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## NOTICE OF MEETING

### COMPLIANCE AND OPERATIONS COMMITTEE

A meeting of the Compliance and Operations Committee will be held virtually via Zoom video conferencing software on

**WEDNESDAY, SEPTEMBER 6, 2023, AT 10:00 A.M.**

If you plan to attend this meeting and are not a member of this Committee, please RSVP by completing the Visitor Security Form located in the Contact Us/Visitor Information section of CAR's website. CAR will then forward to you, via email, meeting access information. Please do not share access information provided by CAR, but refer others wishing to attend the meeting to CAR's Visitor Security Form.

### MEMBERS OF THE COMMITTEE

Ms. Erin Cummings– Chair  
Norfolk and Dedham Group

Ms. Kara Boehm  
Mr. Thomas Harris  
Ms. Annmarie Hassan  
Ms. Nicole Martorana  
Ms. Sharon Murphy  
Mr. Kenneth Olivieri  
Mr. Henry Risman  
Mr. Barry Tagen  
Mr. Christopher Taylor  
Ms. Brenda Williams

Allstate Insurance Group  
Quincy Mutual Group  
Arbella Insurance Group  
FBInsure, LLC  
Acadia Insurance Company  
J.K. Olivieri Insurance Agency, Inc.  
Risman Insurance Agency, Inc.  
Pilgrim Insurance Company  
The Hanover Insurance Company  
MAPFRE U.S.A. Corporation

### AGENDA

#### COPC

##### 23.01 Records of Previous Meeting

The Records of the Compliance and Operations Committee meeting of June 7, 2023 should be read and approved.

**COPC**

**23.03 CAR Conflict of Interest Policy**

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

**COPC**

**23.04 Informational Items**

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

**COPC**

**23.05 Compliance Audit Program**

Staff will present a status report of ongoing audits conducted in accordance with the Compliance Audit Program, as well as an update on company reporting problems being monitored due to issues identified through CAR's data quality program.

**COPC**

**23.06 Operational Reports**

The 1<sup>st</sup> Quarter 2023 Operational Reports were posted to CAR's website in June 2023. Questions or comments regarding these reports will be discussed at the meeting.

**COPC**

**22.09 Merit Rating Reporting**

Staff will present results of the follow-up audits on the five companies identified in the 2022 industry merit rating audits as having higher than average error rates.

**COPC**

**23.10 Interim Summary Data Penalty Program**

Staff will present a proposal for a new penalty program to enforce the timely reporting of Interim Summary data used in the quota share determination for new entrants. Proposed updates to the Assigned Risk Company Procedures Manual are attached for the Committee's consideration. (Docket #COPC23.10, Exhibit #1)

**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 Audit Supervisor

Attachment

Boston, Massachusetts  
August 23, 2023

## **Assigned Risk Company Procedures Manual**

### **Memorandum of Changes**

To implement a penalty program to enforce the timely reporting of interim summary data, the Committee should consider the following amendments to the Assigned Risk Company Procedures Manual:

#### **Chapter III – Assigned Risk Company Responsibilities**

##### **B.4 – Data Reporting Responsibilities**

- A new paragraph has been added that outlines a schedule of penalties based on the number of interim summary submissions that are not reported on a timely basis within a given accounting year.

#### **Chapter X – Quota Share and Credit Programs**

##### **D.2 – Inclusion of Newly Writing Company Interim Summary Data**

- A sentence has been added to reference the penalty program in Chapter III.B.4

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Upon receipt of the Notice of Expiration of Policy Assignment, the risk may reapply for coverage through the MAIP. This reapplication will be considered a new application and CAR will assign the applicant to a different ARC than the previously assigned ARC, in accordance with the provisions of Rule 29 – Assignment Process of CAR’s Rules of Operation.

4. Data Reporting Responsibilities

An ARC is responsible for reporting all premiums written, losses paid, allowable expenses, MAIP Placement Records and any other information that may be required by the Plan and Rules of Operation, the Assigned Risk Company Procedures Manual, the Massachusetts Private Passenger Automobile Statistical Plan or as requested by CAR’s Governing Committee or the Division of Insurance. This information must be reported to CAR on an individual company basis, using the company code number as assigned by CAR. An ARC that has executed a LADA with a Member company will be provided with a company code number under which the policies assigned to that Member must be issued and under which the ARC must report its data.

In accordance with Rule 29 – Assignment Process of CAR’s Rules of Operation, a Newly Writing Company that is not yet reporting statistical data to CAR is required to report interim summary data to CAR. The initial submission of interim summary data must be reported no later than 45 days after the close of the month of the Member’s initial Private Passenger Motor Vehicle Insurance rates and rate manual effective date and then must be reported on a monthly basis thereafter until the Member commences reporting statistical data to CAR.

The due date is the same date as the monthly statistical submission, which 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. Failure to report an interim summary submission by the due date will result in the assessment of \$500. Failure to report a second interim summary submission by the due date in an accounting year will result in the assessment of \$1,250. Failure to report any subsequent interim summary submissions by the monthly due date in a given accounting year will result in the assessment of \$3,000 for each submission thereafter.

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The Interim Summary Data Upload function is located on the Reports page of CAR's website, under the Data Transfers link. Refer to Chapter X – Quota Share and Credit Programs of this Manual for additional information.

Once assigned a MAIP policy and upon any change in status of the policy, ARCs are responsible for submitting a MAIP Placement Record (MPR) to CAR to indicate MAIP coverage. For additional information regarding reporting timeframes and data requirements for MAIP Placement Records, refer to Chapter IX – MAIP Placement Record Reporting Requirements and Correction Procedures of this Manual.

An ARC must comply with all premium and claim statistical audit, claims performance standards and SIU review requirements and cooperate with CAR in the investigation of any data quality or other reporting irregularities. These responsibilities also include the quarterly upload of SIU Activity Log information using the Compliance Audit Reports link on the Reports page of CAR's website. For additional information, refer to the SIU Quarter Log Help Manual which is located on the Compliance Audit Reports page of CAR's website and Appendix A – CAR Special Investigative Unit Standards of the Private Passenger Claims Performance Standards which is located on the Manuals page of CAR's website.

5. Responsibilities Relative to Assigned Risk Producers

a. Producer Violation Reporting Requirements

ARCs are responsible for notifying CAR of any of the ARP infractions specified in Rule 30.B.5. – Assigned Risk Company Requirements and Rule 31.B. – Assigned Risk Producer Requirements of CAR's Rules of Operation that may result in the revocation of the ARP's MAIP certification. ARCs should report alleged producer performance violations to CAR online using the ARP Violations link which is located on the MAIP Company page of CAR's website, under the Non-Compliance link (refer to Exhibits III-B-1 and III-B-2). The violation report will also be forwarded to the ARP. The ARP has 20 calendar days to respond to CAR regarding the validity of the alleged violation, using the ARP Violations link. A copy of the ARP's response will also be

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2. Inclusion of Newly Writing Company Interim Summary Data

As part of the monthly base data update, CAR will include interim summary data from non-reporting Newly Writing Companies in the Quota Share calculation as specified in Rule 29 of CAR's Rules of Operation.

Non-reporting Newly Writing Companies shall be eligible for appointment as an ARC as of the effective date of its initial rates and rate manual. The Member shall be required to accept assignments through the MAIP on the date that MAIP processes the Member's initial summary data submission. The Member is required to report written private passenger property damage liability car months of exposure by CAR Identification Code, policy effective month, territory, classification and merit rating status, as defined in the Massachusetts Private Passenger Automobile Statistical Plan, for the 12 most recently available consecutive policy effective months, no later than 45 days after the close of the month of the Member's initial rates and rate manual effective date and on a monthly basis thereafter until the Member commences reporting statistical data to CAR. Reported interim summary data will be subject to audit review. Failure to report interim summary data will be subject to a penalty as outlined in Chapter III.B.4.

The date that a company is required to begin reporting detailed statistical data to CAR is based upon the provisions of the Massachusetts Private Passenger Automobile Statistical Plan. If the Member elects to commence reporting its statistical data as of a calendar date that is prior to the required date, the Member will still be required to submit interim summary data for the preceding 12 rolling effective months until all 12 policy effective months included in the Quota Share reports are statistically reported. Therefore, for a period of time, the Member will submit to CAR both interim summary data and detailed statistical data.

**E. Company Management Reports and Data Files**

Each month, reports and data files that detail the determination of Quota Share and provide companies with information that may be used to reconcile a Member's Quota Share reports are made available to Members. Links to the following reports and files are located on the