COMMONWEALTH AUTOMOBILE REINSURERS

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Implementation of CAR Accounting System

CAR is pleased to announce the implementation of a new CAR Accounting application for reviewing ceded policies that contain a reporting issue. The new web-based application will replace the need for company users to access CAR's mainframe to view error records and policies. Instead, the error and informational screens have been added to the CAR Accounting link on the Reports page of CAR's website. With this implementation, the cession system has moved out of the CAR Accounting link and is now a separate link from the Reports page.

The application is secure and requires a user ID and password for access. Because there are other applications within the CAR Accounting system, those users who currently have user ID and password access will automatically have access to the new accounting screens. If any additional users require access, please contact your company's Security Administrator who will submit a security form on your behalf.

There are six screens that were added to the CAR Accounting website application most of which are similar to the Telecommunications application. The specific details of each screen are outlined below.

- Error Policies Screen: This screen shows all policies that have an accounting error. There is no longer a distinction between critical and non-critical errors so this screen displays all policies that have one or more of the four accounting errors that a company must fix. The summary screen shows whether a policy has premium dollars, loss dollars, or both in error. The user should click on a policy and select either premiums or losses to see the detail records on the policy. All records can be exported to Excel for further analysis.

- High Loss Policies Screen: This is a new screen that identifies policies that have a paid loss total above $1M or the combination of paid loss dollars and outstanding reserves reported for the current quarter that exceed $1M. It also identifies policies where the reported losses for a single occurrence exceed the reported liability limits. This informational listing may be used to assist Servicing Carriers in the verification of loss reporting on all policies with large dollar claims and to assist CAR in verifying the liability loss reporting relative to the liability limits written on the policy. Pursuant to CAR Rules, losses paid in excess of the policy limits must be retained as voluntary. Servicing Carriers may use this screen to identify such circumstances and take appropriate corrective action.

- Net Negative Premiums Screen: This screen shows all policies that have a net reported premium total less than $0. The summary information shows the potential write off date and allows the user to view and export to Excel the detail records.

- Policy Year Error Summary Screen: This screen identifies by policy effective year the total number of ceded policies, the number of policies in accounting error status, and the number of premium

and loss records in error. The screen also provides records counts and premium and loss dollar totals by error code.

- Premium and Loss Written-Off Screen: This screen shows a summary of policies that have incurred either a premium write-off or a loss write-off and the corresponding write-off amount. The user should click on a policy and select either premiums or losses to see the detail records written-off on the policy. All records can be exported to Excel for further analysis.

- Warning and Penalties Screen: This screen lists policies in a warning status and policies in a penalty status. It also provides a summary that shows the policy counts for the current three cession reporting years where there is an active, in-force cession but no corresponding reported premium. The summary screen also shows the potential penalty and write-off dollar totals by policy effective year. Both the warning list of policies and penalty list of policies can be exported to Excel for further review.

Different from the Telecommunications System, users are not provided a grid to make a correction to any error records. Rather, to process a correction to a policy in accounting error status, a company must submit an offset/reenter record through the monthly accounting/statistical data submission. No longer allowing corrections directly to the accounting records will maintain consistency of CAR's accounting and statistical files and will prevent any additional reporting issues. If a correction requires a cession record or cession correction, the company may use the online cession reporting application.

CAR plans to implement the new system on Monday, September 20, 2021 and will reach out to the four Servicing Carriers to schedule a training session. The mainframe application will remain available through the month of September as company users adjust to the new website application and participate in the training.

CAR will update the Policy Edit Package to reflect the changes to the CAR Accounting application during the fall of 2021. Additionally, Chapter IV – Cession Rules and Procedures, Chapter V – Premium, and Chapter VIII – Data Reporting, Accounting Edit and Correction Procedures of CAR's Manual of Administrative Procedures have been updated to reflect the new CAR Accounting application and the separate Cession Application.

If you have any questions about the new application, please contact your Data Analyst or the undersigned at (617) 880-7237 or lrosenburg@commauto.com.

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