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## NOTICE OF MEETING

### COMPLIANCE AND OPERATIONS COMMITTEE

A meeting of the Compliance and Operations Committee will be held at the Automobile Insurers Bureau Conference Center at 101 Arch Street, 7<sup>th</sup> Floor, Boston, on

**WEDNESDAY, MARCH 28, 2018 AT 10:00 A.M.**

### MEMBERS OF THE COMMITTEE

Mr. Jerry Sleeper – Chair  
Safety Insurance Company

Ms. Erin Cummings  
Mr. David Dafgek  
Ms. Kathleen Devericks  
Mr. Bruce Dodge  
Mr. Thomas Harris  
Mr. Robert Littlewood  
Mr. Kenneth Olivieri  
Mr. Barry Tagen

The Norfolk & Dedham Group  
The Hanover Insurance Company  
Nancy Z. Bender Insurance Agency, Inc.  
MAPFRE U.S.A. Corporation  
Quincy Mutual Group  
Arbella Insurance Company  
J.K. Olivieri Insurance Agency, Inc.  
Pilgrim Insurance Company

### AGENDA

#### **COPC**

##### **17.01 Records of Previous Meeting**

The Records of the Compliance and Operations Committee meeting of October 26, 2017 should be read and approved.

#### **COPC**

##### **18.03 CAR Conflict of Interest Policy**

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

**COPC**

**18.04 Informational Items**

The Chairman will report on any Governing Committee actions that impact the Compliance and Operations Committee.

**COPC**

**18.05 Compliance Audit Program**

Staff will present an overview of the most recent private passenger and commercial audit results conducted in accordance with the Compliance Audit Program. The Committee should be prepared to discuss the audit findings.

**COPC**

**18.06 Operational Reports**

The 4<sup>th</sup> Quarter 2017 Operational Reports were recently posted to CAR's website in late March. Questions or comments relative to these reports will be discussed at the meeting.

**COPC**

**17.08 Disaster Recovery – Business Continuity Plan**

Staff will review the business continuity procedures that were developed to ensure that critical operations remain ongoing during any period of systems recovery. (Docket #COPC17.08, Exhibit #2)

**COPC**

**18.07 Private Passenger and Commercial Statistical Plans**

Staff will present modifications to the Private Passenger and Commercial Statistical Plans. Proposed modifications to the Private Passenger Statistical Plan eliminate CAR Identification Code 1 for policies effective April 1, 2018 in conjunction with the approval of modifications to Rule 21 of the CAR Rules of Operation. Modifications to the Commercial Statistical Plan clarify wording in the Rating Identification Code table. (Docket #COPC18.07, Exhibit #1)

**COPC**

**18.08 Special Investigations Unit System Development**

Staff will provide an update to the systems development efforts related to the Special Investigations Unit (SIU) Audit System.

**Other Business**

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

**Executive Session**

The Compliance and Operations Committee may convene in Executive Session in accordance with the provisions of G.L. c. 30A, § 21.

MATTHEW HIRSH  
Compliance Auditor and Specialist

Attachments

Boston, Massachusetts  
March 16, 2018

# COMMONWEALTH AUTOMOBILE REINSURERS

## Business Continuity Plan

June 2018

## OVERVIEW

### Sections:

- Overview
- Contents of Plan
- Responsibilities
  - President
  - Chief of Staff and Human Resources
  - VP of Technical Operations and Director of Information Technology
  - VP of Business Operations
  - Controller and Financial

### Recovery Locations:

CAR will maintain separate Disaster Recovery (DR) sites for each processing platform.

- LAN: iLand – Data Center in Dallas, TX
- Mainframe: Data Management (DMI) – Data Center in Malabar, FL

### Copies of Recovery Plans:

- The LAN disaster recovery procedures will be kept at the iLand recovery site and homes of the Emergency Response Team (ERT)
- The mainframe disaster recovery procedures will be kept at the IBM recovery site and homes of the ERT
- The Business Continuity Plan will be kept at the homes of the ERT

### Testing of the Disaster Recovery Procedures/Business Continuity Plans:

- Annual tests will be scheduled for both LAN and Mainframe failure. Objectives of the test will be to successfully failover to the two backup sites, restore the computer system as well as establish the phone system in order to perform simulated processing and communications on the platforms. Additionally, the test will include fallback by restoring back to production machines and phone system without loss of processing activity or data. The details of the testing protocols will be included in the Disaster Recovery (DR) procedures manual.
- The Disaster Recovery (DR) procedures cover the responsibilities of key personnel after a disaster renders our data center inoperable. The DR procedures include restoring the LAN at an alternate site (iLand) within 24 – 48 hours and, if applicable, the Mainframe within 2 months at another alternate site (IBM). It will outline the hardware, software, network servers, and telephones systems requirements and the responsible staff to perform the restore.

## CONTENTS OF PLAN

### **Objectives:**

This Business Continuity (BC) plan identifies the resources and tools required to effect a smooth and timely restoration of administrative and operational activities for a period of up to six months beginning with the operations disruption that occurs. While the extent of the disruption is being evaluated by the DR team, the BC plan contemplates the appropriate communications to the industry and staff. If a disaster is declared, the BC plan includes information and instructions to all affected parties.

The required administrative and operational recovery will be based on the severity of the event that triggered a disaster to be declared and may be altered if warranted. The goal of the plan is a recovery of normal business activities for core functions at home and/or an alternate office location, as needed.

### **Assumptions:**

- Total loss of data center and office for up to six months
- Backup sites for mainframe and LAN survive the disaster
- All required hardware and software is available
- Successfully able to replicate production servers to duplicate servers at our LAN DR sites located at iLand and the mainframe to the DMI site
- Required backup tapes survived at RetrieveX
- Required backup of Active Directory at LAN backup site
- Majority of key personnel are available
- Damaged facility can be restored or relocated
- Copies of DR recovery procedures and BC plan available

### **Scope:**

Required communications will be contemplated from the time of a business disruption as the situation is evaluated. If a disaster is then declared, this plan is implemented while the DR team is replicating the LAN system at a backup site within 48 hours of declaring a disaster. It will remain in effect through the completion of restoring CAR's data room and/or CAR's office back to pre-disaster condition such that business can resume normally. If the outage is anticipated to be more than two months, the mainframe may be replicated at its backup site in order to resume data reporting activities.

### **Emergency Response Team:**

President

VP of Technical Operations

VP of Business Operations

Chief of Staff

Controller

Director of Information Technology

Department Directors and Managers

## RESPONSIBILITIES

### President

Responsible for making disaster declaration and approving an appropriate action plan. The President is also responsible for communications with Governing Committee members, regulators, company members, agents and staff (through Senior Staff where applicable) during the disaster recovery and business continuity period. All duties of the President will be carried out within the constraint of the disaster disruption to keep the business functioning at the required levels during the event.

#### Days One and Two:

##### ➤ **During assessment and while website, email and phone system are replicated offsite**

- As the leader of the CAR Emergency Response Team (ERT), oversee disaster recovery assessment and approve the developed action plan
- Apprise the Governing Committee chair and vice chair of the situation
- Communicate with outside contacts as needed
- Discuss action plans for each business unit with Senior Management

#### Day Three through Two Weeks:

##### ➤ **Assumes website, email and phone system are operable through DR solution**

- Continue assessment with DR team to gain clarity regarding extent and length of disaster
- Update the Governing Committee chair, vice chair and committee members of status
- Communicate with outside contacts as needed
- Communicate with Senior management for status reports related to their respective areas

#### Two Weeks through One Month:

##### ➤ **Remote operations are in place for core functions**

- Update the Governing Committee chair, vice chair and committee members of status
- Resume all duties of the President, within constraints of disaster disruption
- Communicate with Senior management for status reports related to their respective areas

#### One Month to Six Months:

##### ➤ **Timeline for office re-occupancy established**

- Update the Governing Committee chair, vice chair and committee members of status
- Continue performing all duties of the President, within constraints of disaster disruption
- Communicate with Senior management for status reports related to their respective areas

## RESPONSIBILITIES

### **Chief of Staff and Human Resources**

Responsible for communications with staff during the BC period, including when and where to report, continuation of benefits programs, and facility management including phone coverage and obtaining necessary supplies for all departments if a longer duration. Additionally responsible for oversight of committee activity requirements, including obtaining conference center services for required meetings. At least the Chief of Staff, HR Specialist and an Administrative Assistant are required for a short duration and the Office Service Technician would be required for a longer duration.

#### **Days One and Two:**

##### **➤ During assessment and while website, email and phone system are replicated offsite**

- As a member of the CAR Emergency Response Team (ERT), participate in disaster recovery assessment and development of applicable action plan
- Initiate call tree to staff to provide direction depending on assessment conclusions – ERT initiates calls to direct reports and remaining staff

#### **Day Three through Two Weeks:**

##### **➤ Assumes website, email and phone system are operable through DR solution**

- Continue assessment with DR team to gain clarity regarding extent and length of disaster
- Confirm the integrity of twinning capability for key players to resume core functionality remotely upon restoration of phone system
- Communicate with CAR's insurance agent to initiate a claim as necessary
- Communicate with USPS for mail suspension and/or pick up if office is inaccessible
- Notify vendors to suspend office delivery services
- HR benefit administration flows through Chief of Staff or HR Specialist directly from individual employees to protect privacy concerns
- Evaluate committee activity to determine if conference center services will be required for necessary meetings.

#### **Two weeks through One Month:**

##### **➤ Remote operations are in place for core functions**

- Identify and secure short term meeting space (1 or 2 locations) for gathering and re-establishment of job assignment activity based on assessment status and prognosis for office re-occupancy
- Compile inventory of office supplies for distribution with Office Services Technician. Employees may also acquire supplies and seek reimbursement later
- Continue to oversee committee activity to determine if conference center services will be required for necessary meetings.



**One Month to Six Months:**

➤ **Timeline for office re-occupancy established**

- Retain meeting space and determine the need for full time occupancy by a number of employees TBD. Consider rotation of teams rather than ongoing assembly of entire company
- Develop meeting schedule for conferencing and/or physical meeting space by departments, sections or whole company
- Convert hardcopy operational cost invoices to electronic as necessary for duration of off-site operations
- Continue to oversee committee activity to determine if conference center services will be required for necessary meetings

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## RESPONSIBILITIES

### **VP of Technical Operations and Director of Information Technology**

Responsible for immediate technical support of the MAIP Policy application, configuring the phone system for remote twinning of Emergency Response Team phones, and remote system access to LAN hosted at DR site for required staff, from CAR laptops. At least the VP of Technical Operations, Director of Information Technology, Database Administrator, Production Control Coordinator, Project Managers – Development(2), Project Manager and Web Architect and the Coordinator of Software Development will need to be available on an immediate basis for an outage of a short duration.

The remainder of the staff including the Software Developers, Website Administrator, System Programming Consultant, Production Control Coordinator, and Scheduler/Computer Operator would be required for outages that last a longer duration and where the declaration of a disaster on the mainframe platform occurred.

Additionally responsible for ensuring that the LAN and Mainframe replication procedures are current and properly distributed as defined in the overview.

#### **Days One and Two:**

##### **➤ During assessment and while website, email and phone system are replicated offsite**

- As a member of the CAR Emergency Response Team (ERT), participate in disaster recovery assessment and development of applicable action plan
- Communicate with Technical Operations staff and provide direction for the immediate timeframe
- For communications purposes, ensure that the CAR Facebook page and external email are available and accessible by CAR staff members
- Coordinate the activities of the Technical Operations staff in executing the Disaster Recovery procedures for the LAN environment
- Ensure that internet connectivity to our network and website is up and available at the DR site
- As part of the Disaster Recovery procedures for the LAN environment, bring online the MAIP Policy application for use by the industry
- Assist MAIP Policy Application support staff with any technical issues
- Monitor performance of equipment and intranet/internet applications at the Disaster Recovery site
- Support activities of CAR staff in recovering from disaster, direct Technical Operations staff in any recovery efforts

#### **Day Three through Two Weeks:**

##### **➤ Assumes website, email and phone system are operable through DR solution**

- Regularly communicate and consult with CAR ERT on status of outage and recovery
- Provide a status report on performance of the MAIP Policy Application and all other intranet/internet applications at the Disaster Recovery site
- Communicate with and direct activities of Technical Operations staff

- Remotely manage, maintain and monitor equipment, resources and applications at the Disaster Recovery site
- Monitor internet connectivity to our network and website applications at the Disaster Recovery site
- Ensure that email, phone and other network resources are brought online and become available for those employees working remotely
- Assist MAIP Policy Application support staff with any technical issues
- Continue to support activities of CAR staff in recovering from the disaster, direct Technical Operations staff in recovery efforts
- Based upon estimates of outage, determine if additional equipment will be required for staff

### **Two weeks through One Month:**

#### **➤ Remote operations are in place for core functions**

- As a member of the CAR Emergency Response Team (ERT), participate in disaster recovery assessment and determine if an action plan for the Mainframe platform will be required
- Regularly communicate and consult with CAR ERT on status of outage and recovery
- Communicate with and direct activities of Technical Operations staff
- Provide a status report on performance of MAIP Policy Application at disaster recovery site
- Based upon estimates of outage, acquire necessary equipment for staff
- Remotely manage, maintain and monitor equipment, resources at the Disaster Recovery site
- Ensure that email, phone and other network resources are available for those employees working remotely
- Assist MAIP Policy Application support staff with technical issues
- Continue to support activities of CAR staff in recovering from disaster, direct Technical Operations staff in recovery efforts

### **One Month to Six Months:**

#### **➤ Timeline for office re-occupancy established**

- If a Mainframe platform disaster is declared, direct staff to implement disaster recovery plan
- Communicate with and direct activities of Technical Operations staff
- Provide a status report on performance of MAIP Policy Application at disaster recovery site and any recovery efforts for the Mainframe
- Ensure that internet connectivity to our website is up and available at the DR site and the mainframe and LAN are in communication
- Based upon estimates of outage, purchase any necessary equipment for staff
- Remotely manage, maintain and monitor equipment, resources and applications at the Disaster Recovery sites for LAN and Mainframe
- Assist CAR staff with any technical issues
- Continue to support activities of CAR staff in recovering from disaster, direct Technical Operations staff in recovery efforts
- Work with CAR senior management to obtain an alternate office location(s). Any temporary site will require remote connectivity to our DR sites for both LAN and Mainframe for the foreseeable future

## RESPONSIBILITIES

### VP of Business Operations

Responsible for communication of the disaster via mass email from our Gmail account directing the industry to our Facebook page, which will contain CAR contact information, communications and instructions. Additionally, the VP of Business Operations is responsible for support of customer MAIP application and MAIP assignment process, communications with companies and agents, audits and data reporting.

At a minimum, the VP of Business Operations, Residual Market Services Director, Operations Services Manager, Actuarial & Statistical Services Director and Compliance Audit Director will be needed initially.

After two days, the Residual Market Services Liaisons would resume working to assist agents and companies.

If the interruption continues for a lengthy period of time, the Corporate Documentation Specialist, Residual Market Services Analyst, Data Analysts, Business Analyst, Actuarial Analysts, and Compliance Auditors would all be required to resume working at various points. Since Laptops/iPads along with internet connectivity will be required to access email, intranet, website, and eventually the mainframe, we may need to acquire devices for some of the staff to perform their respective duties.

#### Days One and Two:

##### ➤ **During assessment and while website, email and phone system are replicated offsite**

- As a member of the CAR Emergency Response Team (ERT), participate in disaster recovery assessment and development of applicable action plan
- Communicate with Business Operations staff and provide direction for immediate timeframe
- Develop communications for Facebook page and industry emails for agents and companies
- Respond to any email communications from agents and companies

#### Day Three through Two Weeks:

##### ➤ **Assumes website, email and phone system are operable through DR solution**

- Resume MAIP assignments utilizing backup MAIP policy application at failover sit.
- Continue to communicate with Business Operations staff and provide directions as needed
- Continue to communicate with the industry and provide status updates
- Remotely respond to questions/issues from agents utilizing the MAIP application
- Remotely respond to questions/issues from companies utilizing the website (and any available applications)
- Remotely respond to agent and company security requests

#### Two Weeks through One Month:

##### ➤ **Remote operations are in place for core functions**

- Continue all activities outlined in the Day 3 through 2 weeks' timeframe
- Assess impacts to quota share process and take any appropriate actions
- Resume committee activity as necessary

**One Month through Six Months:**

➤ **Timeline for office re-occupancy established**

- Continue all activities outlined in the Day 3 to 2 weeks and 2 weeks to 1 month timeframes
- The Actuarial Analysts, Corporate Documentation Specialist and Compliance Auditors should begin working remotely or at a new location
- Once the software developers have begun working, the Business Analyst should begin working remotely or at new location
- Once the mainframe has become operational and companies resumed reporting statistical data, the Data Analysts and Residual Market Services Analyst should begin working remotely or at new location

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## RESPONSIBILITIES

### **Controller and Financial**

Responsible for payroll and vendor payments for a short term disruption, and if longer, cash flow, financial statements, accounting activity and tax reporting. The Controller and a Financial Analyst are required and both could work remotely from home. The Controller has a CAR laptop, allowing him to connect to the remote site from home. The laptop should also have the accounting system installed. The Financial Analyst would need a rented laptop configured the same way for disruptions expected to last longer than a few weeks.

#### **Days One and Two:**

##### **➤ During assessment and while website, email and phone system are replicated offsite**

- As a member of the CAR Emergency Response Team (ERT), participate in disaster recovery assessment and development of applicable action plan
- Communicate to Financial staff and provide direction for immediate timeframe
- Contact ADP and Bank of America to determine their status, if necessary.
- Perform only required actions such as transmitting payroll and processing electronic vendor payments from home – no system access

#### **Day Three through Two Weeks:**

##### **➤ Assumes website, email and phone system are operable through DR solution**

- Communicate to Financial staff and provide direction for the two week timeframe
- Remotely perform limited actions such as processing payroll and saving plan
- Perform online cash management for funding requirements
- Process only required vendor and/or member company payments
- File any required Federal/State tax forms

#### **Two Weeks through One Month:**

##### **➤ Remote operations are in place for core functions**

- Communicate to Financial staff and provide direction for the two week timeframe
- Acquire rented laptop and establish remote system access for analyst to assist with limited workload
- Remotely perform normal actions such as processing payroll and saving plan
- Perform online cash management for funding requirements
- Process all vendor and/or member company payments
- File any required Federal/State tax forms

**One Month through Six Months:**

➤ **Timeline for office re-occupancy established**

- Communicate to Financial staff daily and meet periodically at a remote conference center as required
- Acquire rented laptops and establish remote system access for other two analysts to return to work remotely with a limited workload
- Perform normal actions such as processing payroll and savings plan
- Perform online cash management for funding requirements
- Process all vendor and/or member company payments
- File any required Federal/State tax forms
- Process cash flows
- Produce Financial Statements

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## Proposed Modifications to the Private Passenger Statistical Plan

<b>Proposed Effective Date</b>	<b>Description</b>	<b>Page Impacted</b>	<b>Records Impacted</b>
<p><b>April 1, 2018</b></p>	<p>On December 19, 2017, modifications to Rule 21 of the CAR Rules of Operation were deemed approved by the Division of Insurance. The approved modifications confirmed a March 31, 2018 end date for the restriction on the non-renewal of Clean-in-Three risks written by qualifying former Exclusive Representative Producers (ERPs).</p> <p>Accordingly, the CAR Identification Code table in the Private Passenger Statistical Plan has been modified such that CAR ID Code 1, used to identify direct business written voluntarily that meets the Clean-in-Three definition noted in Rule 22, is no longer applicable and may no longer be statistically reported on policies effective April 1, 2018 and subsequent.</p>	<p>VI: 5</p>	<p>All</p>



**Massachusetts Private Passenger Automobile  
 Statistical Plan  
 Part VI - Coding Section**

**CAR IDENTIFICATION CODE (continued)**

★ <b>Description (Policy Effective Dates April 1, 2009 and subsequent through March 31, 2018)</b>	<b>Code</b>
Direct business written voluntarily that meets both the Clean-in-Three definition in Rule 22 of the CAR Rules of Operation and the voluntary market share exclusion criteria specified in Rule 29 of the CAR Rules of Operation	1
Direct business written voluntarily that does not meet the description of Code 1 above	8
Direct business written that is assigned through the Massachusetts Automobile Insurance Plan (MAIP)	9

★ <b>Description (Policy Effective Dates April 1, 2018 and subsequent)</b>	<b>Code</b>
<u>Direct business written voluntarily</u>	<u>8</u>
<u>Direct business written that is assigned through the Massachusetts Automobile Insurance Plan (MAIP)</u>	<u>9</u>

## Proposed Modifications to the Commercial Statistical Plan

<b>Proposed Effective Date</b>	<b>Description</b>	<b>Page Impacted</b>	<b>Records Impacted</b>
<b>January 1, 2019</b>	Language contained in the Rating Identification Code table has been modified in order to alleviate potential confusion relative to the reporting of this data element. Note that this modification is for clarification only and aims to strengthen the description of each code by removing the word “basis” from the coding descriptions. The Rating Identification Code reported must indicate whether the policy has been experience rated (Code 1), all other rated (Code 7), both experience and all other rated (Code 9) or not experience or all other rated (Code 0).	VI: 30	For Clarification Only

**Massachusetts Commercial Automobile  
 Statistical Plan  
 Part VI - Coding Section**

**RATING IDENTIFICATION CODE**

<b>Description</b>	<b>Code</b>
★ Experience Rated <del>Basis</del>	1
★ Both Experience Rated and All Other Rated <del>Basis</del>	7
★ All Other Rated <del>Basis</del>	9
★ Not Experience Rated, Not All Other Rated <del>Basis</del> <ul style="list-style-type: none"> <li>• Optional for policies effective 1/1/2003 – 12/31/2003. Mandatory for policies effective 1/1/2004 and subsequent.</li> </ul>	0