



NATALIE A. HUBLEY  
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110  
www.commauto.com 617-338-4000

**ADDITIONAL INFORMATION**

**TO MEMBERS OF THE GOVERNING COMMITTEE**

**FOR THE MEETING OF:**

**Wednesday, November 17, 2021, at 11:00 a.m.**

**GC**

**21.10 Commercial Automobile Committee**

The Records of the Commercial Automobile Committee meeting of November 5, 2021 are attached. (Docket #GC21.10, Exhibit #8)

The Records of the Commercial Automobile Committee meeting of November 5, 2021 have been distributed and are on file.

**GC**

**21.12 Compliance and Operations Committee**

The Records of the Compliance and Operations Committee meeting of November 4, 2021 are attached. (Docket #GC21.12, Exhibit #4)

The Records of the Compliance and Operations Committee meeting of November 4, 2021 have been distributed and are on file.

NATALIE A. HUBLEY  
President

Attachments

Boston, Massachusetts  
November 12, 2021



NATALIE A. HUBLEY  
PRESIDENT

## COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110

[www.commauto.com](http://www.commauto.com)

617-338-4000

### RECORDS OF MEETING

#### COMMERCIAL AUTOMOBILE COMMITTEE – NOVEMBER 5, 2021

##### Members Present

Mr. Thomas DePaulo – Chair	Cabot Risk Strategies, LLC
Ms. Kristina Broskey	MAPFRE U.S.A. Corporation
Ms. Annmarie Castonguay	The Hanover Insurance Company
Ms. Mary McConnell	Safety Insurance Company
Ms. Sharon Murphy	Acadia Insurance Company
Mr. John Olivieri, Jr.	J.K. Olivieri Insurance Agency, Inc.
Mr. Thomas Skelly, Jr.	Deland, Gibson Insurance Associates, Inc.
Mr. Barry Tagen	Pilgrim Insurance Company
Mr. Mark Winiker	A-Affordable Insurance Agency, Inc.
Mr. David Zawilinski	Arbella Insurance Group

Substituted for:

N/A

Not in Attendance:

Ms. Sheila Doherty, Doherty Insurance Agency, Inc.

Mr. Bryan Hurwitz, Norfolk & Dedham Group

#### 21.01 Records of Previous Meeting

On a roll call vote, the Committee unanimously voted to approve the Records of the Commercial Automobile Committee meeting of August 31, 2021. The Records have been distributed and are on file.

#### 20.05 Transportation Network Services Coverage (TNC)

Ms. Wendy Browne reviewed proposed revisions to CAR's Manual of Administrative Procedures (MAP), updated to reflect recent TNC coverage changes including references to the new endorsement forms that have been placed on file by the Division of Insurance, amendments to the supplemental application to indicate that risks engaged in TNC activities are required to complete the taxi, limousine, car service application, the addition of disclaimer language and notification requirements on both applications, and minor miscellaneous editorial updates.

**The Committee unanimously voted via roll call vote to recommend to the Governing Committee approval of the MAP changes as presented.**

TIMOTHY GALLIGAN  
Director of Actuarial and Statistical Services

Boston, Massachusetts  
November 9, 2021

November 12, 2021

## **Manual of Administrative Procedures Updates**

### **Memorandum of Changes**

Modifications to the following chapters of the Manual of Administrative Procedures are proposed:

#### Chapter III – Servicing Carrier Responsibilities

- Section A - Servicing Carrier Responsibilities is modified to eliminate reference to sharing in CAR's administrative expenses and underwriting results, as these responsibilities are not limited to Servicing Carriers, but are Member Company responsibilities set forth in Rule 3 – Insurer Obligations of CAR's Rules of Operation.
- Section B – Additional Servicing Carrier Responsibilities is amended to add reference to claims handling responsibilities, including a requirement to record the use and driver of a vehicle involved in an accident to determine the application of coverage and classification.
- Section B – Exhibit III-B-1 – The Taxi, Limousine, and Car Service Application amended to include disclaimer language similar to the ACORD Application, and a requirement to notify the insurance company of changes during the policy term.
- Section B – Exhibit III-B-2 – The Supplemental Application is modified to include a question to identify risks engaging in Transportation Network Services activities, a disclaimer, and a requirement to notify the insurance company of changes during the policy term.

#### Chapter V – Premium

Sections A.7.b.(4) and (5) have been updated to identify commercial automobile endorsement forms recently placed on file, including CR 99 04 02 22, CR 99 05 02 22, and CR 99 06 02 22.

**CAR** | **Manual of Administrative Procedures**  
**Chapter III** | **Servicing Carrier Responsibilities**  
**Revision Date** | **2021.09.08**  
**Page** | **1 of 36**

**A. Servicing Carrier Responsibilities**

In order to successfully fulfill its residual market obligations, a Servicing Carrier is responsible for meeting the requirements of CAR's Rules of Operation, specifically performing the duties identified in Rule 13 – Servicing Carrier Requirements including those relative to rates and policy issuance, data reporting, Exclusive Representative Producers (ERPs), and compliance with established claims performance standards, ~~and sharing in CAR's administrative expenses and underwriting results.~~ Additional Servicing Carrier responsibilities are described in Section B. of this Chapter and in Chapter X – Servicing Carrier and Exclusive Representative Producer Standards and Forms of this Manual. Section C. provides requirements relative to the termination of an ERP contract including the process for reviewing such termination and associated appeal procedures. Section D. of this Chapter provides information relative to the premium and expense reimbursement procedure a Servicing Carrier must follow when an ERP default occurs.

**B. Additional Servicing Carrier Responsibilities**

1. Review of Agency Groups and Affiliations

On an annual basis, a Servicing Carrier must provide CAR with information relative to each ERP's affiliation status for commercial Motor Vehicle Insurance. Any contractual relationship or membership in a producer cluster or network that the ERP may have or whether the ERP has a direct or indirect material and continuing proprietary or management interest in another agency or brokerage firm having an ERP appointment to another Servicing Carrier must be identified. Additionally, any new agency affiliations or changes in affiliated agency relationships must be identified. CAR will also perform a review of producer group websites in an attempt to confirm group memberships. Refer to Rule 13.B.5. of CAR's Rules of Operation for additional information.

This information will assist CAR in its evaluation and assessment of the need to redistribute commercial ceded written premium among Servicing Carriers. For additional information relative to redistribution, refer to Chapter II.B. – Servicing Carrier Appointment of this Manual.

2. Commission Payment Requirements

A Servicing Carrier must pay commission to an ERP on ceded commercial business as specified in Rule 18 – Commissions of CAR's Rules of Operation.

**CAR** | **Manual of Administrative Procedures**  
**Chapter III** | **Servicing Carrier Responsibilities**  
**Revision Date** | **2021.09.08**  
**Page** | **4 of 36**

not based upon a specific dollar amount threshold. Notification should be provided using the Large Loss Notification Form which is available on the Reports section of CAR's website, under the Servicing Carrier Profile link. A Help manual that provides detailed information relative to the Large Loss Notification Form and reporting application is also available. Only users associated with a commercial Servicing Carrier will be granted access to the Large Loss Notification Form and a valid user ID and password is required for access.

Additionally, to ensure that CAR's committees are advised of the circumstances surrounding large losses that may impact commercial deficit loss projections and that may potentially have an impact on a company's financial reporting requirements, several Large Loss Reports will be provided to CAR's Loss Reserving Committee on a quarterly basis. The reports provide historical large loss information by policy year for policies exceeding \$1 million in total losses including ALAE expenses. These reports will also be available to commercial companies on the Reports page of CAR's website, under the Deficit and Large Loss link. All users with a valid user ID and password are able to access the Large Loss Reports.

7. Claims Handling

The Commercial Claims Performance Standards provide the requirements for the handling and payment of claims by Servicing Carriers. During its investigation of a claim, the Servicing Carrier should record the use of the vehicle and driver of the vehicle at the time of the accident to validate the application of coverage and classification.

7.8. Additional Commercial Automobile Program and Performance Requirements

In addition to complying with the provisions of CAR's Rules of Operation, a Servicing Carrier is responsible for adhering to the following requirements:

- a. Administrative and Account Management Services
  - 1) A management level account executive with knowledge of the Program must be assigned and will be responsible for assuring the requirements of the Program, responding to CAR inquiries and meeting with CAR staff and committee representatives.
  - 2) Each Servicing Carrier must provide a direct bill program. Servicing Carriers must cooperate with their assigned producers to assure that policyholders are made aware of their option to utilize an installment plan.

**CAR | Manual of Administrative Procedures**  
**Chapter III | Servicing Carrier Responsibilities**  
**Revision Date | 2021.09.08**  
**Page | 13 of 36**

**EXHIBIT III-B-1**  
(continued)

**Optional Coverages Applicable to Limousine and Car Service Risks Only:**

Coverage Type	Limit of Liability	Vehicle No.
M. Loss of Use – Rental Reimbursement Maximum \$30 per day	\$ _____ per day	_____
N. Hired Auto – Liability Only Cost of Hire	\$ _____	_____
O. Non-Owned Number of Employees	\$ _____	_____
P. Drive Other Car Coverage	\$ _____	_____

REMARKS:

The Fair Credit Reporting Act

In connection with your application for insurance and as part of our normal underwriting procedure, an investigative consumer report may be obtained, including, if applicable, information as to character, general reputation, personal characteristics and mode of living. This information is obtained through personal interviews with your friends, neighbors and business associates. Upon written request, received within a reasonable timeframe, additional detailed information concerning the nature and scope of this investigation will be provided.

Any person who knowingly and with intent to defraud any insurance company or another person files an application for insurance or statement of claim containing any materially false information or who, for the purpose of misleading, conceals information concerning any fact material thereto, commits a fraudulent act which is a crime and may subject the person to criminal and civil penalties.

Furthermore, the applicant has the responsibility to notify the insurance company of any changes in ownership, operators, vehicles and/or use of vehicles during the policy term. Failure to do so may result in the denial of coverage.

**I hereby declare that I have read all of the statements contained in this application and they are complete and true as of this date. The coverage and limits I requested are as indicated in the application.**

Date: \_\_\_\_\_ Signature of Applicant: \_\_\_\_\_

The information contained in this application is as told to me by the applicant and is true and complete to the best of my knowledge.

Date: \_\_\_\_\_ Signature of Producer: \_\_\_\_\_

**CAR** | **Manual of Administrative Procedures**  
**Chapter III** | **Servicing Carrier Responsibilities**  
**Revision Date** 2021.09.08  
**Page** 15 of 36

**EXHIBIT III-B-2**  
(continued)

**Supplemental Application**  
**General Risk Information**

Applicant Name: \_\_\_\_\_

Agent Name: \_\_\_\_\_

8. Do you or your company have an active General Liability insurance policy?  Y  N

If yes, provide a copy of your policy Declarations Page. If no, please provide an explanation as to why not:

\_\_\_\_\_

9. Does your company have an ACTIVE filing with the MA Secretary of Commonwealth's office?  Y  N

If no, please provide an explanation as to why: \_\_\_\_\_

\_\_\_\_\_

10. Are any of the risks to be insured on the policy public automobiles?  Y  N

If yes, please complete the Public Auto Information Addendum of the application.

- ~~11.~~ Will any of the risks to be insured on the policy be engaging in Transportation Network Services activities during the policy period?  Y  N

If yes, please complete the Taxi, Limousine, and Car Service Application.

- ~~12.~~ Are any of the risks to be insured on the policy truckers/motor carriers?  Y  N

If yes, please complete the Trucker/Motor Carrier Information Addendum of the application.



**CAR** | **Manual of Administrative Procedures**  
**Chapter III** | **Servicing Carrier Responsibilities**  
**Revision Date** | **2021.09.08**  
**Page** | **16 of 36**

**EXHIBIT III-B-2**  
(continued)

**Supplemental Application**  
**General Risk Information**

Applicant Name: \_\_\_\_\_  
Agent Name: \_\_\_\_\_

By signing below, I hereby certify that all information provided herein is true and accurate.

Signature of Applicant's Authorized Representative: \_\_\_\_\_

Date: \_\_\_\_\_

Printed Name of Applicant's Authorized Representative: \_\_\_\_\_

Title: \_\_\_\_\_

-----  
Witness to the Signator and Signing above:

Signature of Producer: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name of Producer: \_\_\_\_\_

Agency Name: \_\_\_\_\_

Any person who knowingly and with intent to defraud any insurance company or another person files an application for insurance or statement of claim containing any materially false information or who, for the purpose of misleading, conceals information concerning any fact material thereto, commits a fraudulent act, which is a crime and may subject the person to criminal and civil penalties.

Furthermore, the applicant has the responsibility to notify the insurance company of any changes in vehicles and/or use of the vehicles during the policy term. Failure to do so may result in the denial of coverage.

**CAR** | **Manual of Administrative Procedures**  
**Chapter V** | **Premium**  
**Revision Date** | **2021.09.08**  
**Page** | **8 of 30**

(2) Special Types Endorsements (continued)

Endorsement Title	Endorsement Number
Professional Services Not Covered	CA 20 18 12 93
Registration Plates Not Issued for a Specific Auto	MM 20 10 01 04
Sound Receiving Equipment Coverage – Fire, Police and Emergency Vehicles	CA 20 02 12 93

(3) Truck, Tractor, Trailer Endorsements

Endorsement Title	Endorsement Number
Commercial Automobiles Equipped with Amusement Devices	MM 23 03 09 98
Coverage for Injury to Leased Workers	CA 23 25 07 97
Explosives	MM 23 04 09 98
Multi-Purpose Equipment	CA 23 03 12 93
Rolling Stores	CA 23 04 10 01
Trailer Interchange – Fire and Fire and Theft Coverage	CA 23 13 12 93
Truckers Endorsement	CA 23 20 03 06
Truckers – Excess Coverage for the Named Insured and Named Lessors for Leased Autos	CA 23 08 12 93
Truckers – Insurance for Non-Trucking Use	MM 23 07 09 98
Truckers – Uniform Intermodal Interchange Endorsement (Form UIIE-1)	CA 23 17 03 06
Truckers – Named Lessee as Insured	CA 23 12 12 93
Wrong Delivery of Liquid Products	CA 23 05 12 93

(4) Public Transportation Endorsements

Endorsement Title	Endorsement Number
Public Transportation Autos	CA 24 02 12 93
<u>Public or Livery Passenger Conveyance and On-Demand Delivery Services Other Insurance Condition</u>	<u>CR 99 04 02 22</u>

**CAR** | **Manual of Administrative Procedures**  
**Chapter V** | **Premium**  
**Revision Date** | **2021.09.08**  
**Page** | **9 of 30**

(5) Common Coverages Endorsements

<b>Endorsement Title</b>	<b>Endorsement Number</b>
Additional Insured – Massachusetts	CR 99 02 07 20
Agreed Value Insurance	MM 99 66 09 98
Audio, Visual and Data Electronic Equipment Coverage	CA 99 60 03 06
Auto Medical Payments Coverage	MM 99 13 10 06
Covered Auto Designation Symbol	CA 99 54 07 97
Drive Other Car Coverage – Broadened Coverage for Named Individuals	MM 99 22 09 98
Employees as Insureds	CA 99 33 02 99
Employee as Lessor	CA 99 47 07 97
Fire, Fire and Theft, Fire, Theft and Windstorm and Limited Specified Causes of Loss Coverages	MM 99 47 09 98
Garagekeepers Coverage	CA 99 37 03 06
Garagekeepers Coverage – Customers’ Sound Receiving Equipment	CA 99 59 03 06
Glass Breakage – \$100 Deductible	MM 99 51 09 98
Hired Autos Specified as Covered Autos You Own	CA 99 16 12 93
Individual Named Insured	CA 99 17 10 01
Liability Insurance – Deductible	MM 99 19 09 98
Limited Collision Coverage	MM 99 16 09 98
Loss of Use / Rental Reimbursement Coverage	MM 99 39 09 98
Loss Payable Clause – Audio, Visual and Data Electronic Equipment	CA 99 61 12 93
Massachusetts Changes	MM 99 67 09 98
Massachusetts Mandatory Endorsement	MM 99 11 10 11
Operator Exclusion	CR 99 01 08 18
Personal Injury Protection Coverage	MM 99 35 09 98
Pollution Liability – Broadened Coverage for Covered Autos	MM 99 55 10 06
Premium Adjustment and Coverage Endorsement - Massachusetts	MM 99 68 09 98
<u>Public or Livery Passenger Conveyance and On-Demand Delivery Services Exclusion</u>	<u>CR 99 06 02 22</u>
Rate Modification	MM 99 23 09 98
Restriction of PIP for Employers Subject to the Massachusetts Workers’ Compensation Act	MM 99 20 09 98
Social Service Agencies – Volunteers as Insureds	CA 99 34 12 93

**CAR** | **Manual of Administrative Procedures**  
**Chapter V** | **Premium**  
**Revision Date** | **2021.09.08**  
**Page** | **10 of 30**

(5) Common Coverages Endorsements (continued)

Endorsement Title	Endorsement Number
Specialty and Classic Auto – Massachusetts	CR 99 03 04 21
Split Liability Limits - Massachusetts	MM 99 18 09 98
Stated Amount Insurance - Massachusetts	MM 99 56 09 02
Underinsured Motorists Coverage - Massachusetts	MM 99 54 09 98
Uninsured Motorists Coverage - Massachusetts	MM 99 28 09 98
<u>Vehicle Sharing Program Exclusion Endorsement</u>	<u>CR 99 05 02 22</u>
Waiver of Deductible	MM 99 17 09 98

(6) Certifications

Form Title	Form Number
Non-Fleet Private Passenger Type	CR 00 02 01 21
Principal Place of Business	CR 00 01 08 18

**B. Premium Reporting**

1. General

Servicing Carriers shall statistically report premium on ceded policies in accordance with the reporting instructions contained in the Massachusetts Commercial Automobile Statistical Plan which is available on CAR’s website under the Manuals tab.

2. Reporting Policies with Non-Cedeable Limits or Coverages

For policies written with limits or coverages which exceed the cedeable limits or coverages identified in Section A. of this Chapter, a separate premium record must be reported to identify the portion of the premium applicable to the excess limits or coverage. This record must be reported with 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 portion of the premium applicable to the cedeable limits or coverage must be reported on another record with a ceded CAR Identification Code in accordance with the statistical reporting requirements specified in the Massachusetts Commercial



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 – NOVEMBER 4, 2021

##### Members Present

Mr. Jerry Sleeper – Chair	Safety Insurance Company
Ms. Kara Boehm	Allstate Insurance Company
Ms. Kerri Boutin <sup>(1)</sup>	Risman Insurance Agency, Inc.
Ms. Erin Cummings	Norfolk & Dedham Group
Ms. Annmarie Hassan <sup>(2)</sup>	Arbella Insurance Group
Mr. Todd Lehmann <sup>(3)</sup>	Quincy Mutual Group
Mr. Kenneth Olivieri	J.K. Olivieri Insurance Agency, Inc.
Mr. Barry Tagen	Pilgrim Insurance Company
Mr. Christopher Taylor	The Hanover Insurance Company
Ms. Brenda Williams	MAPFRE U.S.A. Corporation

##### Substituted for:

Mr. Henry Risman <sup>(1)</sup>  
Mr. Robert Littlewood <sup>(2)</sup>  
Mr. Thomas Harris <sup>(3)</sup>

##### Not in Attendance:

Ms. Sharon Murphy, Acadia Insurance Company

#### 21.01 Records of Previous Meeting

On a roll call vote, the Committee unanimously voted to approve the Records of the Compliance and Operations Committee meeting of September 1, 2021. The Records have been distributed and are on file.

#### 21.04 Informational Items

Ms. Wendy Browne informed the members that the updates to Chapters IV – Cession Rules and Procedures, V - Premium, and VIII – Data Reporting, Account Edit and Corrections Procedures of the Manual of Administrative Procedures (MAP) relative to the rewrite of CAR's Accounting System were approved by the Governing Committee at its September 8<sup>th</sup>, 2021 meeting and have been incorporated into the MAP that is available on CAR's website.

## 21.05 Compliance Audit Program

Mr. Mark Alves noted that the Esurance and PURE focus audit reports that are the subject of the Committee's discussions today are intended to establish a standardized methodology for reporting the results of such focus audits and setting forth staff recommendations relative to further review and/or initiating penalty provisions. Mr. Alves summarized the events leading to the issuance of the reports under consideration. He explained that staff conducted Hybrid Audit procedures on both Esurance and PURE with report findings issued in 2017. Subsequent focus audits were conducted to review the status of the companies' corrective action to address reporting issues identified in the Hybrid Audit reports. The focus audit reports issued in 2020 advised the companies that the correction of prioritized statistical reporting issues was required in order to avoid penalty recommendations. The most recent reports set forth the findings with respect to the second focus audit of each company.

Ms. Kara Boehm, referencing the relationship between Esurance and Allstate, recused herself from participating in the discussion regarding the Esurance focus audit.

Mr. Matthew Hirsh reviewed the latest focus audit results of Esurance by providing the Committee with a comparison to the Hybrid Audit to 2021 focus audit results specific to the recurring data quality issues identified. He noted that Esurance demonstrated improvement by correcting several statistical reporting issues identified in the 2017 Hybrid Audit. However, the focus of the 2021 audit was the prioritized list of eight recurring statistical reporting errors. The results determined that seven of the eight issues remained uncorrected and one was mostly corrected. He noted that most of these errors were originally identified in the 2017 Hybrid Audit and remain mostly uncorrected.

Ms. Browne then reviewed procedures for the Committee to consider in their deliberations on the audit findings. She noted that the Committee could direct staff to notify the company that data reporting issues must be corrected no later than the due date for the January 2022 monthly data submission. If corrections are not completed, the company's submissions would be considered late and unacceptable in accordance with the Statistical Plan (page VIII:8) until monthly submissions with accurate data are reported. Further, the company would be notified that penalties would accumulate quarterly, becoming more significant if reporting corrections are not completed. Ms. Browne described the potential range of the penalty amounts that could be assessed if this course of action is adopted and if the company's reporting issues remain uncorrected through the close of the 2022 reporting year.

After discussion of the audit results and of the potential actions available to the Committee, on a roll call vote the Committee voted unanimously, with one recusal, to direct staff to begin the process of assessing statistical data quality penalties for late and unacceptable shipments until monthly submissions with accurate data are reported for each of the remaining statistical reporting issues.

Mr. Barry Tagen, indicating that his company served as a Limited Assignment Distribution Agreement (LADA) for PURE recused himself from participating in the discussion regarding the PURE focus audit.

Mr. Hirsh then reported on the results of PURE's second focus audit, noting that while the company demonstrated improvement by correcting several statistical reporting issues identified in the 2017 Hybrid Audit, six of the recurring issues prioritized with the 2020 audit report remain uncorrected.

The Committee noted that the PURE report findings were similar in nature to the Esurance audit findings and therefore, on a roll call vote, voted unanimously, with one recusal, to direct staff to begin the process of pursuing statistical data quality penalties for late and unacceptable shipments until monthly submissions with accurate data are reported for each of the remaining statistical reporting issues.

Ms. Browne noted that the two focus audit reports summarized the audit findings into two categories. Statistical reporting issues that could be modified by the company through system corrections, were identified in the audit report as Group One issues and are the issues for which the Committee is recommending penalties pursuant to the Statistical Plan. However, she explained that the Group Two topics identified in the reports are procedural in nature and require further discussion by the Committee.

Ms. Browne addressed the frequency of merit rating value errors identified in compliance audits since the inception of the Hybrid Audit Plan. Ms. Browne referenced the Private Passenger Statistical Plan that requires that the reported Classification Code must indicate the merit rating status of the operator used to rate the vehicle and must agree to the value imputed by the Merit Rating Board to ensure the consistency of the quota share calculation. However, numerous companies report the merit rating value as calculated using their own merit rating plan. Audit findings frequently recognize that this practice results in understated credit premium with impact only to the audited company. The Committee has accepted this as sufficient because the MAIP assignments are not impacted. However, she remarked that the situation could be different at any time. Ms. Browne suggested that due to the growing number of companies with reporting issues of this nature, it would be appropriate for discussion at a future meeting to consider whether the reporting requirements defined in the Statistical Plan should be more strictly enforced. The committee members agreed that further discussion concentrating on the relevant factors would be beneficial. Ms. Browne concluded indicating that staff would prepare material for the next Committee meeting.

Continuing, Mr. Alves discussed a current and recurring finding of recent audits that involves insufficient documentation furnished by the audited company. He provided an example in which the audited company utilizes a third-party national vendor that establishes a set price for towing services. He explained that the Statistical Plan requires that expenses such as towing services be reported at the claim level.

Mr. Alves noted that this issue arose in the Esurance audits. That is, the company provided limited documentation in the initial review, but that documentation was determined to be insufficient to validate the expense reporting. However, no supports were provided to verify tow payments for the two most recent focus audits. Mr. Alves advised that staff is looking for guidance relative to acceptable documentation for such aggregated expenses. After discussion, the Committee agreed that source documentation was necessary to complete claims statistical auditing and directed that the issue be referred to the Claims Subcommittee for consideration.

Finally, Ms. Browne provided the Committee with a status report on the review of the Foremost Insurance statistical reporting. Staff reported on the results of a focus audit conducted on the company's interim summary data in 2020. Foremost began reporting statistical data in January 2021. Ms. Browne noted that staff's review of Foremost's reported data identifies obvious reporting problems that require correction. She noted that the two issues include Foremost's reporting of unusually high merit rating values and the reporting of endorsement transactions not in accordance with the Statistical Plan. Both issues have potential impact to the MAIP quota share calculation. While Foremost was notified in writing of the reporting issues and the company indicated that it had taken corrective action, CAR has not noted any progress. Ms. Browne advised that because the obvious statistical reporting errors have remained unchanged, CAR will notify Foremost that if clear progress is not evident, subsequent data submissions will be considered incomplete and unacceptable and eligible for Statistical Plan penalties beginning with the March 2022 data submission.

## **20.07 CAR Accounting System Rewrite**

Ms. Lynne Rosenberg provided the Committee with an update on the rewrite of the CAR Accounting System. Ms. Rosenberg indicated that the system has been in production for two months

without issue. A Bulletin was distributed in mid-September announcing the new application and training sessions were subsequently conducted for the four Servicing Carriers.

Ms. Rosenberg noted that the final component of the implementation is to develop procedures for monitoring and notifying the Servicing Carriers when liability loss payments exceed the liability limits written on the policy. She expects that these procedures will be completed within the next month.

Ms. Rosenberg concluded that CAR is in the process of updating the Policy Edit Package to reflect the changes to the system and the application, and that those changes should be posted to the Manuals page of CAR's website in December.

## **20.12 Ceded Commercial Reporting Issues**

Ms. Browne informed the Committee that CAR is continuing work on the commercial rate filing including evaluating options to address out-of-state garaging. Ms. Browne noted that when revised rating procedures are placed on file, recommended changes to the Statistical Plan will be presented to the Committee for consideration.

MATTHEW HIRSH  
Compliance Audit Supervisor

Boston, Massachusetts  
November 12, 2021