

**Massachusetts Private Passenger Automobile
Statistical Plan
Part II - General Rules**

A. DATA REQUIREMENTS

All premium, paid loss and outstanding loss transactions (both ceded to CAR and voluntarily written) must be reported with the accounting month that corresponds to the month in which the transaction was booked by the company. Submissions for a particular accounting month must be received in statistically acceptable condition at the offices of CAR by the close of business on the established due date. Refer to the Statistical Data Quality Program Section of the Plan for additional information and potential penalties associated with this requirement.

1. Reporting Thresholds

When the Massachusetts automobile writings of a company or company group which currently does not report statistical data to CAR exceeds the established reporting thresholds for statistically reportable coverages, statistical data beginning with that policy effective year must be reported to CAR on a monthly basis. Although the determination of whether a company exceeds the established thresholds is based upon the writings of an affiliated company group, statistical data must be reported to CAR on an individual company basis. Refer to item B. of this section. The thresholds for private passenger business are \$100,000 in written premiums or \$50,000 in paid losses. Statistically reportable coverages are those coverages specified in the Massachusetts Private Passenger Automobile Statistical Plan. CAR verifies this data via the information recorded on the Exhibit of Premiums and Losses for the state of Massachusetts, which is contained on Page 15 of a company's Annual Statement for that calendar year. The reporting thresholds may be subject to yearly adjustments to reflect rate revisions and inflation. Refer to the Statistical Data Quality Components Section of the Statistical Data Quality Program for specific information on shipment reporting dates.

However, if a company cedes any business to CAR (refer to item C. of this section), then statistical data for all of the company's business, both ceded and voluntarily written, must be reported to CAR. This data must be reported regardless of whether the company's writings are below the reporting thresholds noted above.



2. Low Volume Companies

Subject to CAR's approval, small companies may be permitted to report statistical data to CAR on a quarterly basis, rather than monthly. Companies or company groups that write less than \$500,000 in written premiums and less than \$500,000 in paid losses for statistically reportable coverages will be considered eligible for quarterly statistical reporting and are referred to as low volume companies. CAR verifies a company's volume of writings via the data recorded on the company's Massachusetts Annual Statement Page 15 for the most recent calendar year. Refer to the Statistical Data Quality Program Section of this Plan for additional information and potential reporting penalties applicable to low volume companies.

**Massachusetts Private Passenger Automobile
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Part II - General Rules**

A. DATA REQUIREMENTS (Continued)

4. Companies in a Run-Off Position

Companies in a run-off position that have stopped writing Massachusetts automobile business must continue to statistically report run-off premium, paid loss and outstanding loss activity on all ceded policies. Statistical data must continue to be reported until all ceded premium has been reported and all ceded losses have been paid or closed without payment or CAR has closed-out the ceded premium and/or loss statistical reporting for the particular policy effective year. Additionally, companies in a run-off position must continue to report statistical data for voluntarily written business, but only until their total written premiums and paid losses (both voluntary and ceded combined) are less than the reporting thresholds noted above.

★ 5. Reconciliation of Massachusetts Annual Statement Data

In addition to the above statistical reporting requirements, all companies that are licensed to write automobile insurance in the state of Massachusetts are required to submit an electronic copy of their NAIC Annual Statement filings to CAR on a yearly basis. Additionally, for each of the other three calendar quarters, companies must submit Massachusetts Annual Statement data via CAR's on-line Annual Statement Reconciliation System. This data must be submitted to CAR even if the company has no actual writings. On a quarterly basis, CAR reconciles a company's Massachusetts Annual Statement data to the data that the company has statistically reported to CAR. The reconciliation process is performed to verify the accuracy and completeness of the database utilized for statistical, ratemaking and reinsurance purposes. Specific information regarding the submission of Massachusetts Annual Statement data is detailed in a quarterly Accounting and Statistical Notice distributed by CAR and in the Technical User Guide for CAR's Online Annual Statement Reconciliation System. Refer to the Statistical Data Quality Program Section of this Plan for additional information and potential reporting penalties associated with the Massachusetts Annual Statement process.

6. Filing of Massachusetts Automobile Insurance Expense Call

Additionally, on an annual basis, each member of CAR is required to file a calendar year Massachusetts Automobile Insurance Expense Call. The Expense Call identifies expenses for the following general categories: Loss Adjustment Expenses, Commissions, Acquisition, Field Supervision and Collection Expenses, Taxes, Licenses and Fees and General Expenses. The Expense Call identifies the portion of total company expenses that are attributable to the cost of transacting automobile insurance business in Massachusetts. On a yearly basis, CAR distributes an Accounting and Statistical Notice that contains specific instructions relative to the Massachusetts Automobile Insurance Expense Call. Refer to the Statistical Data Quality Program Section of the Plan for additional information and potential reporting penalties associated with the Expense Call process.

B. REPORTING METHOD

The instructions that are set forth in the Reporting Instructions – Premiums and Reporting Instructions – Losses Sections of this Plan refer to records reported to CAR on magnetic tape or tape cartridge. To obtain complete and detailed reporting instructions, refer to the CAR Statistical Edit Package that contains Accounting/Statistical Submission Reporting Instructions.

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

CLASSIFICATION CODE

STATISTICAL CLASS CODE ASSIGNMENT

- Statistical Class Code assignments should be based on the characteristics of the individual used to rate the vehicle.
- For single vehicle policies, the statistical class must correspond to the rate class based upon the characteristics of the individual being rated.



- For multiple vehicle policies, when an inexperienced operator is the principal operator of a specific automobile, an inexperienced principal operator classification shall apply to that automobile and the operator shall be disregarded from any further inexperienced operator classification assignment. In all other cases, the operator with the highest inexperienced occasional operator rate classification shall be assigned to the automobile with the highest "Total Base Premium" (as defined in the Massachusetts Private Passenger Automobile Insurance Manual which is published by the Automobile Insurers Bureau of Massachusetts). Each remaining inexperienced occasional operator shall be assigned in the order of highest remaining rate classification to the remaining automobile with the highest "Total Base Premium" until all inexperienced occasional operators are assigned to an automobile.

Any automobiles remaining after assignment of all inexperienced operators shall be assigned an experienced operator rate classification.

The assignment of operators to automobiles applies regardless of the number of policies involved.

- If the inexperienced principal operator has already been assigned to a vehicle, and this operator is the only operator listed on the policy, additional vehicles owned by this operator should be classified as Rate Class 10.
- For example: On a policy with two vehicles and two operators, one of which is under 25, the statistical class for the highest rated vehicle will reflect the youthful operator unless that operator is the principal driver of the other vehicle. The remaining vehicle should be reported with Classification Code 1101## where the fifth and sixth positions of the Classification Code (represented by ##) indicate the SDIP status of the vehicle.

On a policy with two vehicles and one inexperienced operator, if the inexperienced operator is the principal operator of one of the vehicles, an inexperienced principal operator classification will apply to that automobile. The other automobile will be classified as Rate Class 10.

- Below is a list of Statistical Class Code definitions that follow on the subsequent pages:

Private Passenger
Miscellaneous Rated as Private Passenger
Private Passenger Motorcycles
Non-Owned Automobiles
Special Rating and Adjustment

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

CLASSIFICATION CODE

PRIVATE PASSENGER DEFINITION

Description: First Three Positions (Statistical Class)	Code
For single vehicle policies, there is no operator of the automobile under 25 years of age residing in the same household as the applicant or employed as a chauffeur for the automobile or who customarily operates the automobile and the automobile is not customarily used in business. Refer to the General Reporting Requirement section for information regarding multi-vehicle policies.	110
★ Qualifies for Class 110 except the principal operator of the automobile is age 65 through 74.	115
★ Qualifies for Class 110 except the principal operator of the automobile is age 75 or over.	116
There is a male operator under 25 years of age that is not principal operator of the automobile.	120
There is a male operator under 25 years of age that is principal operator of the automobile.	122
There is a female operator of the automobile under 25 years of age.	124
Qualifies for Class 124 except all female operators of the automobile who are under 25 years of age have completed a satisfactory Driver Training Program as defined in the Massachusetts Private Passenger Automobile Insurance Manual.	126
The automobile is owned by an individual and is used in business	130
Qualifies for Class 120 except all male operators of the automobile who are under 25 years of age have completed a satisfactory Driver Training Program as defined in the Massachusetts Private Passenger Automobile Insurance Manual.	140
Qualifies for Class 122 except all male operators of the automobile who are under 25 years of age have completed a satisfactory Driver Training Program as defined in the Massachusetts Private Passenger Automobile Insurance Manual.	142

Description: Fourth Position (Rating Class)	Code
Rate Class 10: Experienced Operator - licensed at least 6 years	1
Rate Class 15: Experienced Operator - Licensed at least 6 years - Age sixty-five (65) or more	2
Rate Class 17: Inexperienced Principal Operator – Licensed at least 3 years and less than 6 years	3
Rate Class 18: Inexperienced Occasional Operator - Licensed at least 3 years and less than 6 years	4
Rate Class 30: Business Use	5
Rate Class 20: Inexperienced Principal Operator – Licensed less than 3 years - No Driver Training	6
Rate Class 21: Inexperienced Occasional Operator - Licensed less than 3 years - No Driver Training	7
Rate Class 25: Inexperienced Principal Operator – Licensed less than 3 years - Driver Training	8
Rate Class 26: Inexperienced Occasional Operator - Licensed less than 3 years - Driver Training	9

Description: Fifth and Sixth Positions (SDIP Status) *	Code
Regular Premium, Loss and Outstanding Loss Records	00
Safe Driver Insurance Plan Credit Records (Premium Only)	09 - 14
Safe Driver Insurance Plan Surcharge Records (Premium Only)	16 - 35

* Do not report records with SDIP Step 15.

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

CLASSIFICATION CODE

PRIVATE PASSENGER DEFINITION (continued)

Valid Statistical Class Code Reporting Table

Stat Class	Rate Class (Fourth position of Class Code)								
	10 (1)	15 (2)	17 (3)	18 (4)	30 (5)	20 (6)	21 (7)	25 (8)	26 (9)
110	1101		1103	1104		1106	1107	1108	1109
115		1152	1153			1156		1158	
★ 116		1162	1163			1166		1168	
120	1201			1204			1207		
122	1221		1223			1226			
124	1241		1243	1244		1246	1247		
126	1261		1263	1264				1268	1269
130					1305				
140	1401			1404					1409
142	1421		1423					1428	

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

CLASSIFICATION CODE

MISCELLANEOUS RATED AS PRIVATE PASSENGER DEFINITION

Description (SDIP does not apply)	Code	
	Liability	Physical Damage
Snowmobiles	042600	042600
Antique Motor Cars and Antique Motorcycles	048300	048300
Golfmobiles (motorized)	049500	049500
Lawnmowers (motorized)	049500	049500

Description: First Four Positions (SDIP does apply)	Code	
	Liability	Physical Damage
Electric (Private Passenger)	0400	0400
Trailers designed for use with Private Passenger Motor Vehicles	----	0453
Travel Trailers – Including Mobile Home Trailers not on an enclosed foundation	----	0459
Motor Homes (Self Propelled) – Not including Camping Trailers, Travel Trailers and Mobile Homes	0455	0455
Vehicles Carrying School Children (Seating 0-9 passengers) Not registered for Carrying Passengers for hire	0539	0539

Description: Fifth and Sixth Positions (SDIP Status) *	Code
Regular Premium, Loss and Outstanding Loss Records	00
Safe Driver Insurance Plan Credit Records (Premium Only)	09 – 14
Safe Driver Insurance Plan Surcharge Records (Premium Only)	16 – 35

* Do not report records with SDIP Step 15.

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

Section A - Statistical Data Quality Components

The Statistical Data Quality Program consists of the components noted below. Each component identifies a specific company requirement or responsibility relative to the reporting of statistics to CAR and is intended to assure that CAR receives complete and accurate statistical data on a timely basis. This Section also describes the special edits or methods used by CAR to verify the quality of reported statistical data.

1. STATISTICAL SUBMISSIONS

★ Companies are responsible for assuring that all of the data for a particular accounting month is received at CAR on or before the submission due date, and that the data is in processable and statistically acceptable condition. For those companies affiliated with a group, data must be reported at the individual company number level, rather than at the group level, as described in Part II – General Rules of the Plan. If any portion of the submission does not meet these requirements, Statistical Data Quality Penalties will be assessed. The key date to be used for determining penalty amounts will be the date upon which the last portion of the particular accounting month's shipment is received at CAR in processable and statistically acceptable condition. Refer to Section B - Statistical Data Quality Penalties Section of the Statistical Data Quality Program for specific penalty information.

In order to assure that a company's submission of data for a particular accounting month is complete, all premium and paid loss data for each accounting month must be submitted to CAR in a single mailing. However, it is acceptable for quarterly outstanding loss data to be submitted separately.

If a company is not able to consolidate their shipments for mailing to CAR, a request for waiver from this requirement must be filed with CAR. If CAR grants a waiver to this requirement, it is necessary for the company to continue to submit their data shipments to CAR in the same manner for each subsequent accounting month.

Companies may request the ability to report a supplemental submission to CAR after their original shipment for the accounting month has been submitted. Such supplemental submissions will not be accepted unless CAR has agreed in advance to accept the shipment. If CAR agrees to accept the supplemental submission, but it is not received by CAR until after the shipment due date, the shipment will be subject to applicable Statistical Data Quality Penalties in the same manner as other statistical submissions. Refer to Section B - Statistical Data Quality Penalties of the Statistical Data Quality Program for specific penalty information.

a. Compliance For Newly Reporting Companies

★ If a company or company group exceeds the established private passenger reporting thresholds of \$100,000 in written premiums or \$50,000 in paid losses, as identified through the Annual Statement Reconciliation Process, statistical reporting to CAR must commence. Although the determination of whether a company exceeds the established thresholds is based upon the writings of an affiliated company group, statistical data must be reported to CAR on an individual company basis. Companies identified as exceeding the reporting thresholds will be required to report detailed statistical data no later than the December shipment of the second following year.

Example: The 2000 Massachusetts Annual Statement Page 15 indicates that a company has exceeded the reporting thresholds. This company will be instructed to begin reporting to CAR no later than the December, 2002 submission.

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

Section A - Statistical Data Quality Components

1. STATISTICAL SUBMISSIONS (continued)



b. Low Volume Company

A company or company group that has written less than \$500,000 in premium and \$500,000 in paid losses for reportable coverages during the prior calendar year, based on the information contained on their Massachusetts Annual Statement Page 15, is referred to as a low volume company. A low volume company may request the option of reporting data to CAR on a quarterly, rather than monthly, basis.

c. Due Date

The due date is generally the first CAR business day 45 days after the close of each accounting month. CAR will notify the industry on a yearly basis of the specific submission due dates that will be in effect for the upcoming calendar year via the Call Schedule, which is issued as an Accounting and Statistical Notice. All premium, paid loss and outstanding loss submissions for a particular accounting month must be received in processable and statistically acceptable condition at the offices of CAR by the close of business on the established due date.

d. Turnaround Time Commitment

CAR provides companies with a turnaround time commitment relative to the receipt and processing of monthly submissions. The turnaround time commitment guarantees that all shipments received at CAR prior to the first business day of each month will be processed such that the company will be notified of any reporting problems or rejections no later than the fifth business day of that calendar month. In addition, if required by the company, these rejected tapes will be sent back to the company via Federal Express, no later than the fifth business day of the month, for the receipt by the company no later than the sixth business day of the month. The turnaround time commitment is subject to modification by CAR's Operations Committee.

If the established turnaround time commitment cannot be met by CAR, and as a result, a company's shipment is rejected and cannot be resubmitted by the shipment due date, the key dates used to calculate Statistical Data Quality Penalties for the affected shipments would be adjusted accordingly. However, the cut-off dates for monthly accounting/statistical shipments to be included in CAR's processing cycles would not be adjusted. For those companies that are financially impacted due to the exclusion of their monthly accounting/statistical shipment from a processing cycle because CAR did not meet its turnaround time commitment, CAR will reimburse the company for loss of investment income or provide another appropriate financial remedy.

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

Section A - Statistical Data Quality Components

2. STATISTICAL ERRORS (Continued)

c. Low Volume (Continued)

Statistical Error Tolerance Levels		
Private Passenger	Total Number Of Error Records	Total Exposures or Loss Dollars In Error
Liability, No-Fault and Physical Damage Premiums	1 to 25	-60 to +60 exposures
Liability Losses	1 to 20	-\$5,000 to +\$5,000 losses
No-Fault Losses	1 to 20	-\$2,000 to +\$2,000 losses
Physical Damage Losses	1 to 20	-\$2,000 to +\$2,000 losses

3. RATE EDIT

CAR will edit voluntary and ceded private passenger premium data for the latest two policy effective years to assure that it has been rated properly. Only data that has successfully passed CAR's statistical edits will be rate edited, and companies will be notified by CAR of the rate edit results of their data.

a. Tolerance

Companies are responsible for assuring that their cumulative percentage of rate errors, for each line of business and policy effective year, remains below the established rate edit error tolerance of 2%. Once a company exceeds the rate edit error tolerance, and provided that there is a minimum of two hundred error records per line of business, the company will be provided with six accounting months from the error listing cycle in which the tolerance was exceeded to reduce their cumulative rate edit error percentage, for that line of business and policy effective year, to within the established tolerance. In order to correct rate edit errors, companies are required to submit offset and re-enter adjustment records. Refer to the General Rules and Section A – Premiums of the General Reporting Requirements Sections of this Plan for information on reporting adjustment records.

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.

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

Section A - Statistical Data Quality Components

★ 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 Massachusetts' statutory Page 14 data (also known as Page 15 or Page 24 data) 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. **MASSACHUSETTS AUTOMOBILE INSURANCE EXPENSE CALL**

The Massachusetts Automobile Insurance Expense Call pertaining to a particular calendar year will be due at CAR by approximately June 1 of the following year. CAR will notify the industry each year via an Accounting and Statistical Notice of the exact due date of the Massachusetts Automobile Insurance Expense Call for the particular calendar year.

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

Section B – Statistical Data Quality Penalties

In order to encourage companies to report complete and accurate statistical data on a timely basis, CAR has established the Statistical Data Quality Penalties described below. The Statistical Data Quality Program only establishes those penalties that will apply for statistical purposes. Additional penalties may result due to accounting errors on ceded data, and these penalty provisions are contained in the CAR Manual of Administrative Procedures.

Mandated legislative changes and other contingencies that would delay the reporting or processing of data or require substantial operational changes will be reviewed as to their impact on the Statistical Data Quality Program. If sufficient lead time is not available to the companies to submit any of the required reportings to CAR, the Operations Committee will consider the potential need for temporary revisions or suspensions to the provisions of the Statistical Data Quality Program and its associated penalties.

1. STATISTICAL SUBMISSIONS

This section details the Statistical Data Quality Penalty amounts assessed for late or unreported statistical submissions.

a. Compliance for Newly Reporting Companies

Companies that fail to report statistical submissions to CAR, after being identified as exceeding the established private passenger reporting thresholds for written premiums and/or paid losses, will be assessed a \$10,000 Statistical Data Quality Penalty the first calendar year. If non-compliance continues, a \$25,000 penalty will be assessed after the second calendar year, and a \$50,000 penalty will be assessed each calendar year thereafter until statistical data reporting begins. Although the determination of whether a company exceeds the established thresholds is based upon the writings of the entire group, this penalty will be assessed on an individual company basis. It will be applied to each company within the identified group, regardless of whether the company on an individual basis has exceeded the reporting thresholds. In addition, the Division of Insurance will be notified of the company's non-compliance.

Example: The 2000 Massachusetts Annual Statement Page 15 indicates that a company has exceeded the reporting thresholds. The company must begin reporting to CAR no later than the December 2002 submission. If a submission is not reported to CAR on or before this deadline, the company will be assessed a \$10,000 Statistical Data Quality Penalty. If the company again fails to report by the December 2003 submission, the company will be assessed a \$25,000 penalty. If the company fails to report by December 2004 submission, the company will be assessed a \$50,000 penalty, and the Division of Insurance will be notified of the company's non-compliance.



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

Section B – Statistical Data Quality Penalties

1. STATISTICAL SUBMISSIONS (Continued)

b. Low Volume Company

Low volume companies have a maximum penalty amount of \$1,000 for any one submission. Accordingly, low volume companies reporting on a quarterly basis will never be assessed more than \$4,000 in a calendar year, and low volume companies electing to report on a monthly basis will never be assessed more than \$12,000 in a calendar year.

c. Late And Unacceptable Shipments

★ The Statistical Data Quality Penalty amounts accumulate based on the receipt date of the shipment. Statistical Data Quality penalty amounts accrue up to \$2,000 for a particular range of shipment receipt dates as shown in the chart below. An additional \$2,000 penalty is incurred for each additional calendar month that passes until the shipment is received. Since each company that is affiliated with a group is required to report their statistical data on an individual company basis, these penalties are also assessed on an individual company basis. For the shipment in the example below, a penalty of \$2,000/month would be added to the \$2,000 amount previously accrued on the shipment since the displayed receipt date had passed.

Receipt Date at CAR of Last Acceptable Portion	Penalty Amount
After the shipment due date, but before the end of the month in which the shipment due date occurs	\$ 300
After the end of the month in which the shipment due date occurs, but on or before the due date of the next month's shipment	\$ 800
After the due date of the next accounting month's shipment, but before the end of the month in which this due date occurs	\$ 2,000
Each additional calendar month	\$ 2,000/month

Example: January Monthly Accounting Shipment Due 3/15		
Receipt Date of Shipment	Calculation of Penalty	Penalty Dollars
3/16 – 3/31	\$300	\$300
4/1 – 4/15	\$800	\$800
4/16 – 4/30	\$2,000	\$2,000
5/1	\$2,000 + \$2,000	\$4,000
6/1	\$4,000 + \$2,000	\$6,000

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

Section B – Statistical Data Quality Penalties

★ **2. STATISTICAL ERRORS**

This section details the Statistical Data Quality Penalty amounts that companies will be assessed if an insufficient volume of statistical error corrections are applied.

Statistical Error Files Meeting the Following Criteria	Penalty Amount
The initial due date has expired and the error percentage has not been reduced to less than or equal to 5%	\$ 100
The error file has been re-listed, the second due date has expired, and the error percentage has not been reduced to less than or equal to 5%	\$ 400
Each additional re-listing with error percentages not less than or equal to 5%	\$ 800

Example: Statistical Error Percentage Not Reduced to Less Than or Equal to 5%: Error Corrections Due 4/30		
Due Date	Calculation of Penalty	Penalty Dollars
4/30	\$100	\$100
6/30	\$400	\$400
8/30	\$800	\$800
10/30	\$800 + \$800	\$1,600

3. RATE EDIT

This section details the Statistical Data Quality Penalties assessed for Rate Edit errors.

a. Error Penalties

Any company that does not reduce their error percentage to no greater than established rate edit tolerance within the six month timeframe will be assessed a Statistical Data Quality Penalty of \$1 per error record in excess of the tolerance level, with a minimum penalty of \$2,000 assessed. Additionally, a penalty of \$2,000 per month will be assessed for each subsequent month that the error percentage remains uncorrected and a company remains over the rate edit tolerance.

b. Penalty Reduction

A penalty reduction will be granted only if it can be verified that the reported premiums and exposures are correct on a policy or summary level and are not in violation of the Massachusetts Private Passenger Statistical Plan. A penalty will be assessed based upon \$1 per error record for each error record over the established rate edit tolerance with a minimum penalty of \$2,000 being assessed. However, the \$2,000 per month penalty for each subsequent month will not be assessed in this situation.

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

Section B – Statistical Data Quality Penalties

★ 4. **MASSACHUSETTS ANNUAL STATEMENT**

A Statistical Data Quality Penalty of \$50 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 \$50 per CAR business day will be assessed for a late Fourth Quarter Massachusetts Annual Statement Reconciliation response until CAR receives the response. Since each company that is affiliated with a group is required to report their statistical data on an individual company number level and is required to report a separate Massachusetts Annual Statement data, the Annual Statement penalties will also be assessed on an individual company basis.

5. **MASSACHUSETTS AUTOMOBILE INSURANCE EXPENSE CALL**

A Statistical Data Quality Penalty of \$50 per CAR business day will be assessed for the late submission of the Massachusetts Automobile Insurance Expense Call.

6. **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.