



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

CLAIMS SUBCOMMITTEE – MAY 22, 2018

Members Present

Mr. David DeLuca – Chair	Vermont Mutual Insurance Company
Ms. Kathleen Devericks	Bender Hatch Insurance, Inc.
Mr. Gregory Favreau	Electric Insurance Company
Mr. Robert Hallinan ⁽¹⁾	Plymouth Rock Assurance Corporation
Ms. Elizabeth Kim	Arbella Insurance Company
Mr. Steven Shiner	MAPFRE U.S.A. Corporation

Substituted for:

⁽¹⁾Mr. Michael Cesinger

Not in Attendance:

Mr. Steven McNaney	Amica Mutual Insurance Company
Ms. Marie-Armel Theodat	R. Theodat Insurance Agency, Inc.

16.01 Records of Previous Meeting

The Subcommittee unanimously voted to approve the Records of the Claims Subcommittee meeting of August 2, 2016. The Records have been distributed and are on file.

18.04 Claims Performance Standards

The Claims Subcommittee met to assist the Compliance and Operations Committee with its biennial review of proposed modifications to the Private Passenger and Commercial Claims Performance Standards (the Standards) as required by G.L.c.175, §113H. Specifically, the Subcommittee reviews modifications to the Standards as proposed by Subcommittee members or CAR staff and provides a recommendation to the Compliance and Operations Committee.

Mr. Peter Bertoni stated that the Standards underwent a significant review and reformatting during the previous Standards assessment. The modifications were approved by the Division of Insurance (DOI) effective May 31, 2016. Mr. Bertoni individually reviewed each suggested CAR revision detailed in the General Modifications.

While discussing the Special Investigation language that was added to the Fraud Handling section of Standard III No-Fault Personal Injury Protection Benefits Handling, a Subcommittee member noted the potential of redundancy between the Screening Process and the Special Investigation subsections. Both would require that any suspicious or potentially fraudulent claims be considered for referral to the IFB, NICB or other appropriate law enforcement agency. The Subcommittee determined that striking the

reference in the Screening Process was appropriate because any referral to the IFB, NICB or law enforcement agency would occur during the Special Investigations process of claims handling and not during the Screening Process. This revision applied to both the Private Passenger and Commercial Standards. All other proposed changes to the Private Passenger and Commercial Standards were conceptually approved by the Subcommittee.

The Subcommittee also discussed the requirement in Standard I Motor Vehicle Physical Damage & Property Damage Liability Claims that reinspections be performed on 75% of all repaired vehicles with damage greater than \$4,000 and 25% of vehicles with less than \$4,000 damage. The Subcommittee agreed that the \$4,000 threshold should be increased as most auto accidents exceed this amount. An additional argument was made that adherence to the reinspection requirement causes a challenge to the industry due to the frequency of losses surpassing the low threshold. However, further discussion noted that the inclusion of this requirement in Standard I is derived from 211 CMR 123.00 and is detailed in Appendix B of the Standards. The Subcommittee acknowledged that the law supersedes the Standards and therefore the reinspection threshold must remain consistent to 211 CMR 123.00.

Significant Subcommittee discussion centered on the use of medical fee databases pertaining to Standard III No-Fault Personal Injury Protection Benefits Handling and the determination of usual and customary charges. A Subcommittee member noted that language recommending the use of medical fee databases specifically naming only FAIR Health was made to the Compliance Audit Committee in 2015 and questioned the outcome. Ms. Wendy Browne stated that the recommendation regarding the use of medical fee databases was deleted by the DOI in the Standards that were approved in May 2016. Subcommittee members further considered revisiting the recommendation for inclusion in the current review of the Standards noting an obligation to engage in cost containment efforts. The Subcommittee requested additional information detailing the considerations pertaining to the use of medical fee databases in the 2015 review of the Standards.

After discussion, the Subcommittee voted unanimously to conditionally recommend approval of the amendments to the Private Passenger and Commercial Performance Standards to the Compliance and Operations Committee pending the requested additional information for the next meeting.

PETER BERTONI
Compliance Auditor

Boston, Massachusetts
July 12, 2018

ATTACHMENT LISTING

Docket #CLMS18.02, Exhibit #1

Attendance Listing

