

**MASSACHUSETTS DIVISION OF INSURANCE**

**RATE FILING ABSTRACT**

JANUARY 2017 EDITION – PAGE 1 OF 2

**INSTRUCTIONS**

- 1) A completed copy of this abstract is required for each Filing Company for all Rate, Form/Rate, Rate/Rule or Form/Rate/Rule Type filings for which the **Loss Costs Adoption Form, Rate Deviation Abstract** or **Workers' Compensation Rate Deviation Abstract** is **not** required.
- 2) If the data requested differs by category, separate abstracts or combined figures are required.
- 3) If this is an initial program filing, or there are no policies in force, only item 7 should be completed. Otherwise, all sections should be completed.
- 4) Exhibit citations alone are not sufficient to answer any question on this abstract.

**NB:** This abstract is a summary of the Rate filing, not a substitute for the Actuarial Memorandum.

**FILING COMPANY:** The Commerce Insurance Company (0411-34754)

**PROGRAM NAME:** Private Passenger Auto

**1. OVERALL RATE LEVEL CHANGE – Number of experience years analyzed: 3**

<b>Formula Indicated</b>	9.7%
<b>Proposed/Selected</b>	2.3%

If the Proposed/Selected is different from the Formula Indicated, please **briefly** explain (150 characters). We did not take the full Formula Indicated change due to market conditions.

**2. PROGRAM RATE HISTORY – Latest year MA direct written premium: 1,325,866,000**

<b>Date (M/D/YYYY)</b>	<b>% Change</b>	<b>SERFF/State Tracking Number</b>
12/29/2024	5.8%	CMRC-134228505
5/15/2024	5.0%	CMRC-133958083
4/19/2024	0.0%	CMRC-133902464
12/29/2023	8.5%	CMRC-133797575
5/15/2023	6.5%	CMRC-133548658

*Please begin with the most recent revision. If recent history includes the initial filing, please write "Initial" under % Change.*

**3. CREDIBILITY STANDARDS AND METHODS**

<b>Most recent year experience</b>	2024
<b>Massachusetts VS countrywide</b>	MA

Please **briefly** describe any other credibility standards/methods used (100 characters).

Data is 100% credible for automobiles.

**4. PREMIUM HISTORY – Have premium exposures been trended: Yes**

Have historical premiums been adjusted to reflect past rate changes? If Yes, please briefly explain (150 characters).

Yes - For the Legacy program, the Extension of Exposures method was used. For the MAPS program, coverage-level adjustment factors were applied.

**5. LOSS TRENDING – Method and annual rate of change: Frequency and Severity**

<b>Year</b>	<b>Factor Derived</b>
2024	1.10

*Please start with the most recent experience year.*

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2023	1.16
2022	1.22

**6. LOSS DEVELOPMENT – Based on Massachusetts data, countrywide, or both? MA**

Year	Maturity	Factor-Ultimate
2024	15 mo.	0.93
2023	27 mo.	0.96
2022	39 mo.	0.98

*Please start with the most recent experience year.*

**7. DEVELOPMENT OF THE UNTRENDED EXPECTED LOSS RATIO**

*Please also submit a three-year expense exhibit with this abstract.*

*Flat or Variable?*

<b>Underwriting Profit</b>	4.0%	Variable
<b>General Expense</b>	7.1%	Both
<b>Commissions/Brokerage</b>	15.6%	Variable
<b>Other Acquisition</b>	4.2%	Both
<b>Taxes, Licenses and Fees</b>	2.7%	Variable
<b>Other Expenses</b>	N/A%	N/A
<b>Allocated Loss Adjustment Expense Factor</b>	0.3%	
<b>Unallocated Loss Adjustment Expense Factor</b>	10.1%	
<b>Untrended Expected Loss Ratio</b>	56.0%	

Based on Massachusetts data, countrywide, or both? Both

*If investment income is reflected in the filing, please indicate the method/model used.*

Calendar Year Return on Equity method

**8. COVERAGE CHANGES**

*Please briefly describe any changes in coverage since the last Rate Level Change (150 characters).*

None

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Gavin Traverso, ACAS; Vice President, Actuarial Reserving

*Name and Title of Officer in Charge*

Lisa Moorey, FCAS; Actuary Advisor

*Name and Title of Person Completing This Abstract*

January 28, 2025

*Date Completed*

**MAPFRE Insurance**

**The Commerce Insurance Company**

Massachusetts Private Passenger Auto Rate Indication

Proposed Effective Date: 5/15/2025

Analysis of Expense Components - Statutory Page 14 and Insurance Expense Exhibit - Direct

All Dollars in 000's

<b>AS Line of Business: Private Passenger Auto Liability</b>											
Expense Category	Calendar Year					Last 2 Years	Last 3 Years	All Years	Selected	Fixed Exp	Variable Exp
	2019	2020	2021	2022	2023						
Written Premium	672,506	623,115	587,963	598,582	637,571	1,236,153	1,824,116	3,119,737	647,611		
Earned Premium	682,438	651,698	603,772	592,590	605,105	1,197,695	1,801,467	3,135,603	638,345		
Commissions *	15.7%	18.8%	16.0%	16.0%	14.9%	15.4%	15.6%	16.2%	15.6%	0.0%	15.6%
Other Acq. Expense **	3.2%	4.1%	4.7%	4.6%	3.9%	4.3%	4.4%	4.1%	4.3%	3.6%	0.7%
General Expense **	5.0%	7.0%	7.9%	7.9%	7.2%	7.5%	7.6%	6.9%	7.5%	6.3%	1.2%
Taxes, Licenses & Fees *	2.5%	2.7%	2.7%	2.8%	2.7%	2.7%	2.7%	2.7%	2.7%	0.0%	2.7%
Total Expenses	26.4%	32.5%	31.3%	31.2%	28.6%	29.9%	30.3%	29.9%	30.1%	9.9%	20.2%
Fixed Expense \$'s	47,379	61,578	64,929	63,019	57,408				75,325	63,675	11,650

<b>AS Line of Business: Private Passenger Auto Phys Dam</b>											
Expense Category	Calendar Year					Last 2 Years	Last 3 Years	All Years	Selected	Fixed Exp	Variable Exp
	2019	2020	2021	2022	2023						
Written Premium	552,817	529,487	496,994	510,107	577,700	1,087,807	1,584,801	2,667,105	586,798		
Earned Premium	561,334	539,591	514,694	494,355	545,146	1,039,501	1,554,195	2,655,120	575,092		
Commissions *	15.7%	19.4%	16.6%	15.6%	14.8%	15.2%	15.6%	16.4%	15.6%	0.0%	15.6%
Other Acq. Expense **	2.8%	3.7%	4.2%	4.4%	3.6%	4.0%	4.1%	3.7%	4.0%	3.4%	0.6%
General Expense **	4.4%	6.2%	6.7%	7.0%	6.5%	6.7%	6.7%	6.1%	6.7%	5.7%	1.0%
Taxes, Licenses & Fees *	2.5%	2.6%	2.7%	2.7%	2.7%	2.7%	2.7%	2.6%	2.7%	0.0%	2.7%
Total Expenses	25.3%	31.9%	30.2%	29.6%	27.6%	28.5%	29.1%	28.8%	29.0%	9.1%	19.9%
Fixed Expense \$'s	34,379	45,785	48,117	48,013	46,999				61,535	51,931	9,604

See Appendix B-IV for allocation of fixed expenses to Auto and Motorcycle.

Fixed Expense assumes the following percentages:      General Expense      90.00% is Fixed for Historical breakout.  
    Other Acq. Expense      75.00% is Fixed

\* Based on state specific data

\*\* Based on Company (CIC) data