance with hold harmless agreements or do not have a ceded rate for that coverage.

In preparation for the next meeting, the committee was asked to clarify whether it still wants to offer the options of limited or full customer coverage under the Auto Dealers Policy. Those options are available under the Garage Policy, but the MA Mandatory Endorsement for Auto Dealers presently deletes the option for limited customer coverage. The committee expressed its desire to continue to offer this option in the residual market. Accordingly, staff will present amendments to the manual that will allow for a limited customer coverage option and work with the AIB to develop an approach to enable that coverage.

Amendments to Section V - Public Transportation, and Section VI - Auto Dealers, were reviewed by the committee at the January 10<sup>th</sup> meeting. Similar to prior sections, the majority of the changes were related to endorsement references, consistency in language and clarification. More substantive changes included the addition of the On-Hook coverage, the addition of a number of exclusions relative to auto dealers form, and the withdrawal of two endorsements that extend coverage without having a rate. The committee requested a clarification to the On-Hook coverage language to indicate that this endorsement is needed to cover towing operations between locations other than the insured's specific location. The Committee was also provided with a new appendix that lists the policy coverage and endorsements forms.

Lastly, the committee finalized its review of the Commercial Auto Insurance Manual rule amendments at the February 1<sup>st</sup> meeting. Some minor changes based on prior committee discussions were incorporated into Section II - Common Coverage and Rating Procedures, and Section VI - Auto Dealers. The appendix was also updated to reflect the version numbers that will either be placed on file by the AIB with its March 2024 filing or by CAR with its January 2027 filing.

On a roll call, the committee unanimously voted to recommend to the Governing Committee adoption of the proposed amendments to the Commercial Auto Insurance Manual with an effective date of January 1, 2027. This is an action item for your consideration.

Mr. Olivieri:

Thanks, Thom. Any questions? Otherwise, I'll entertain a motion to the action item.

Ms. Tigges: I see no hands, John.

Mr. Taylor: So moved.

Mr. Olivieri: We have motion. Do we have a second?

Mr. Harris: Second.

Mr. Olivieri: Any further discussion? Roll call vote. Pam?

Ms. Bodenstab-Krynicky: Aye.

Mr. Olivieri: Kevin?

Mr. Costigan: Aye.

Mr. Olivieri: Thom DePaulo?

Mr. DePaulo: Aye.

Mr. Olivieri: Tom Harris?

Mr. Harris: Aye.

Mr. Olivieri: Bill?

Mr. Hughes: Aye.

Mr. Olivieri: Ida?

Ms. Denard Jones: Aye.

Mr. Olivieri: Nicole?

Ms. Martorana: Aye.

Mr. Olivieri: Tiago?

Mr. Prado: Aye.

Mr. Olivieri: Chris?

Mr. Taylor: Aye.

Mr. Olivieri: Meredith?

Ms. Woodcock: Aye.

Mr. Olivieri: Motion carries unanimously.

Mr. DePaulo: The next topic was the Default Radius Standardization. John, I think Mary has her hand up.

Mr. Olivieri: Mary, do you have a question?

Ms. McConnell: You missed me in the roll call vote.

Mr. Olivieri: Oh, I did.

Ms. McConnell: You did. Aye.

Mr. Olivieri: For the record, Mary is in favor. My apologies.

Ms. McConnell: That's okay.

Mr. Olivieri: I was going too quick. Go ahead, Thom.

Mr. DePaulo: Thank you. Servicing Carriers have previously voiced concern that because the procedure to default to the intermediate radius classification can result in a lower premium, some risks may be incentivized to withhold proper documentation needed for classification. Accordingly, to assist the committee in considering alternatives for this procedure, staff performed a base rate liability comparison of different classes using the intermediate radius and three different possible zone combinations. In reviewing staff's exhibit, it was noted that the results were too varied to determine which scenario would yield a higher premium consistently. Thus, staff proposed that in the absence of credible documentation for geographical classification, the risk should be evaluated in two different scenarios: an intermediate radius with Boston territories and a long-distance radius with zone rated class and a Boston to New York zone combination. The default classification would be a scenario that yields the highest premium.

A concern was raised from a claims perspective over the potential selection of a long distance radius of Boston to New York if an incident were to occur outside this radius such as Boston to Los Angeles. So, it was suggested that utilizing the long-distance radius of Boston to L.A. would avoid such difficulty in evaluating and processing the claim. The committee requested that CAR further investigate this issue and compare the base rate premium calculations for Boston to New York and Boston to Los Angeles for our next meeting. We'll do a full review at that meeting.

Lastly, we discussed Consistency in Determining Classification. The committee was informed that agents have expressed concerns over differences among the Servicing Carriers in determining classification and premium. The committee was requested to help identify issues causing these discrepancies in order to develop options to improve consistency. Suggestions include the timing of contracts being provided, mixed use scenarios, the level of documentation provided by the risk, as well as the underwriter's judgment. The committee will continue discussion on this at subsequent meetings. We'll have a report at further meetings.

Before I conclude, I want to say on the implementation of commercial coverage and endorsements, there were many meetings. We set some goals and a date goal. I really want to thank Wendy and her team, specifically Katy and Shannon, who did a great job and really helped us meet that goal and get this recommendation to the committee today. I just wanted to thank them and highlight their hard work.

That concludes my report, Mr. Chairman.

Mr. Olivieri: Thanks, Thom. Any further follow-up questions?

#### 24.07 Actuarial Committee

Mr. Olivieri: Seeing none, next agenda item, Actuarial Committee.

Ms. Browne: It's me. I'm filling in for Sarah today.

Mr. Olivieri: I knew you were filling in for somebody. I wasn't sure. Wendy.

Ms. Browne: I will be reporting on the items discussed by the Actuarial Committee at their meeting on January 17<sup>th</sup>. There is one action item for your consideration.

The first topic that the committee discussed was Market Conditions Impacting Assignment Volume. This was a continuation of a discussion that had started at prior meetings relative to monitoring the size of the residual market, including the current conditions that could be contributing to the rise in assignments.

Committee members noted that while voluntary rates have improved, carriers continue to be hesitant to write marginal risks in the voluntary market. Other factors contributing to the increase in the size of the MAIP include rising direct loss ratios in part due to continued inflation and repair costs, changes in voluntary underwriting guidelines with increased scrutiny on driver characteristics, decreased book of businesses by companies specializing in substandard risks, and reduced advertising that might be targeting new business. The committee recognized that these factors are not specific to the residual market and are out of the control of the committee to manage.

In regard to credits, most committee members agreed that the size of the residual market is still low at 1% and that no immediate action is advisable. The committee reiterated its position that the current increase in assignment volume is temporary and should improve with continued rate improvement. So, going forward, the committee agreed to a 1.5% threshold as a trigger point for reconvening the committee for further discussion. In the interim, the committee asked staff to prepare some new reports to assist in future discussions.

If nobody has any questions, moving on to the next item, Company Considerations for Implementation of New Rating Procedures. The

committee was informed that, in an effort to be responsive to indicated rate need, CAR had inquired with some of the Assigned Risk Carriers about the impact to systems of effective date changes that differ between new and renewal business as well as updates to territory groupings. The responses indicated that impacts to systems varied widely among the ARCs and thus the topic was being brought to the committee for further discussion. With respect to staggered effective dates, the committee agreed that system impacts will widely vary between companies because of obstacles such as older IT and legacy systems, as well as difficulty in obtaining resources without significant lead times. Furthermore, such changes will also have impacts to companies own rate making processes such as rating caps tied to MAIP rates. After discussion, it was apparent that the cost related to the system changes would outweigh any benefits in responsiveness.

With respect to the town and territory alignment updates, several companies indicated their ability to implement the proposed changes and noted that such changes to the groupings would improve residual market rate adequacy. However, such a change should be encouraged when the overall MAIP rate need is low and sufficient lead time is available to address any systems or programming changes. So, the committee agreed that, while these changes could be positive, the priority should be in obtaining a more adequate rate now and a potential premium town and territory realignment to occur in the future.

Finally, the committee discussed some proposed updates to the Excess Credit Authorization Form. These updates are to the form as well as the Assigned Risk Company Procedures Manual. They were suggested by staff to provide clarity with respect to the effective and expiration date inputs on the form as well as some other minor updates. If approved, the proposed effective date of these changes would be March 1, 2024.

After some discussion, the committee unanimously voted to recommend the proposed modifications, as presented, to the Governing Committee. The changes can be found in the agenda packet, about two-thirds of the way through, on Pages 4, 5 and 6 of Exhibit #1. This is an action item for your consideration.

Mr. Olivieri: Thanks, Wendy. Any questions? Do we have a motion for the action item that Wendy proposed?

Mr. Harris: So moved.

Ms. Woodcock: So moved.

Mr. Olivieri: Tom, we'll give you the motion. Meredith, this time you get the second. Any further discussion? I won't forget you this time, Mary. You know what, I'm not going to forget you. I'm going to start off with you. Mary?

Ms. McConnell: Aye.

Mr. Olivieri: Pam?

Ms. Bodenstab-Krynicki: Aye.

Mr. Olivieri: Kevin?

Mr. Costigan: Aye.

Mr. Olivieri: Thom DePaulo?

Mr. DePaulo: Aye.

Mr. Olivieri: Tom Harris?

Mr. Harris: Aye.

Mr. Olivieri: Bill?

Mr. Hughes: Aye.

Mr. Olivieri: Ida?

Ms. Denard Jones: Aye.

Mr. Olivieri: Nicole?

Ms. Martorana: Aye.

Mr. Olivieri: Tiago?

Mr. Prado: Aye.

Mr. Olivieri: Chris?

Mr. Taylor: Aye.

Mr. Olivieri: Meredith?

Ms. Woodcock: Aye.

Mr. Olivieri: Motion carries unanimously.

Ms. Browne: That would conclude my report. Thank you.

Mr. Olivieri: Thank you very much.

**24.08 Commercial Program Oversight Committee**

Mr. Olivieri: The next two agenda items belong to me. The first one is the Commercial Program Oversight Committee. If you're not speaking, please make sure you're muted. You can hear the background noise.

The Commercial Program Oversight Committee met on January 25<sup>th</sup>. The item we discussed had to do with the redistribution of the residual market book of business. From a timing standpoint, I believe, as everyone knows, we have an RFP coming up for the Servicing Carrier Program that is supposed to be distributed in June of this year. So, from a timing standpoint, we wanted to have the discussion about redistribution of books. I would call it more of a brainstorming session at that meeting in regard to talking with the Servicing Carriers about classification, number and size of policies they write, what factors are most important in the servicing of that business so we can somewhat be creative and possibly putting some redistribution guidelines into place in coordination with the RFP coming up in June. What we have had in place for the past few years seems to have worked very well in the sense that we haven't had more than a 2% fluctuation in the books that the Servicing Carriers are handling. I think that's a credit to the work the Commercial Auto Committee has done and CAR staff in general to make sure that things are more consistent between the Servicing Carriers. Having said that, we do want to be proactive and do what we can to incorporate any type of parameters or guidelines to minimize the disruption of the marketplace. More to come on that. We do not have another meeting scheduled at this point, as Nat pointed out, but we will be having one shortly. We will report on any additional information and status of the RFP at the next Governing Committee meeting. Any questions?

#### 24.09 Personnel Committee

Mr. Olivieri:

Next agenda item, Personnel Committee. We do have a number of action items to go through.

We met on January 30<sup>th</sup>. There is a fair amount of information in regard to the items that we discussed at that meeting that are on record. Hopefully you've had a chance to review them. Rather than go through them in detail, Natalie has submitted a summary of the recommendations that are going to be put out there for motions in a minute or so.

For an overview, what I would point out is the issues we discussed were what we normally discuss at this time of year, the annual merit rate increase for staff, the recommended salary range movement percentage and also the recommendations for the officers' salaries for the upcoming year. In addition, CAR did propose making some changes to the 401k plan. The crux of that was to present an attractive recruiting posture and provide a strong retention incentive for personnel. It's also designed to encourage employee contributions with the goal towards financial wellness for the staff at CAR.

Having said that, are there any questions? I guess I'll ask off the bat – because I think Nat did a great job in summarizing the details of what we discussed – any questions on the summary that was distributed? The only other comment I'm going to make before I go through the motions are I will say unanimously the committee voted in favor of all the recommendations. There was more than one glowing reference to the



leadership in the executive committee that we have here that staff has done a great job. They make everyone's life on this call much easier than it could be if they didn't do the superb job they do in running the organization. That was the feeling across the board from all of the committee members on the Personnel Committee.

The first action item is a motion to approve the annual staff merit increase as referenced in the summary and in the minutes presented by the Personnel Committee. I'll just read it into the record. The Personnel Committee is recommending approval of a 4% average merit increase plus a .5% allocation to recognize high performing staff members at the President's discretion. Do we have a motion?

Ms. McConnell: So moved.

Mr. Olivieri: Do we have a second?

Mr. Taylor: Second.

Mr. Olivieri: Any further discussion? Roll call vote. Pam?

Ms. Bodenstab-Krynicky: Aye.

Mr. Olivieri: Kevin?

Mr. Costigan: Aye.

Mr. Olivieri: Thom?

Mr. DePaulo: Aye.

Mr. Olivieri: Tom?

Mr. Harris: Aye.

Mr. Olivieri: Bill?

Mr. Hughes: Aye.

Mr. Olivieri: Ida?

Ms. Denard Jones: Aye.

Mr. Olivieri: Nicole?

Ms. Martorana: Aye.

Mr. Olivieri: Mary?

Ms. McConnell: Aye.

Mr. Olivieri: Tiago?

Mr. Prado: Aye.

Mr. Olivieri: Chris?

Mr. Taylor: Aye.

Mr. Olivieri: Meredith?

Ms. Woodcock: Aye.

Mr. Olivieri: Motion carriers unanimously.

The next motion would be to approve the recommended salary range movement percentage. The Personnel Committee is recommending approval of a 3% salary range adjustment. Any questions? Do we have a motion?

Mr. Harris: So moved.

Mr. Olivieri: Do we have a second?

Ms. Woodcock: Second.

Mr. Olivieri: Any further discussion? Roll call vote. Pam?

Ms. Bodenstab-Krynicky: Aye.

Mr. Olivieri: Kevin?

Mr. Costigan: Aye.

Mr. Olivieri: Thom?

Mr. DePaulo: Aye.

Mr. Olivieri: Tom?

Mr. Harris: Aye.

Mr. Olivieri: Bill?

Mr. Hughes: Aye.

Mr. Olivieri: Ida?

Ms. Denard Jones: Aye.

Mr. Olivieri: Nicole?

Ms. Martorana: Aye.

Mr. Olivieri: Mary?

Ms. McConnell: Aye.

Mr. Olivieri: Tiago?

Mr. Prado: Aye.

Mr. Olivieri: Chris?

Mr. Taylor: Aye.

Mr. Olivieri: Meredith?

Ms. Woodcock: Aye.

Mr. Olivieri: Motion carries unanimously.

The next motion, I'm not going to read through all the particulars. Everyone has the memo in front of them with the salary amounts. First would be to approve the salary recommendation as presented for Ms. Wendy Browne, Vice President of Business Operations. Do we have a motion?

Mr. Harris: So moved.

Mr. Taylor: Second.

Mr. Olivieri: Any questions? Any further discussion? Roll call vote. Pam?

Ms. Bodenstab-Krynicky: Aye.

Mr. Olivieri: Kevin?

Mr. Costigan: Aye.

Mr. Olivieri: Thom?

Mr. DePaulo: Aye.

Mr. Olivieri: Tom?

Mr. Harris: Aye.

Mr. Olivieri: Bill?

Mr. Hughes: Aye.

Mr. Olivieri: Ida?

Ms. Denard Jones: Aye.

Mr. Olivieri: Nicole?

Ms. Martorana: Aye.

Mr. Olivieri: Mary?

Ms. McConnell: Aye.

Mr. Olivieri: Tiago?

Mr. Prado: Aye.

Mr. Olivieri: Chris?

Mr. Taylor: Aye.

Mr. Olivieri: Meredith?

Ms. Woodcock: Aye.

Mr. Olivieri: Motion carries unanimously.

Next motion is to approve the salary recommendation for Peter McCabe, Vice President of Technology. Do we have a motion?

Ms. Woodcock: So moved.

Mr. Olivieri: Do we have a second?

Ms. McConnell: Second.

Mr. Olivieri: That motion was for the salary that was recommended in the documents presented to the committee. Any further discussion? Roll call vote. Pam?

Ms. Bodenstab-Krynicky: Aye.

Mr. Olivieri: Kevin?

Mr. Costigan: Aye.

Mr. Olivieri: Thom?

Mr. DePaulo: Aye.

Mr. Olivieri: Tom?

Mr. Harris: Aye.

Mr. Olivieri: Bill?

Mr. Hughes: Aye.

Mr. Olivieri: Ida?

Ms. Denard Jones: Aye.

Mr. Olivieri: Nicole?

Ms. Martorana: Aye.

Mr. Olivieri: Mary?

Ms. McConnell: Aye.

Mr. Olivieri: Tiago?

Mr. Prado: Aye.

Mr. Olivieri: Chris?

Mr. Taylor: Aye.

Mr. Olivieri: Meredith?

Ms. Woodcock: Aye.

Mr. Olivieri: Alright. Making our way down the list.

Next is a motion to approve the salary for Natalie Hubley, the President of the organization, as presented in the documents distributed to the committee. Do we have a motion?

Mr. DePaulo: So moved.

Mr. Olivieri: Do we have a second?

Ms. Woodcock: Second.

Mr. Olivieri: Any further discussion? Roll call vote. Pam?

Ms. Bodenstab-Krynicki: Aye.

Mr. Olivieri: Kevin?

Mr. Costigan: Aye.

Mr. Olivieri: Thom?

Mr. DePaulo: Aye.

Mr. Olivieri: Tom?

Mr. Harris: Aye.

Mr. Olivieri: Bill?

Mr. Hughes: Aye.

Mr. Olivieri: Ida?

Ms. Denard Jones: Aye.

Mr. Olivieri: Nicole?

Ms. Martorana: Aye.

Mr. Olivieri: Mary?

Ms. McConnell: Aye.

Mr. Olivieri: Tiago?

Mr. Prado: Aye.

Mr. Olivieri: Chris?

Mr. Taylor: Aye.

Mr. Olivieri: Meredith?

Ms. Woodcock: Aye.

Mr. Olivieri: Motion carries.

The final item is a motion to approve the proposed changes to CAR's 401k plan effective January 1, 2025, which is next year – this doesn't go into effect until then – as presented in the documents distributed to the Governing Committee. I'll entertain a motion.

Mr. Harris: Could I ask a question?

Mr. Olivieri: Absolutely.

Mr. Harris: I think I missed something. This is for employees hired after April of 2010. Why is that?

Mr. Olivieri: Correct. I'm going to have Nat take any of these questions.

Ms. Hubley: CAR closed its defined benefit pension plan as of that date. So, this is for those people who've been hired after that.

Mr. Harris: Great, thank you. I'd like to make the motion.

Mr. Olivieri: Do we have a second?

Ms. Woodcock: Second.

Mr. Olivieri: Do we have any further discussion or questions in regard to this? This is the unique one that's not what we go through each year. So, please, don't hesitate if you need any clarification. Okay. Roll call vote. Pam?

Ms. Bodenstab-Krynicky: Aye.

Mr. Olivieri: Kevin?

Mr. Costigan: Aye.

Mr. Olivieri: Thom?

Mr. DePaulo: Aye.

Mr. Olivieri: Tom?

Mr. Harris: Aye.

Mr. Olivieri: Bill?

Mr. Hughes: Aye.

Mr. Olivieri: Ida?

Ms. Denard Jones: Aye.

Mr. Olivieri: Nicole?

Ms. Martorana: Aye.

Mr. Olivieri: Mary?

Ms. McConnell: Aye.

Mr. Olivieri: Tiago?

Mr. Prado: Aye.

Mr. Olivieri: Chris?

Mr. Taylor: Aye.

Mr. Olivieri: Meredith?

Ms. Woodcock: Aye.

Mr. Olivieri: That concludes the Personnel Committee report.

**24.10 Financial Audit Committee**

Mr. Olivieri: Next committee is Financial Audit. Wendy.

Ms. Browne: The Financial Audit Committee met on January 30<sup>th</sup>. They discussed the procedures performed and the financial statements that were reviewed and prepared by AAFCPA. It was noted that there were no exceptions found in any of the procedures and that there were no adjustments needed and no differences in the financial statements. AAFCPA did point out that was the adoption of the FASB-issued Accounting Standards Update for leases and the impact to the balance sheet. So, based on the agreed upon procedures performed in accordance with standards established and its review of CAR's financial statements, AAFCPA will issue a clean, unqualified review report as of, and for the year ending September 30, 2023.

After a brief discussion, on a roll call vote, the committee members voted unanimously to recommend Governing Committee approval of CAR's financial statements for the fiscal year ending September 30, 2023. That is an action item for your consideration.

Mr. Olivieri: Anyone willing to make a motion?

Mr. DePaulo: So moved.

Mr. Olivieri: Motion. Do we have a second?

Mr. Harris: Second.

Mr. Olivieri: Any further discussion? Roll call vote. Pam?

Ms. Bodenstab-Krynicky: Aye.

Mr. Olivieri: Kevin?

Mr. Costigan: Aye.

Mr. Olivieri: Thom?

Mr. DePaulo: Aye.

Mr. Olivieri: Tom?

Mr. Harris: Aye.

Mr. Olivieri: Bill?

Mr. Hughes: Aye.

Mr. Olivieri: Ida?

Ms. Denard Jones: Aye.



Mr. Olivieri: Nicole?  
Ms. Martorana: Aye.  
Mr. Olivieri: Mary  
Ms. McConnell: Aye.  
Mr. Olivieri: Tiago?  
Mr. Prado: Aye.  
Mr. Olivieri: Chris?  
Mr. Taylor: Aye.  
Mr. Olivieri: Meredith?  
Ms. Woodcock: Aye.  
Mr. Olivieri: Motion carries unanimously.

**24.11 Compliance and Operations Committee**

Mr. Olivieri: The next agenda item, Compliance and Operations Committee report. This is you again, Wendy.

Ms. Browne: This is me again. For once, this is not a long report. The Compliance and Operations Committee met on January 31<sup>st</sup>. There are no actions items, but I am reporting on two audits.

The committee was provided with the results of the USAA Hybrid Audit. It was noted that USAA has a LAD Agreement with Pilgrim Insurance Company. There were no statistical reporting issues in the MAIP sample and Pilgrim was compliant with the Lane-Bolling statute, Claims Performance Standards review, and the SIU evaluation.

There were six recurring statistical reporting issues on the premium side, as well as six recurring claims reporting issues in the USAA data. USAA was also found to be compliant with Claims Performance and the SIU evaluation. While there were some SIU reporting issues, the overall quota share and rating making results did not meet the benchmark for a yellow light value and thus staff recommended a green light assessment. However, similar to more recent audits, one of USAA's reporting issues was unverifiable towing and labor losses due to insufficient documentation. Accordingly, staff plans to reevaluate the validity of USAA's documentation by reviewing a minor sample of towing losses in early 2025. On a roll call vote, the committee unanimously voted to accept the audit report with no further auditing and directed staff to retest USAA's unverifiable towing and labor losses.

Following that, the committee was also provided with the results of the Electric focus audit which evaluated compliance with the statutory requirements related to the Special Investigative Unit. It was noted that this was the third audit of Electric as the company had been deemed not compliant in prior audits. Electric uses a vendor, Allied Universal Solutions, to maintain all reporting and investigatory responsibilities. Both AUS and Electric confirmed that no referrals to SIU had occurred within the audit period but that Electric intended to achieve compliance by using the alternative methodology. This methodology was developed from committee direction to provide another path towards compliance for those ARCs that experience difficulty in reaching the required minimum of 25 referrals. After working with staff, Electric's final compliance rate of 88% exceeded the 80% benchmark and that staff recommended a green light assessment of Electric's focus audit results. On a roll call vote, the committee unanimously voted to accept the audit report without further consideration.

Unless anyone has any questions, that would conclude my report.

Mr. Olivieri: Thank you very much, Wendy.

**Other Business**

Mr. Olivieri: That brings us to Other Business. Is there any other business to come before the committee today? If not, I will entertain a motion to adjourn so we can get Meredith out before 11 o'clock.

Mr. Harris: So moved.

Mr. Olivieri: Do we have a second.

Mr. Taylor: Second.

Mr. Olivieri: We have a first and second. Roll call vote unless there's any further discussion. Pam?

Ms. Bodenstab-Krynicky: Aye.

Mr. Olivieri: Kevin?

Mr. Costigan: Aye.

Mr. Olivieri: Thom?

Mr. DePaulo: Aye.

Mr. Olivieri: Tom?

Mr. Harris: Aye.

Mr. Olivieri: Bill?

Mr. Hughes: Aye.

Mr. Olivieri: Ida?

Ms. Denard Jones: Aye.

Mr. Olivieri: Nicole?

Mr. Martorana: Aye.

Mr. Olivieri: Mary?

Ms. McConnell: Aye.

Mr. Olivieri: Tiago?

Mr. Prado: Aye.

Mr. Olivieri: Chris?

Mr. Taylor: Aye.

Mr. Olivieri: Meredith?

Ms. Woodcock: Aye.

Mr. Olivieri: Motion carries. Meeting is adjourned at 10:57. You've got three minutes to spare. Take care everyone. Thank you.

*(Meeting ended at 10:57 a.m.)*

NATALIE HUBLEY  
President

Note: This Transcript has not been approved. It will be considered for approval at the next meeting of the Governing Committee.

Attachment

Boston, Massachusetts  
February 23, 2024

The above proceedings have been transcribed in accordance with CAR's guidelines for producing quality transcripts, which provide for the elimination of insignificant material that does not alter the substance of the Committee's discussions, such as sidebar comments, the use of verbal fillers (i.e., uhm's and ah's), and commentary (i.e., "laughter" and "coughing").

**ATTACHMENT LISTING**

Docket #GC24.02, Exhibit #1

Attendance Listing

**GOVERNING COMMITTEE MEETING  
 MEETING ATTENDEES  
 FEBRUARY 14, 2024**

Individual's Name

Company / Agency

PLEASE PRINT

|                           |                                      |
|---------------------------|--------------------------------------|
| Pamela Bodenstab-Krynicky | P.L. Krynicky Insurance Agency, Inc. |
| Kevin Costigan            | GEICO                                |
| Thomas DePaulo            | Cabot Risk Strategies, LLC           |
| Thomas Harris             | Quincy Mutual Group                  |
| William Hughes            | Arbella Insurance Group              |
| Ida Denard Jones          | Denard Insurance Agency, Inc.        |
| Nicole Martorana          | FBInsure, LLC                        |
| Mary McConnell            | Safety Insurance Company             |
| M. John Olivieri, Jr.     | J.K. Olivieri Insurance Agency, Inc. |
| Tiago Prado               | BRZ Insurance                        |
| Christopher Taylor        | The Hanover Insurance Company        |
| Meredith Woodcock         | Liberty Mutual Insurance Companies   |
| Mary Ellen Thompson       | Division of Insurance                |
| Paula Gold                | Plymouth Rock Assurance Corporation  |
| Kenneth Willis            | Plymouth Rock Assurance Corporation  |
| Sean Moone                | Norfolk and Dedham Group             |
| Melissa Vaughn            | Safety Insurance Company             |
| Ron Martin                | Preferred Mutual Insurance Company   |
| Nick Fytrilakis           | MAIA                                 |
| Laura Poulin              | MAIA                                 |
| Benjamin Hincks           | TSH & D – CAR Counsel                |
| Steven Torres             | TSH & D – CAR Counsel                |
| Mark Alves                | CAR Staff                            |
| Wendy Browne              | CAR Staff                            |
| Timothy Costain           | CAR Staff                            |

**GOVERNING COMMITTEE MEETING  
MEETING ATTENDEES  
FEBRUARY 14, 2024**

Individual's Name

Company / Agency

PLEASE PRINT

|                  |           |
|------------------|-----------|
| Richard Dalton   | CAR Staff |
| Timothy Galligan | CAR Staff |
| Steven Gautieri  | CAR Staff |
| Cheryl Kopas     | CAR Staff |
| Peter McCabe     | CAR Staff |
| Regina Nagle     | CAR Staff |
| Katy Proctor     | CAR Staff |
| James Robery     | CAR Staff |
| Lynne Roseburg   | CAR Staff |
| Robin Tigges     | CAR Staff |