



NATALIE A. HUBLEY
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NOTICE OF MEETING

JOINT ACTUARIAL COMMERCIAL LINES COMMITTEE

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

THURSDAY, MAY 23, 2019 AT 1:30 P.M.

MEMBERS OF THE COMMITTEE

Mr. Glenn Hiltpold – Chair
Safety Insurance Company

Ms. Sheila Doherty
Mr. James French
Mr. Coleman Johnson
Ms. Sandra Kipust
Ms. Lynellen Ramirez
Mr. Thomas Skelly, Jr.
Ms. Wendy Stearns
Mr. Barry Tagen

Doherty Insurance Agency, Inc.
Quincy Mutual Group
The Hanover Insurance Company
Liberty Mutual Group
Arbella Insurance Group
Deland, Gibson Insurance Associates, Inc.
MAPFRE U.S.A. Corporation
Pilgrim Insurance Company

AGENDA

JACL

19.03 CAR Conflict of Interest Policy

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

JACL

19.04 Joint Actuarial Commercial Lines

The Joint Actuarial Commercial Lines Committee will be responsible for oversight of the comprehensive study of the CAR Commercial Automobile Rating plan to identify the source of all rate need and develop a transition plan to achieve adequacy. The Committee will assist CAR staff in developing a Request for Proposal (RFP) for actuarial consulting services, recommend potential candidates for RFP

distribution, serve as the selection committee, review the results of the consultant's work at regular intervals in the project, and develop final recommendations for the Governing Committee.

To assist the Committee in its initial discussions, attached is a project outline. The Committee should be prepared to consider the project scope and proposed schedule, identify potential proposers, and discuss proposer evaluation factors in order to provide direction to staff in drafting the RFP. (Docket #JACL19.04, Exhibit #1)

Other Business

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

Executive Session

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

KATY PROCTOR
Actuarial/Statistical Analyst

Attachment

Boston, Massachusetts
May 6, 2019

**Commonwealth Automobile Reinsurers
Joint Actuarial Commercial Lines Committee
Commercial Rate Study**

Objective

As a result of the Division of Insurance review of CAR's most recent commercial rate filing, CAR was advised that it should engage an independent actuarial consultant to conduct a comprehensive study of the CAR Commercial Automobile Rating Plan to identify the source of all rate need and develop a transition plan to achieve adequacy. The Governing Committee Chair has designated the Joint Actuarial Commercial Lines Committee (JACL) for this objective.

This Committee will report to the CAR Governing Committee and will be responsible for overseeing the project. The Committee will assist CAR staff in developing a request for proposal (RFP) for actuarial consulting services, recommend potential candidates for RFP distribution, serve as the selection committee, review the results of the consultant's work at regular intervals in the project, and develop final recommendations for the Governing Committee.

Scope of Actuarial Services

The engagement scope will include a complete review of CAR's Residual Market Rate Filing methods and Commercial Automobile Manual Rules, Rate Pages, and Experience Rating Plan. The consultant will identify areas of rate need by examining the filing data sources, rate development methodologies, rating factors and relativities, and any other contributing components. The consultant will prepare a comprehensive evaluation of the residual market rate need and develop a mid-range plan to achieve rate adequacy over the next five to seven years.

Known areas of concern include but are not limited to:

- Operations outside of Massachusetts
- Zone Rates
- TTT and Public Vehicle Primary and Secondary Rating Factors
- Increased Limit Factors (ILFs)
- Non-Massachusetts PIP Exposure
- Experience Rating Plan
- Miscellaneous rates such as rating for Additional Insureds and Non-Owned vehicles
- In general, a review of the entire class plan is warranted

Committee Considerations

CAR staff will need JACL input on a certain specifications in order to draft the RFP for Committee review:

- Confirm project scope
- Confirm proposed schedule
- Identify potential proposers
- Identify proposer evaluation factors

Tentative Schedule

In order to target a Phase 1 implementation for a proposed rate change to be effective in early 2021, the following schedule is prepared for Committee discussion.

JACL Kickoff and RFP Development	May-June, 2019
RFP Distribution	July 8, 2019
Pre-Response Conference	Week of July 22, 2019
Proposals Due	August 23, 2019
Committee Review and Selection	Late August/Early September, 2019
Governing Committee Presentation	September 18, 2019
Actuarial Services Engagement Start Date	October 1, 2019
Consultant Engagement **	October, 2019-April, 2020
JACL Approval	April, 2020
Governing Committee Approval	June, 2020
Initial Rate Filing (w/Early 2021 Effective Date)	October, 2020

** The proposer will prepare a high level project schedule identifying key milestones and periodic committee meetings to review deliverables at each milestone.