



NATALIE A. HUBLEY  
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COMMONWEALTH AUTOMOBILE REINSURERS

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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, JUNE 6, 2018 AT 9:30 A.M.**

### MEMBERS OF THE COMMITTEE

Mr. Jerry Sleeper – Chair  
Safety Insurance Company

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

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

## AGENDA

### COPC

#### 18.01 Records of Previous Meeting

The Records of the Compliance and Operations Committee meeting of March 28, 2018 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 Chair 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 1st Quarter 2018 Operational Reports will be posted to CAR's website in early June. Questions or comments relative to these reports will be discussed at the meeting.

**COPC**

**18.09 Updates to the Manual of Administrative Procedures**

In early 2016, CAR initiated a project to rewrite the Manual of Administrative Procedures (MAP) to pertain exclusively to commercial business. At several meetings, CAR presented the Committee with revised chapters of the MAP, updated to eliminate all references to private passenger business and reflect current practices. Staff is proposing a further modification to Chapter VIII of the MAP to include reporting requirements for losses that exceed cedable limits or coverages. Additionally, the Chapter has been retitled as Chapter VIII – Data Reporting, Accounting Edit and Correction Procedures. (Docket #COPC18.09, Exhibit #1)

**COPC**

**18.10 Claims Subcommittee**

The Compliance and Operations Committee will hear the report of the Claims Subcommittee meeting of May 22, 2018. The Records of the Claims Subcommittee meeting of May 22, 2018 will be distributed as additional information prior to the meeting.

**COPC**

**18.11 Cession System Conversion**

Staff will provide a status report on the system development efforts related to the conversion of the mainframe Cession Correction System to an online application available through CAR's website.

**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

Attachment

Boston, Massachusetts  
May 23, 2018

**CAR** | **Manual of Administrative Procedures**  
**Chapter VIII** | **Data Reporting, Accounting Edit and Correction Procedures**  
**Revision Date** | **DRAFT - 2018.06.06**  
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**A. Verification of Reported Data**

Commonwealth Automobile Reinsurers (CAR) edits a Servicing Carrier's ceded data on a policy level basis to verify that the Servicing Carrier has accurately reported all cession, cession correction, premium, paid loss and outstanding loss data and that proper relationships exist between the cession, premium, and loss records reported for each ceded policy.

However, a Servicing Carrier is ultimately responsible for assuring the accuracy of its own data and CAR expects that prior to reporting data submissions to CAR, the Servicing Carrier will perform edits within its own systems to assure the validity and completeness of its reported data submissions.

1. Cession Edits

Cession and cession correction records are edited for fatal and non-fatal errors as described in Sections E., F. and G. of Chapter IV – Cession Rules and Procedures of this Manual.

2. Statistical Edits and Data Reporting Requirements

Premium, paid loss and outstanding loss submissions are edited for statistical errors and other data reporting requirements. For further information, refer to the Massachusetts Commercial Automobile Statistical Plan and CAR's Statistical Edit Package, which are both available on CAR's website under the Manuals tab.

3. Reporting Losses Which Exceed Cedeable Limits or Coverages

For a loss that exceeds the cedeable limits or coverages identified in Chapter V – Premium of this Manual, two separate statistical loss records must be reported. The portion of the loss within the cedeable limits or coverages must be reported on one record with a ceded CAR Identification Code, and in accordance with the statistical reporting requirements specified in the Commercial Statistical Plan. The portion of the loss amount in excess of the limit or coverage must be reported on another record using classification code 800000 (Non-Cedeable Limits) and a voluntary CAR Identification Code. Refer to the Decision Table of the Massachusetts Commercial Automobile Statistical Plan for additional coding requirements for this classification code. The Plan is available on CAR's website under the Manuals tab.

Note that if a Servicing Carrier does not conform to this reporting requirement and reports losses exceeding the cedeable limits or coverages, the Servicing Carrier will be required to offset the losses and reenter the records as specified.