

**Massachusetts Commercial Automobile
Statistical Plan
Part VII - Statistical Data Quality Program**

Section A - Statistical Data Quality Components

3. RATE EDIT (Continued)

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.

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 Statutory Page 14 data for Massachusetts 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. DISTRIBUTIONAL ANALYSIS PROGRAM

The Distributional Analysis Program is run on a semi-annual basis. Various reports are made available to companies on CAR's website which focus on the reporting of critical data elements used in a number of different processes such as quota share and ratemaking. Those data elements are used in comparing a company's distribution of statistically reported data to like distributions of industry-wide data. The edits are designed to determine whether significant variances are due to a company's unique book of business or reflective of a systemic reporting problem.

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★ 5. **DISTRIBUTIONAL ANALYSIS PROGRAM (Continued)**

a. Due Date

Twice per year following the processing of the June and December monthly accounting/statistical shipments, CAR runs its Distributional Analysis program, posts results to its website for company review, and establishes a due date for the input of company explanations of any identified over tolerance conditions. The established due date for the entry of company explanations is approximately 60 calendar days from the date the Distributional Analysis reports are available.

b. Acceptability

In those instances where CAR identifies a potential reporting issue, it will formally notify those companies identified as having the potential reporting issue and provide a specific due date for the reporting issue to be resolved. In those instances where a company identifies a reporting issue, as a result of an over tolerance condition, the company should provide an action plan for fixing those issues going forward within a one year time period.

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Section B - Statistical Data Quality Penalties

4. MASSACHUSETTS ANNUAL STATEMENT AND QUARTERLY STATUTORY PAGE 14 FOR MASSACHUSETTS

A Statistical Data Quality Penalty of \$100 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 \$100 per CAR business day will be assessed for a late Fourth Quarter Massachusetts Annual Statement Reconciliation response until CAR receives the response.

A Statistical Data Quality Penalty of \$100 per CAR business day will be assessed for the late submission of quarterly Statutory Page 14 data for Massachusetts. Also, a Statistical Data Quality Penalty of \$100 per CAR business day will be assessed for a late response to the reconciliation of the quarterly Statutory Page 14 for Massachusetts until CAR receives the response.

Since each company that is affiliated with a group is required to report its statistical data on an individual company number level and is required to report separate Massachusetts Annual Statement data and quarterly Statutory Page 14 for Massachusetts data, the Annual Statement penalties will also be assessed on an individual company basis.

★ 5. DISTRIBUTIONAL ANALYSIS PROGRAM

This section details the Statistical Data Quality Penalty amounts that companies will be assessed if a company does not respond to an over tolerance condition by the established due date and/or does not correct its statistical reporting issue, on a going forward basis, within one year of having been identified. Since each company that is affiliated with a group is required to provide a response on an individual company level, the penalties are also assessed on an individual company basis. Furthermore, the penalty is also assessed separately for premium and loss reporting.

Distributional Analysis Reports Meeting the Following Criteria	Penalty Amount
The initial due date has expired and the company has not responded to at least 75% of the cited over tolerance conditions	\$150
The company was notified of its missing explanation, the second due date has expired (60 days after the first due date), and the company has not responded to at least 75% of the cited over tolerance conditions	\$150
The one year due date for resolving an identified reporting issue has passed and the issue is not yet resolved	\$3,000
Each additional calendar month that the reporting issue is not resolved.	\$3,000

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★ 5. **DISTRIBUTIONAL ANALYSIS PROGRAM (Continued)**

Example: June release of Distributional Analysis Reports approximately September 1		
Due Date For Response	Calculation of Penalty	Penalty Dollars
11/1	\$150	\$150
1/1	\$300	\$300

Due Date For Resolved Reporting Issue	Calculation of Penalty	Penalty Dollars
June Monthly Submission of following year: approx. 8/15	\$3,000	\$3,000
July Monthly Submission of following year: approx. 9/15	\$3,000 + \$3,000	\$6,000
August Monthly Submission of following year: approx. 10/15	\$3,000 + \$3,000 + \$3,000	\$9,000

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.

**Massachusetts Commercial Automobile
Statistical Plan
Appendix B - Premium and Accident Town Tables**

PREMIUM TOWN CODE - ACCIDENT TOWN CODE

ALPHABETICAL LISTING

1. Cities and Towns are printed in Capital Letters.
2. Villages, Sections of Cities and Towns, and Local Designations are printed in Small Type with the name of the corresponding City or Town in the adjacent column.
3. Sections of Cities and Towns designated "North", "East", "South" and "West" or with a prefix or suffix that is merely supplemental to the principal name (such as West Newton or Arlington Heights) are not separately listed (see principal designation). In some instances there are two distinct townships, such as Reading and North Reading, in which case both towns are listed.
4. Counties are indicated by code, using the first position of the Town Code as follows:

First Position	County	First Position	County
0	Barnstable	4	Franklin
	Dukes		Hampden
	Nantucket	5	Hampshire
	Plymouth	6	Middlesex
1	Berkshire	7	Norfolk
2	Bristol	8	Suffolk
3	Essex	9	Worcester

5. The City of Boston is divided into sections as follows:

City of Boston		
Definition	ZIP Code	Statistical Code
BOSTON CENTRAL	02108-02111, 02113-02116, 02118, 02133, 02199, 02201, 02203, 02210, 02215, 02222, 02241	821
BRIGHTON	02134, 02135, 02163	822
CHARLESTOWN-EAST BOSTON	02128, 02129	824
DORCHESTER	02122, 02124, 02125, 02126	819
HYDE PARK	02136	818
JAMAICA PLAIN	02130	817
ROSLINDALE	02131	816
ROXBURY	02119, 02120, 02121	820
SOUTH BOSTON	02127	823
WEST ROXBURY	02132	815

6. The appropriate Out of State Town Codes are as follows:

Location	Code
Connecticut	991
Maine	992
New Hampshire	993
New York	994
Rhode Island	995
Vermont	996
★ New Jersey	997
★ Pennsylvania	998
Other	999

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