



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110

www.commauto.com

617-338-4000

RECORDS OF MEETING

COMPLIANCE AND OPERATIONS COMMITTEE – JUNE 6, 2018

Members Present

Mr. Jerry Sleeper – Chair
Ms. Erin Cummings
Ms. Melissa Harmon⁽¹⁾
Mr. Thomas Harris
Mr. Robert Littlewood
Mr. Kenneth Olivieri
Mr. Barry Tagen
Mr. Christopher Taylor

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

Substituted for:

⁽¹⁾Mr. Bruce Dodge

Not in Attendance:

Ms. Kathleen Devericks, Bender Hatch Insurance Agency, Inc.

18.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Compliance and Operations Committee meeting of March 28, 2018. The Records have been distributed and are on file.

18.04 Informational Items

Ms. Wendy Browne informed the Committee that the proposed Private Passenger Statistical Plan changes regarding the elimination of CAR Identification Code 1 for policies effective April 1, 2018 and the proposed Commercial Statistical Plan changes regarding the clarification of wording in the Rating Identification Code table were approved by the Division of Insurance on May 21, 2018. She noted that the approved modifications were announced to the industry in Accounting and Statistical Notice No. 618.

18.05 Compliance Audit Program

Mr. Mark Alves presented Hybrid Audit results for Harleysville-Worcester. Harleysville-Worcester has a Limited Assignment Distribution Agreement with Pilgrim Insurance and consequently, the audit sample included data reported by both Harleysville-Worcester and Pilgrim. Consistent audit procedures were applied to both data samples. Mr. Barry Tagen of Pilgrim recused himself from participating in this agenda item. For sampled policies, the audit scope included \$627,000 in written

premium. Associated loss dollars, including paid losses and allocated loss adjustment expenses, totaled \$430,000. The Committee unanimously accepted the audit report without further consideration.

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 during the calendar year, commencing with the February 10, 2016 meeting, CAR presented the Committee with revised chapters of the MAP, updated to reflect current practices and eliminate references to private passenger business and obsolete language.

Ms. Marian Adgate presented the Committee with 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.

The Committee unanimously voted to recommend to the Governing Committee the updates to Chapter VIII – Data Reporting, Accounting Edit and Correction Procedures of the Manual of Administrative Procedures.

18.10 Claims Subcommittee

The Claims Subcommittee met on May 22, 2018 to commence its biennial review of the Private Passenger and Commercial Claims Performance Standards. Mr. Alves informed the Committee that the Subcommittee had conceptually approved the staff recommended changes to the Standards prior to a discussion revisiting the use of medical fee databases as a medical management tool in the adjusting of PIP claims. The 2016 proposed changes provided to the Division of Insurance included a reference to the use of ‘medical fee databases’ that was ultimately removed by the Commissioner in the final Order issued May 31, 2016. The Subcommittee determined that a subsequent meeting was necessary to consider the inclusion of medical fee databases into the recommended revisions of the 2018 Claims Performance Standards.

18.11 Cession System Conversion

Ms. Lynne Rosenberg presented 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. Ms. Rosenberg indicated that companies will have the ability to add, delete, or edit records within the Cession Correction System directly through the web-based application. Ms. Rosenberg also noted that the changes will result in future updates to the Manual of Administrative Procedures. The online web application is expected to be implemented in early 2019.

MATTHEW HIRSH
Compliance Auditor & Specialist

Boston, Massachusetts
June 15, 2018

ATTACHMENT LISTING

Docket #COPC18.02, Exhibit #2

Attendance Listing

