



NATALIE A. HUBLEY  
PRESIDENT

# COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110  
www.commauto.com 617-338-4000

November 16, 2018

## ACCOUNTING AND STATISTICAL NOTICE NO. 624

### Proposed Revisions to the Massachusetts Private Passenger and Commercial Statistical Plans

CAR's Governing Committee, at its November 14, 2018 meeting, recommended modifications to the Massachusetts Private Passenger and Commercial Statistical Plans. The impacted pages have been forwarded to the Division of Insurance for promulgation pursuant to the provisions of G.L. c. 175A, §15. A copy of the filing letter is attached. The following summary tables describe the recommended modifications and proposed effective dates.

#### Private Passenger Statistical Plan

Proposed Effective Date	Description	Pages Impacted	Records Impacted
January 1, 2020	The Out-of-State Territory Codes have been expanded to include specific codes to identify New Jersey (997) and Pennsylvania (998).	B:1, 8	All
January 1, 2019	The components and penalties associated with the Distributional Analysis Program have been incorporated into the Statistical Data Quality Penalty Program.	VII: 6, 10	N/A

#### Commercial Statistical Plan

Proposed Effective Date	Description	Pages Impacted	Records Impacted
January 1, 2020	The Out-of-State Premium and Accident Town Codes have been expanded to include specific codes to identify New Jersey (997) and Pennsylvania (998).	B:1, 8	All
January 1, 2019	The components and penalties associated with the Distributional Analysis Program have been incorporated into the Statistical Data Quality Penalty Program.	VII: 6, 7, 11, 12	N/A

The Private Passenger and Commercial Statistical Plan pages pertaining to the noted proposed modifications are also available on CAR's website. To access these pages, select Manuals, Private Passenger or Commercial Statistical Plan and Proposed Pages.

If you have any questions concerning these proposed revisions, please contact the undersigned at [madgate@commauto.com](mailto:madgate@commauto.com).

MARIAN ADGATE  
Corporate Documentation Specialist

Attachment



NATALIE A. HUBLEY  
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110  
www.commauto.com 617-338-4000

November 16, 2018

Honorable Gary D. Anderson  
Commissioner of Insurance  
Massachusetts Division of Insurance  
1000 Washington Street, Suite 810  
Boston, MA 02118-6200

Re: Massachusetts Private Passenger and Commercial Statistical Plan Modifications

Dear Commissioner Anderson:

CAR's Governing Committee, at its November 14, 2018 meeting, approved modifications to the Massachusetts Private Passenger and Commercial Statistical Plans. A summary of the proposed changes and the pages impacted are attached. The approved modifications include the following:

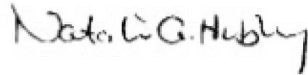
- Out-of-State Territory and Premium/Accident Town Codes to specifically identify the states of New Jersey and Pennsylvania have been added to the Private Passenger and Commercial Statistical Plans. The effective date of this modification is for policies effective January 1, 2020 and subsequent.
- To assure company compliance with the requirements of the Distributional Analysis program, CAR will be implementing a penalty program commencing with the 2019 Distributional Analysis reports. The reports are run twice per year, and therefore the initial potential penalty for not providing an over tolerance response would occur with production of the June 2019 data reports, which will be run in September 2019. Additionally, the initial potential penalty for not correcting a data reporting problem will not occur until the June 2020 monthly accounting/statistical shipment which is due at CAR in August 2020.

Accordingly, non-compliance penalties relative to the Distributional Analysis Program have been added to the Statistical Data Quality Penalty Program contained in both the Private Passenger and Commercial Statistical Plans. Under this program, a company will be assessed a penalty if it does not respond to an over tolerance condition and/or does not correct an identified statistical reporting issue by the established due dates. Based upon the anticipated production schedule and the timing of initial penalty assessments, CAR's Governing Committee agreed that a proposed effective date of January 1, 2019 would provide companies with sufficient time to prepare for any repercussions resulting from program non-compliance.

Your promulgation of these modifications, pursuant to the provisions of G.L. c. 175A, §15, is respectfully requested.

If you have any questions relative to these modifications, please contact Ms. Marian Adgate, Corporate Documentation Specialist at 617-880-7231 or via email at [madgate@commauto.com](mailto:madgate@commauto.com).

Very truly yours,



Natalie A. Hubley  
President

Attachment

cc: Ms. Cara Blank  
Division of Insurance

Ms. Kary DiRocco  
Division of Insurance

Mr. Matthew Mancini  
State Rating Bureau

Ms. Mary Ellen Thompson  
Division of Insurance

Ms. Edith Wendell  
Automobile Insurers Bureau of Massachusetts

## Proposed Modifications to the Private Passenger Statistical Plan

<b>Proposed Effective Date</b>	<b>Description</b>	<b>Pages Impacted</b>	<b>Records Impacted</b>
<b>January 1, 2020</b>	The Out-of-State Territory Codes have been expanded to include specific codes to identify New Jersey (997) and Pennsylvania (998).	B:1, 8	All
<b>January 1, 2019</b>	The components and penalties associated with the Distributional Analysis Program has been incorporated into the Statistical Data Quality Penalty Program.	VII: 6, 10	N/A

**Massachusetts Private Passenger Automobile  
Statistical Plan  
Appendix B - Territory Codes**

**TERRITORY CODE**

**ALPHABETICAL LISTING**

1. Cities and Towns are printed in Capital Letters.
2. Villages, Sections of Cities and Towns, and Local Designations are printed in Small Type with the name of the corresponding City or Town in the adjacent column.
3. Sections of Cities and Towns designated “North”, “East”, “South” and “West” or with a prefix or suffix that is merely supplemental to the principal name (such as West Newton or Arlington Heights) are not separately listed (see principal designation). In some instances there are two distinct townships, such as Reading and North Reading, in which case both towns are listed.
4. Counties are indicated by code, using the first position of the Territory Code as follows:

First Position	County	First Position	County
0	Barnstable	4	Franklin
	Dukes		Hampden
	Nantucket	5	Hampshire
	Plymouth	6	Middlesex
1	Berkshire	7	Norfolk
2	Bristol	8	Suffolk
3	Essex	9	Worcester

5. The City of Boston is divided into sections as follows:

<b>City of Boston</b>		
Definition	ZIP Code	Statistical Code
BOSTON CENTRAL	02108-02111, 02113-02116, 02118, 02133, 02199, 02203, 02210, 02215, 02222	821
BRIGHTON	02134, 02135, 02163	822
CHARLESTOWN-EAST BOSTON	02128, 02129	824
DORCHESTER	02122, 02124, 02125, 02126	819
HYDE PARK	02136	818
JAMAICA PLAIN	02130	817
ROSLINDALE	02131	816
ROXBURY	02119, 02120, 02121	820
SOUTH BOSTON	02127	823
WEST ROXBURY	02132	815

6. The appropriate Out of State Territory Codes are as follows:

Location	Code
Connecticut	991
Maine	992
New Hampshire	993
New York	994
Rhode Island	995
Vermont	996
<u>New Jersey</u>	<u>997</u>
<u>Pennsylvania</u>	<u>998</u>
Other	999



**Massachusetts Private Passenger Automobile  
Statistical Plan  
Appendix B - Territory Codes**

**TERRITORY CODE**

**NUMERICAL LISTING**

1. Cities and Towns are printed in Capital Letters.
2. Villages, Sections of Cities and Towns, and Local Designations are printed in Small Type with the name of the corresponding City or Town in the adjacent column.
3. Sections of Cities and Towns designated “North”, “East”, “South” and “West” or with a prefix or suffix that is merely supplemental to the principal name (such as West Newton or Arlington Heights) are not separately listed (see principal designation). In some instances there are two distinct townships, such as Reading and North Reading, in which case both towns are listed.
4. Counties are indicated by code, using the first position of the Territory Code as follows:

First Position	County	First Position	County
0	Barnstable	4	Franklin
	Dukes	5	Hampden
	Nantucket	6	Hampshire
	Plymouth	7	Middlesex
1	Berkshire	8	Norfolk
2	Bristol	9	Suffolk
3	Essex		Worcester

5. The City of Boston is divided into sections as follows:

City of Boston		
Definition	ZIP Code	Statistical Code
BOSTON CENTRAL	02108-02111, 02113-02116, 02118, 02133, 02199, 02203, 02210, 02215, 02222	821
BRIGHTON	02134, 02135, 02163	822
CHARLESTOWN-EAST BOSTON	02128, 02129	824
DORCHESTER	02122, 02124, 02125, 02126	819
HYDE PARK	02136	818
JAMAICA PLAIN	02130	817
ROSLINDALE	02131	816
ROXBURY	02119, 02120, 02121	820
SOUTH BOSTON	02127	823
WEST ROXBURY	02132	815

6. The appropriate Out of State Territory Codes are as follows:

Location	Code
Connecticut	991
Maine	992
New Hampshire	993
New York	994
Rhode Island	995
Vermont	996
★ <u>New Jersey</u>	<u>997</u>
<u>Pennsylvania</u>	<u>998</u>
Other	999

**Massachusetts Private Passenger Automobile  
Statistical Plan  
Part VII – Statistical Data Quality Program**

**Section A - Statistical Data Quality Components**

★ **4. DISTRIBUTIONAL ANALYSIS PROGRAM**

The Distributional Analysis Program is run on a semi-annual basis. Various reports are made available to companies on CAR's website which focus on the reporting of critical data elements used in a number of different processes such as quota share and ratemaking. Those data elements are used in comparing a company's distribution of statistically reported data to like distributions of industry-wide data. The edits are designed to determine whether significant variances are due to a company's unique book of business or reflective of a systemic reporting problem.

**a. Due Date**

Twice per year following the processing of the June and December monthly accounting/statistical shipments, CAR runs its Distributional Analysis program, posts results to its website for company review, and establishes a due date for the input of company explanations of any identified over tolerance conditions. The established due date for the entry of company explanations is approximately 60 calendar days from the date the Distributional Analysis reports are available.

**b. Acceptability**

In those instances where CAR identifies a potential reporting issue, it will formally notify those companies identified as having the potential reporting issue and provide a specific due date for the reporting issue to be resolved. In those instances where a company identifies a reporting issue, as a result of an over tolerance condition, the company should provide an action plan for fixing those issues going forward within a one year time period.

**Massachusetts Private Passenger Automobile  
Statistical Plan  
Part VII – Statistical Data Quality Program**

**Section B – Statistical Data Quality Penalties**

★ **4. DISTRIBUTIONAL ANALYSIS PROGRAM**

This section details the Statistical Data Quality Penalty amounts that companies will be assessed if a company does not respond to an over tolerance condition by the established due date and/or does not correct its statistical reporting issue, on a going forward basis, within one year of having been identified. Since each company that is affiliated with a group is required to provide a response on an individual company level, the penalties are also assessed on an individual company basis. Furthermore, the penalty is also assessed separately for premium and loss reporting.

<b><u>Distributional Analysis Reports Meeting the Following Criteria</u></b>	<b><u>Penalty Amount</u></b>
<u>The initial due date has expired and the company has not responded to at least 75% of the cited over tolerance conditions</u>	<u>\$150</u>
<u>The company was notified of its missing explanation, the second due date has expired (60 days after the first due date), and the company has not responded to at least 75% of the cited over tolerance conditions</u>	<u>\$150</u>
<u>The one year due date for resolving an identified reporting issue has passed and the issue is not yet resolved</u>	<u>\$3,000</u>
<u>Each additional calendar month that the reporting issue is not resolved.</u>	<u>\$3,000</u>

<b><u>Example: June release of Distributional Analysis Reports approximately September 1</u></b>		
<b><u>Due Date For Response</u></b>	<b><u>Calculation of Penalty</u></b>	<b><u>Penalty Dollars</u></b>
<u>11/1</u>	<u>\$150</u>	<u>\$150</u>
<u>1/1</u>	<u>\$150 + \$150</u>	<u>\$300</u>

<b><u>Due Date For Resolved Reporting Issue</u></b>	<b><u>Calculation of Penalty</u></b>	<b><u>Penalty Dollars</u></b>
<u>June Monthly Submission of following year: approx.. 8/15</u>	<u>\$3,000</u>	<u>\$3,000</u>
<u>July Monthly Submission of following year: approx. 9/15</u>	<u>\$3,000 + \$3,000</u>	<u>\$6,000</u>
<u>August Monthly Submission of following year: approx.. 10/15</u>	<u>\$3,000 + \$3,000 + \$3,000</u>	<u>\$9,000</u>



## Proposed Modifications to the Commercial Statistical Plan

<b>Proposed Effective Date</b>	<b>Description</b>	<b>Pages Impacted</b>	<b>Records Impacted</b>
<b>January 1, 2020</b>	The Out-of-State Premium and Accident Town Codes have been expanded to include specific codes to identify New Jersey (997) and Pennsylvania (998).	B:1, 8	All
<b>January 1, 2019</b>	The components and penalties associated with the Distributional Analysis Program has been incorporated into the Statistical Data Quality Penalty Program.	VII: 6, 7, 11, 12	N/A

**Massachusetts Commercial Automobile  
Statistical Plan  
Appendix B - Premium and Accident Town Tables**

**PREMIUM TOWN CODE - ACCIDENT TOWN CODE**

**ALPHABETICAL LISTING**

1. Cities and Towns are printed in Capital Letters.
2. Villages, Sections of Cities and Towns, and Local Designations are printed in Small Type with the name of the corresponding City or Town in the adjacent column.
3. Sections of Cities and Towns designated “North”, “East”, “South” and “West” or with a prefix or suffix that is merely supplemental to the principal name (such as West Newton or Arlington Heights) are not separately listed (see principal designation). In some instances there are two distinct townships, such as Reading and North Reading, in which case both towns are listed.
4. Counties are indicated by code, using the first position of the Town Code as follows:

First Position	County	First Position	County
0	Barnstable	4	Franklin
	Dukes		Hampden
	Nantucket	5	Hampshire
	Plymouth	6	Middlesex
1	Berkshire	7	Norfolk
2	Bristol	8	Suffolk
3	Essex	9	Worcester

5. The City of Boston is divided into sections as follows:

<b>City of Boston</b>		
Definition	ZIP Code	Statistical Code
BOSTON CENTRAL	02108-02111, 02113-02116, 02118, 02133, 02199, 02201, 02203, 02210, 02215, 02222, 02241	821
BRIGHTON	02134, 02135, 02163	822
CHARLESTOWN-EAST BOSTON	02128, 02129	824
DORCHESTER	02122, 02124, 02125, 02126	819
HYDE PARK	02136	818
JAMAICA PLAIN	02130	817
ROSLINDALE	02131	816
ROXBURY	02119, 02120, 02121	820
SOUTH BOSTON	02127	823
WEST ROXBURY	02132	815

6. The appropriate Out of State Town Codes are as follows:

Location	Code
Connecticut	991
Maine	992
New Hampshire	993
New York	994
Rhode Island	995
Vermont	996
<u>New Jersey</u>	<u>997</u>
<u>Pennsylvania</u>	<u>998</u>
Other	999



**Massachusetts Commercial Automobile  
Statistical Plan  
Appendix B - Premium and Accident Town Tables**

**PREMIUM TOWN CODE - ACCIDENT TOWN CODE**

**NUMERICAL LISTING**

1. Cities and Towns are printed in Capital Letters.
2. Villages, Sections of Cities and Towns, and Local Designations are printed in Small Type with the name of the corresponding City or Town in the adjacent column.
3. Sections of Cities and Towns designated "North", "East", "South" and "West" or with a prefix or suffix that is merely supplemental to the principal name (such as West Newton or Arlington Heights) are not separately listed (see principal designation). In some instances there are two distinct townships, such as Reading and North Reading, in which case both towns are listed.
4. Counties are indicated by code, using the first position of the Town Code as follows:

First Position	County	First Position	County
0	Barnstable	4	Franklin
	Dukes		Hampden
	Nantucket	5	Hampshire
	Plymouth	6	Middlesex
1	Berkshire	7	Norfolk
2	Bristol	8	Suffolk
3	Essex	9	Worcester

5. The City of Boston is divided into sections as follows:

<b>City of Boston</b>		
Definition	ZIP Code	Statistical Code
BOSTON CENTRAL	02108-02111, 02113-02116, 02118, 02133, 02199, 02201, 02203, 02210, 02215, 02222, 02241	821
BRIGHTON	02134, 02135, 02163	822
CHARLESTOWN-EAST BOSTON	02128, 02129	824
DORCHESTER	02122, 02124, 02125, 02126	819
HYDE PARK	02136	818
JAMAICA PLAIN	02130	817
ROSLINDALE	02131	816
ROXBURY	02119, 02120, 02121	820
SOUTH BOSTON	02127	823
WEST ROXBURY	02132	815

6. The appropriate Out of State Town Codes are as follows:

Location	Code
Connecticut	991
Maine	992
New Hampshire	993
New York	994
Rhode Island	995
Vermont	996
New Jersey	997
Pennsylvania	998
Other	999



**Massachusetts Commercial Automobile  
Statistical Plan  
Part VII - Statistical Data Quality Program**

**Section A - Statistical Data Quality Components**

**3. RATE EDIT (Continued)**

**b. Appeal Process For Exceeding Established Tolerance**

Companies with errors in excess of the established tolerance may appeal to CAR for a reduction of the Statistical Data Quality Penalty if it can be clearly demonstrated that the rate error condition does not impact the ratemaking database. The granting of an appeal will be allowed for one policy year only, and companies will be required to correct their reporting systems for the next reporting year in order to prevent the assessment of rate edit penalties in the subsequent reporting year.

**4. MASSACHUSETTS ANNUAL STATEMENT**

★ For each calendar year, all companies licensed to write automobile insurance in Massachusetts are required to submit an electronic copy of their NAIC Annual Statement filings to CAR by approximately March 15th of the following year. CAR also requires that companies submit a hard copy of their Annual Statement. For each of the other three calendar quarters, CAR collects Statutory Page 14 data for Massachusetts from companies. Note that for all quarters, Annual Statement data must be submitted for each individual company within a group via CAR's on-line Annual Statement Reconciliation System. CAR will inform the industry on an annual basis, via the Annual Call Schedule, of the exact quarterly and final Annual Statement due dates on a calendar year basis.

On a quarterly basis, CAR reconciles each company's Massachusetts Annual Statement data to the statistical data reported by the company through the particular quarter. The reconciliation is performed at the individual company level, not on a group company basis. The reconciliation is performed each quarter in an effort to identify, as soon as possible, reporting problems that may impact the quality of CAR's statistical database. Companies are provided with the results of their reconciliation. If it is determined that a company's statistically reported totals for a given quarter and their quarterly Annual Statement totals vary by more than 5% for any premium or loss line of business, CAR requests that the company provide a satisfactory written response explaining the difference(s). Additionally, if the difference is due to missing statistical data, then the company will be expected to provide an action plan that details when the missing data will be reported to CAR and how the situation that created the missing data will be rectified. Company responses must be provided to CAR within thirty (30) calendar days from the date that the reconciliation results were initially provided to the company.

**5. DISTRIBUTIONAL ANALYSIS PROGRAM**

The Distributional Analysis Program is run on a semi-annual basis. Various reports are made available to companies on CAR's website which focus on the reporting of critical data elements used in a number of different processes such as quota share and ratemaking. Those data elements are used in comparing a company's distribution of statistically reported data to like distributions of industry-wide data. The edits are designed to determine whether significant variances are due to a company's unique book of business or reflective of a systemic reporting problem.

**Massachusetts Commercial Automobile  
Statistical Plan  
Part VII - Statistical Data Quality Program**

**Section A - Statistical Data Quality Components**

**4. DISTRIBUTIONAL ANALYSIS PROGRAM (Continued)**

**a. Due Date**

Twice per year following the processing of the June and December monthly accounting/statistical shipments, CAR runs its Distributional Analysis program, posts results to its website for company review, and establishes a due date for the input of company explanations of any identified over tolerance conditions. The established due date for the entry of company explanations is approximately 60 calendar days from the date the Distributional Analysis reports are available.

**b. Acceptability**

In those instances where CAR identifies a potential reporting issue, it will formally notify those companies identified as having the potential reporting issue and provide a specific due date for the reporting issue to be resolved. In those instances where a company identifies a reporting issue, as a result of an over tolerance condition, the company should provide an action plan for fixing those issues going forward within a one year time period.

**Massachusetts Commercial Automobile  
Statistical Plan  
Part VII - Statistical Data Quality Program**

**Section B - Statistical Data Quality Penalties**

**4. MASSACHUSETTS ANNUAL STATEMENT AND QUARTERLY STATUTORY PAGE 14 FOR MASSACHUSETTS**

A Statistical Data Quality Penalty of \$100 per CAR business day will be assessed for the late submission of Fourth Quarter NAIC Annual Statement filings and corresponding copy of the Massachusetts Annual Statement. Also, a Statistical Data Quality Penalty of \$100 per CAR business day will be assessed for a late Fourth Quarter Massachusetts Annual Statement Reconciliation response until CAR receives the response.

A Statistical Data Quality Penalty of \$100 per CAR business day will be assessed for the late submission of quarterly Statutory Page 14 data for Massachusetts. Also, a Statistical Data Quality Penalty of \$100 per CAR business day will be assessed for a late response to the reconciliation of the quarterly Statutory Page 14 for Massachusetts until CAR receives the response.

Since each company that is affiliated with a group is required to report its statistical data on an individual company number level and is required to report separate Massachusetts Annual Statement data and quarterly Statutory Page 14 for Massachusetts data, the Annual Statement penalties will also be assessed on an individual company basis.

★ **5. DISTRIBUTIONAL ANALYSIS PROGRAM**

This section details the Statistical Data Quality Penalty amounts that companies will be assessed if a company does not respond to an over tolerance condition by the established due date and/or does not correct its statistical reporting issue, on a going forward basis, within one year of having been identified. Since each company that is affiliated with a group is required to provide a response on an individual company level, the penalties are also assessed on an individual company basis. Furthermore, the penalty is also assessed separately for premium and loss reporting.

<b><u>Distributional Analysis Reports Meeting the Following Criteria</u></b>	<b><u>Penalty Amount</u></b>
<u>The initial due date has expired and the company has not responded to at least 75% of the cited over tolerance conditions</u>	<u>\$150</u>
<u>The company was notified of its missing explanation, the second due date has expired (60 days after the first due date), and the company has not responded to at least 75% of the cited over tolerance conditions</u>	<u>\$150</u>
<u>The one year due date for resolving an identified reporting issue has passed and the issue is not yet resolved</u>	<u>\$3,000</u>
<u>Each additional calendar month that the reporting issue is not resolved.</u>	<u>\$3,000</u>

**Massachusetts Commercial Automobile  
Statistical Plan  
Part VII - Statistical Data Quality Program**

**Section B - Statistical Data Quality Penalties**

**5. DISTRIBUTIONAL ANALYSIS PROGRAM (Continued)**

<b><u>Example: June release of Distributional Analysis Reports approximately September 1</u></b>		
<b><u>Due Date For Response</u></b>	<b><u>Calculation of Penalty</u></b>	<b><u>Penalty Dollars</u></b>
<u>11/1</u>	<u>\$150</u>	<u>\$150</u>
<u>1/1</u>	<u>\$150 + \$150</u>	<u>\$300</u>

<b><u>Due Date For Resolved Reporting Issue</u></b>	<b><u>Calculation of Penalty</u></b>	<b><u>Penalty Dollars</u></b>
<u>June Monthly Submission of following year: approx.. 8/15</u>	<u>\$3,000</u>	<u>\$3,000</u>
<u>July Monthly Submission of following year: approx. 9/15</u>	<u>\$3,000 + \$3,000</u>	<u>\$6,000</u>
<u>August Monthly Submission of following year: approx.. 10/15</u>	<u>\$3,000 + \$3,000 + \$3,000</u>	<u>\$9,000</u>

**65. DISPUTED PENALTY FEES**

CAR shall maintain its own records for the purpose of determining whether or not a company has submitted all required data. In case of a disagreement regarding whether a company is delinquent in submitting data, the records of CAR shall become the deciding factor. Statistical Data Quality Penalties may be appealed to CAR's Operations Committee. However, it is necessary for the company to pay the penalty amount before such an appeal can be considered. Any company aggrieved by the findings of the Operations Committee may appeal the decision to CAR's Governing Committee. All decisions of the Governing Committee shall be final.