

Manual of Administrative Procedures

Chapter VI - Participation

A. Introduction

This Chapter describes the procedures for determining a Member's share in the Commonwealth Automobile Reinsurers' underwriting results and in all reinsurance related costs associated with operating the Commonwealth Automobile Reinsurers.

Section B describes the procedures for distributing the Commonwealth Automobile Reinsurers' deficit to its Member Companies. This is accomplished through the quarterly cash flow reports, which include the Settlement of Balances, Special Assessment, and Withdrawal Disbursement reports. Also, described in Section B are the procedures by which companies may verify their quarterly cash flow reports.

Section C describes the Member Participation Reports, which documents each Member's assumed underwriting results and administrative expenses.

Section D describes the formulas for determining a Member's participation ratios for sharing in the Commonwealth Automobile Reinsurers' underwriting results and administrative expenses.

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B. Settlement of Balances, Assessments and Disbursements

1. Sharing in Commonwealth Automobile Reinsurers' Deficit

To reduce unnecessary cash flow of funds for each Member, Commonwealth Automobile Reinsurers (CAR) will accumulate the balance due each Servicing Carrier based on that Servicing Carrier's actual writings. CAR will net these balances with the balance due a Member Company (or due CAR) on an assumed basis. This is determined by multiplying the Member's participation ratios, as calculated in Section D of this chapter, by the total CAR experience of written premium, losses paid, ceding expense allowances, and miscellaneous income and expenses.

In performing these calculations, CAR will only use data found to be acceptable by the approved and published due dates for each accounting/statistical month. Accordingly, if a portion of a Servicing Carrier's submission is unacceptable or missing, CAR will use the timely and acceptable data for participation purposes. However, if incomplete data results in a negative impact to the pool, Loss of Investment Income will be billed to the Servicing Carrier (as defined later in this chapter).

Additionally, the Servicing Carrier must provide to CAR, accrual information for the unacceptable or missing portion of the submission. Accrual information is defined as written premium, written exposure, paid losses, and outstanding losses, broken down by line of business (i.e. bodily injury, property damage, no fault, collision, and other-than-collision). Failure to provide this information within four (4) business days of the approved and published due date will result in the assessment of a \$50.00 per business day late accrual payment fee.

To discourage companies from submitting erroneous accrual data to avoid a penalty, CAR will verify the accuracy of the accrual information once the data has been statistically reported to CAR, and if necessary, assess the same \$50.00 per business day late accrual payment fee for erroneous accrual data.

In the event that CAR discovers that a submission is incomplete or incorrect after the due date, CAR will work with the Servicing Carrier to determine the extent of the problem. CAR will document a description of the reporting problem, the deadline for responding to CAR's request for an explanation and, if needed, the deadline for reporting correction (generally the subsequent quarter), and the potential penalty for failure to comply with the request.

2. Settlement of Balances Reports

Exhibit VI-B-1 of this chapter displays an example of the Settlement of Balances Report which is distributed to Members on a quarterly basis. This report summarizes Servicing Carriers' ceded balances reported during the current quarter and current quarter assumed shares, as well as the Member's share in CAR's contingency fund and prior quarter payment activity. The report also calculates the Member's net share of the quarter's participation.

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B. Settlement of Balances, Assessments and Disbursements (continued)

2. Settlement of Balances Reports (continued)

Three (3) Settlement of Balances Reports are produced each quarter. The SB-5 displays prior policy year experience, the SB-4 displays current policy year experience and the SB-1 displays all policy years. As specified in Rule 11, Section C.1. of the CAR Rules of Operation, cash shared in the quarters ending March 31 and June 30 is based on prior policy year experience (SB-5 balances). For the quarters ending September 30 and December 31, cash distribution is based on all policy years' experience (SB-1 balances).

a. Section A - Writing Carrier Experience (Ceded Business)

Section A displays the business that a Servicing Carrier cedes to CAR for the current accounting quarter.

To verify Section A of the Settlement of Balances Report for all policy years combined, the figures displayed on each line of Section A should be compared to the total accounting/statistical data reported by the Servicing Carrier and accepted by CAR for that quarter. Additionally, any net negative premium write-offs, insolvency fund reimbursements, loss write-offs, ceding expense true-ups, and other adjustments applied to the company for the quarter, as detailed in the "Circular Letter to Member Companies" accompanying the SB reports, should be used in the verification process.

b. Section B - Participating Member Experience (Assumed Business)

Section B displays a Member's assumed share of the industry's ceded business for the current accounting quarter, based on the company's participation ratios.

This is derived by subtracting the Member's inception-to-date figures as of the prior quarter from the Member's inception-to-date figures as of the current quarter. This process provides not only for the assuming of current quarter ceded activity, but also for the truing-up of prior quarters' policy year results from current quarter changes in participation ratios.

To verify Section B of the Settlement of Balances Reports, Members should multiply their current underwriting results participation ratios, by policy year and by pool, to the industry inception-to-date ceded activity as of the current quarter less inactive companies' frozen assumed shares. The prior quarter's underwriting results participation ratios, by policy year and by pool, should then be multiplied by the prior quarter's industry inception-to-date ceded activity less inactive companies' frozen assumed shares. The balances reflected in Section B of the Settlement of Balances reports reflect the difference between these two products.

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2. Settlement of Balances Reports (continued)

b. Section B - Participating Member Experience (Assumed Business) (continued)

Note that CAR performs these calculations each quarter and the results are reflected on each company's Member Participation (MP) reports, which are described in more detail in Section C of this chapter.

c. Section C - Miscellaneous Expenses and Income

Section C displays a Member's assumed share of CAR's administrative expenses, the investment income earned by CAR, and other miscellaneous income earned by CAR, based on the company's administrative expense participation ratios.

Members should verify Section C of the Settlement of Balances Reports in a manner similar to that described above for Section B, except that Members should apply their administrative expense participation ratios (which are based on the Member's Massachusetts Annual Statement Page 15 figures) to the current and prior quarters' industry fiscal-year-to-date miscellaneous expenses and income, less inactive companies' current fiscal year frozen assumed shares.

d. Section D - Contingency Fund

In order to fund current operations, a contingency fund will be maintained. CAR will assess Member Companies for this fund through the Settlement of Balances Reports.

To verify Section D of the Settlement of Balances Reports, Members should apply their total Page 15 administrative expense participation ratio (for all pools combined, and for the most recent calendar year) to the established industry contingency fund amount.

e. Section E - Account Activity During Last Period

Section E identifies any outstanding balances owed to CAR or to the company. To do this, a Member Company's net balance from the prior quarter is netted with payments made by the company or by CAR in the prior quarter, and the various penalties and processing fees incurred by the company during the quarter.

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B. Settlement of Balances, Assessments and Disbursements (continued)

2. Settlement of Balances Reports (continued)

f. Section F - Net Settlement Amount

Section F displays the total amount due the Servicing Carrier or due CAR, relating to the Settlement of Balances.

To verify Section F, combine the net balances from Sections A through E.

3. Special Assessments Due

If CAR's cash flow is not sufficient to fund necessary operating costs, or payment of a special operational cost is required, or if the balances owed to CAR by insolvent companies are substantial enough to disrupt the quarterly cash distribution process, it may become necessary to secure cash funds in order to support CAR operations. Such a special assessment must receive prior approval of the Governing Committee. Exhibit VI-B-2 displays the calculation of companies' special assessment balances relative to insolvent companies.

Members will share assessments which are not properly chargeable to the profit or loss of risks ceded to CAR, in the same proportion that their Massachusetts Direct Written Motor Vehicle Insurance Premium, as reported on their Massachusetts Annual Statement Page 15 for the most recent calendar year bears to the total of such premium for all Members.

Assessments related to profits and losses on risks ceded to CAR will be shared by Members according to their underwriting results participation ratios for each of the four (4) participation pools (private passenger liability and physical damage and all other liability and physical damage), for the policy years affected.

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4. Withdrawal Settlement Disbursements

Member Companies withdrawing from the Massachusetts automobile insurance marketplace may pay a withdrawal settlement to CAR, representing an estimate of their future obligation. CAR disburses these balances to its remaining Members in the cash flow subsequent to the settlement payment, using the most recent available underwriting results participation ratios. When participation ratios are finalized, the disbursement of the withdrawal settlements are true-up, including investment income. Each quarter during which CAR disburses a withdrawal settlement, or true-up previous disbursements, a set of exhibits is distributed to Members in order to illustrate the remaining Members' share in the withdrawal settlements, and the calculation of investment income on the true-up of previous disbursements.

a. Analysis of Total Settlement Amount

Exhibit VI-B-3 displays an example of the Analysis of Total Settlement Amount Report, which identifies by policy year and pool the total settlement paid by each withdrawing company, and the interest earned by CAR while holding these monies. A separate page is provided for each withdrawn company.

b. Calculation of Cash Disbursement

Exhibit VI-B-4 displays an example of the Calculation of Cash Disbursement Report. A single report is provided to each Member Company for all withdrawal settlements combined, outlining by pool and by policy year, the company's current share of the total settlement for all withdrawals, as well as the company's prior share of the total withdrawals and the participation ratios used in the calculation of the current share.

c. Summary of True-Up and Interest Calculation

Exhibit VI-B-5 displays an example of the Summary of True-Up and Interest Calculation Report. This report summarizes the disbursement and true-up of the withdrawal settlements (Section A of this chapter), and reflects the calculation of investment income on the true-up of previous disbursements (Section B of this chapter). The one-year T-Bill rate as of the original date of each withdrawal settlements disbursement is used in calculating investment income on the true-up of disbursements.

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B. Settlement of Balances, Assessments and Disbursements (continued)

5. Net Balance Due

If the net balance from Section F of the Settlement of Balances Report, the total amount due CAR or due the company from the Special Assessment, and Withdrawal Settlements, represents an assessment due CAR, the payment must be received by CAR by the due date specified on the invoice and in the "Circular Letter to All Member Companies" which accompanies the quarterly cash flow reports.

If the net balance from Section F of the Settlement of Balances Report, the total amount due CAR or due the company from the Special Assessment, and Withdrawal Settlements, represents a payment due to a Member Company, CAR will issue payment on the date specified in the "Circular Letter to All Member Companies."

Groups of companies which participate in CAR may elect to net the amounts receivable and/or payable for all of the companies within the group, so that only one (1) payment is due either the group or CAR.

As specified in Rule 3 of the CAR Rules of Operation, each Member agrees to pay late payment penalty fees for each calendar day by which payment is overdue, at the prime rate as of the date that payment was due, as established by BankBoston. If the balance remains unpaid as of the tenth (10th) calendar day following the invoice due date, then the late payment penalty fee may also include compensation for damages and expenses incurred by CAR as a result of the company's failure to remit timely payment. CAR will provide written notice of such a default by certified mail.

A Member is entitled to appeal to CAR's Operations Committee any assessment or late payment fees, damages or expenses which were levied. However, it is necessary for the Member to pay the amount invoiced before such appeals will be considered. If the Operations Committee and subsequently the Governing Committee rules in favor of the company, an adjustment, including interest at prime rate will be made by CAR to the Member's account.

If a Member fails to pay assessments, late payment fees, or compensatory damages or expenses within forty-five (45) calendar days from the postmark date of the overdue payment notice, the Division of Insurance will be notified.

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6. Loss of Investment Income

When a Servicing Carrier successfully appeals the exclusion of monthly accounting/statistical data from the Settlement of Balances Reports for a given quarter, CAR will reimburse them for their loss of investment income. The rate of interest to be used will be the prime rate as established by BankBoston on the date that CAR disburses payments to its Members for balances owed them in the quarter. The term of investment will be ninety (90) days for each quarter from which the data was excluded.

Correspondingly, when any Servicing Carrier's accounting/statistical data is either not received or rejected as of the end of the quarter, and therefore excluded from the Settlement of Balances Reports for the given quarter, and the exclusion results in a significant loss of investment income to CAR's Members, the Servicing Carrier may be billed for the interest income due CAR. The interest will be computed as stated above.

The principal amount on which the interest calculation is to be made will be the balance due the Servicing Carrier resulting from the net of ceded written premiums less the sum of ceding expense allowances, losses paid, and allocated expenses.

Additionally, a Servicing Carrier may be assessed for investment income lost by the pool due to the incorrect reporting of data by the Servicing Carrier which the Servicing Carrier does not correct on a timely basis. When CAR initially identifies a reporting problem and notifies the Servicing Carrier, the Servicing Carrier has until the next full reporting quarter to correct the problem. If the reporting problem remains uncorrected at the close of the next quarter, CAR Staff has the authority to settle cases where the pool is disadvantaged by assessing the Servicing Carrier for loss of investment income retroactive to the first day of the calendar quarter after the problem was first identified until the date that cash on the quarterly distribution containing the correction shipment is settled.

Investment income will be billed to the Servicing Carrier only under circumstances where the pool has experienced a significant adverse impact due the Servicing Carrier's incorrect reporting. These procedures have not been developed to penalize companies for incorrect reporting, but rather as an incentive to assure that Servicing Carriers resolve reporting problems in a timely manner.

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B. Settlement of Balances, Assessments and Disbursements (continued)

7. Interim Settlement to Servicing Carrier

Interim settlements will normally not be granted. However, requests for interim settlements from a Servicing Carrier will be considered by CAR. Servicing Carriers are permitted to apply for an interim settlement in the event that the Servicing Carrier is experiencing significant negative cash flow in its ceded book of business, specifically, if the Servicing Carrier is in a run-off position. In such cases, reimbursements will be limited to the loss of investment income on the funds, computed from the last day of the accounting month in which the negative cash flow occurred to the expected cash flow date of the quarterly cash flow reports for that quarter.

8. Wire Transfer of Funds

CAR will disburse all quarterly settlement funds due Members via wire transfer. In turn, each Member is required to pay all quarterly settlement invoices due CAR via wire transfer.

The Member Company Wire Transfer Instruction form (Exhibit VI-B-6) should be submitted by each Member to CAR's Financial Department. CAR will not accept check payments, and will not remit settlement balances due Members via check. A separate agreement may be signed for any Member wishing to allow CAR to directly debit their bank account.

9. Minimum Invoice Payment Procedures

To provide for greater efficiency in the accounting procedures of both CAR and Member Companies, invoices and payments for CAR's Quarterly Cash Flow will not be issued as long as the amount due CAR or the Member is less than \$1,000. However, Members whose balances are below this minimum level will continue to receive their quarterly Member Participation and Settlement of Balances reports, and the cumulative amount due CAR or the Member will be reflected on the Settlement of Balances reports.

Additionally, CAR Staff will have the authority not to pursue collection or disbursement of balances, which remain below \$1,000 at the time of the close-out of participation reporting for the policy year(s) for which the balance is owed.

CAR Staff will also be authorized to waive late payment penalty fees which amount to \$25 or less.

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EXHIBIT VI-B-1

QUARTER ENDING 6/30/96	COMMONWEALTH AUTOMOBILE REINSURERS	9/12/96	
SETTLEMENT OF BALANCES			
ALL POLICY YEARS COMBINED			
XYZ INSURANCE COMPANY			
ACTIVITY DESCRIPTION	PRIVATE PASSENGER	OTHER THAN PRIVATE PASSENGER	ALL POOLS
A. WRITING CARRIER EXPERIENCE (CEDED BUSINESS)			
1. PREMIUMS WRITTEN	\$21,710,651.00	\$6,096,187.00	\$27,806,838.00
2. COMMISSIONS PAID	\$0.00	\$0.00	\$0.00
3. CEDING EXPENSE ALLOWANCE	\$7,757,884.00	\$2,074,710.00	\$9,832,594.00
4. RATE DEVIATION	\$3,166,000.00	\$0.00	\$3,166,000.00
5. RATE DEVIATION EXPENSE ALLOWANCE	\$1,044,780.00	\$0.00	\$1,044,780.00
6. LOSSES PAID	\$14,746,164.00	\$4,900,439.00	\$19,646,603.00
7. ALLOCATED EXPENSES PAID	\$417,533.00	\$311,079.00	\$728,612.00
8. BALANCE DUE CAR (COMPANY)	\$910,290.00	(\$1,190,041.00)	(\$279,751.00)
	(1+4) - (2+3+5+6+7)		
B. PARTICIPATING MEMBER EXPERIENCE (ASSUMED BUSINESS)			
1. PREMIUMS WRITTEN	\$8,244,093.00	\$6,096,832.00	\$14,340,925.00
2. COMMISSIONS PAID	\$0.00	(\$1,939.00)	(\$1,939.00)
3. CEDING EXPENSE ALLOWANCE	\$2,978,835.00	\$2,089,407.00	\$5,068,242.00
4. RATE DEVIATION	\$1,333,618.00	\$0.00	\$1,333,618.00
5. RATE DEVIATION EXPENSE ALLOWANCE	\$440,094.00	\$0.00	\$440,094.00
6. LOSSES PAID	\$8,730,041.00	\$5,173,080.00	\$13,903,121.00
7. ALLOCATED EXPENSES PAID	\$349,637.00	\$296,414.00	\$646,051.00
8. BALANCE DUE CAR (COMPANY)	\$2,920,896.00	\$1,460,130.00	\$4,381,026.00
	- (1+4) + (2+3+5+6+7)		
C. MISCELLANEOUS EXPENSES AND INCOME			
1. MISCELLANEOUS EXPENSES	\$182,727.00	\$32,329.00	\$215,056.00
2. INVESTMENT INCOME	\$6,799.00	\$1,188.00	\$7,987.00
3. ALL OTHER MISCELLANEOUS INCOME	\$6,096.00	\$992.00	\$7,088.00
4. BALANCE DUE CAR (COMPANY)	\$169,832.00	\$30,149.00	\$199,981.00
	(1) - (2+3)		
D. CONTINGENCY FUND			
1. AS OF THIS PERIOD			\$360,472.50
2. AS OF LAST PERIOD			\$361,416.00
3. BALANCE DUE CAR (COMPANY)			(\$943.50)
	(1) - (2)		
E. ACCOUNT ACTIVITY DURING LAST PERIOD			
1. NET SETTLEMENT AS OF LAST PERIOD (LINE "F" FROM LAST STATEMENT)			\$952,920.65
2. PAYMENTS TO CAR DURING LAST PERIOD			\$0.00
3. PAYMENTS TO THE COMPANY DURING LAST PERIOD			\$2,254,075.35
4. PENALTIES AND OTHER ADJUSTMENTS			(\$686.00)
5. BALANCE DUE CAR (COMPANY)			\$3,206,310.00
	(1) - (2) + (3+4)		
F. NET SETTLEMENT AMOUNT			
1. NET BALANCE DUE CAR (COMPANY)			\$7,506,622.50

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EXHIBIT VI-B-2

COMMONWEALTH AUTOMOBILE REINSURERS

Calculation of Insolvent Company Special Assessment
Quarter Ending September 30, 1992

CO: XYZ Insurance Company
NUMBER: 999

12/14/92

*****UNDERWRITING RESULTS*****						*****ADMINISTRATIVE EXPENSES*****				*****TOTAL*****	
Policy	Total Special Assessment	Single Factor Ratio	Assess Amount	Previous Assess Paid	Amount Due CAR (CO.)	Total Special Assessment	Single Factor Ratio	Assess Amount	Previous Assess Paid	Amount Due CAR (CO.)	Amount Due CAR (CO.)
Year											
74	(\$109)	1.0000000	(\$109)	\$0	(\$109)	(\$1)	0.5000000	(\$1)	\$0	(\$1)	(\$110)
75	(\$158)	1.0000000	(\$158)	\$0	(\$158)	\$7	0.5000000	\$4	\$0	\$4	(\$154)
76	(\$120)	1.0000000	(\$120)	\$0	(\$120)	(\$2)	0.5000000	(\$1)	\$0	(\$1)	(\$121)
77	\$1,322	1.0000000	\$1,322	\$0	\$1,322	\$158	0.5000000	\$79	\$0	\$79	\$1,401
78	\$2,729	1.0000000	\$2,729	\$0	\$2,729	\$334	0.5000000	\$167	\$0	\$167	\$2,896
79	\$1,952	1.0000000	\$1,952	\$0	\$1,952	\$223	0.5000000	\$112	\$0	\$112	\$2,064
80	\$6,343	1.0000000	\$6,343	\$0	\$6,343	\$614	0.5000000	\$307	\$0	\$307	\$6,650
81	\$14,684	1.0000000	\$14,684	\$0	\$14,684	\$1,404	0.5000000	\$702	\$0	\$702	\$15,386
82	\$64,065	1.0000000	\$64,065	\$0	\$64,065	\$2,238	0.5000000	\$1,119	\$0	\$1,119	\$65,184
83	\$84,082	1.0000000	\$84,082	\$0	\$84,082	\$7,291	0.5000000	\$3,646	\$0	\$3,646	\$87,728
84	\$126,403	1.0000000	\$126,403	\$0	\$126,403	\$3,643	0.5000000	\$1,822	\$0	\$1,822	\$128,225
85	\$177,884	1.0000000	\$177,884	\$0	\$177,884	\$194	0.5000000	\$97	\$0	\$97	\$177,981
86	\$428,818	1.0000000	\$428,818	\$0	\$428,818	(\$5,280)	0.5000000	(\$2,640)	\$0	(\$2,640)	\$426,178
87	\$876,077	1.0000000	\$876,077	\$0	\$876,077	(\$39,216)	0.5000000	(\$19,608)	\$0	(\$19,608)	\$856,469
88	\$1,703,667	1.0000000	\$1,703,667	\$0	\$1,703,667	(\$89,306)	0.5000000	(\$44,653)	\$0	(\$44,653)	\$1,659,014
89	(\$1,797,137)	1.0000000	(\$1,797,137)	\$0	(\$1,797,137)	(\$80,068)	0.5000000	(\$40,034)	\$0	(\$40,034)	(\$1,837,171)
90	(\$59,249)	1.0000000	(\$59,249)	\$0	(\$59,249)	\$265	0.5000000	\$133	\$0	\$133	(\$59,116)
ALL	\$1,631,253		\$1,631,253	\$0	\$1,631,253	(\$197,502)		(\$98,749)	\$0	(\$98,749)	\$1,532,504

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EXHIBIT VI-B-3
COMMONWEALTH AUTOMOBILE REINSURERS

Analysis of Settlement Amount
All Companies - All Quarters Disbursements

Policy Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
	Private Passenger Liability			Private Passenger Phys. Dam.			Total Private Passenger		
1982	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1983	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1984	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1985	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1986	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1987	\$16,542,836	\$230,207	\$16,773,043	\$10,067,880	\$136,907	\$10,204,787	\$26,610,716	\$367,114	\$26,977,830
1988	\$10,930,854	\$168,234	\$11,099,088	\$6,654,358	\$99,752	\$6,754,110	\$17,585,212	\$267,986	\$17,853,198
1989	\$2,342,408	\$1,303,851	\$3,646,259	\$274,827	\$153,858	\$428,685	\$2,617,235	\$1,457,709	\$4,074,944
1990	\$3,316,156	\$1,174,633	\$4,490,789	\$1,197,132	\$147,852	\$1,344,984	\$4,513,288	\$1,322,485	\$5,835,773
1991	\$10,144,673	\$827,734	\$10,972,407	\$2,667,249	\$217,364	\$2,884,613	\$12,811,922	\$1,045,098	\$13,857,020
1992	\$32,718,165	\$814,822	\$33,532,987	\$11,829,210	\$261,056	\$12,090,266	\$44,547,375	\$1,075,878	\$45,623,253
1993	\$30,204,046	\$745,093	\$30,949,139	\$10,927,194	\$239,236	\$11,166,430	\$41,131,240	\$984,329	\$42,115,569
1994	\$27,885,032	\$683,573	\$28,568,605	\$10,094,455	\$219,846	\$10,314,301	\$37,979,487	\$903,419	\$38,882,906
1995	\$6,182,691	\$357,776	\$6,540,467	\$1,626,333	\$94,301	\$1,720,634	\$7,809,024	\$452,077	\$8,261,101
1996	\$5,633,431	\$325,994	\$5,959,425	\$1,481,850	\$85,922	\$1,567,772	\$7,115,281	\$411,916	\$7,527,197
1997	\$5,132,967	\$297,032	\$5,429,999	\$1,350,208	\$79,291	\$1,429,499	\$6,483,175	\$376,323	\$6,859,498
1998	\$4,201,066	\$260,628	\$4,461,694	\$1,104,574	\$68,697	\$1,173,271	\$5,305,640	\$329,325	\$5,634,965
1999	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$155,234,325	\$7,189,577	\$162,423,902	\$59,275,270	\$1,804,082	\$61,079,352	\$214,509,595	\$8,993,659	\$223,503,254
	Other Than Private Passenger Liability			Other Than Private Passenger Phys. Dam			Total Other Than Private Passenger		
1982	\$1,001	\$9	\$1,010	\$0	\$0	\$0	\$1,001	\$9	\$1,010
1983	\$12,233	\$114	\$12,347	\$8	\$1	\$9	\$12,241	\$115	\$12,356
1984	\$6,890	\$62	\$6,952	\$1	\$0	\$1	\$6,891	\$62	\$6,953
1985	\$332,153	\$28,041	\$360,194	\$41,101	\$3,566	\$44,667	\$373,254	\$31,607	\$404,861
1986	\$1,190,180	\$103,271	\$1,293,451	\$151,870	\$13,178	\$165,048	\$1,342,050	\$116,449	\$1,458,499
1987	\$3,972,336	\$110,186	\$4,082,522	\$120,026	\$10,415	\$130,441	\$4,092,362	\$120,601	\$4,212,963
1988	\$4,255,834	\$161,729	\$4,417,563	\$198,453	\$17,220	\$215,673	\$4,454,287	\$178,949	\$4,633,236
1989	\$2,056,239	\$268,635	\$2,324,874	(\$42,742)	(\$45,356)	(\$88,098)	\$2,013,497	\$223,279	\$2,236,776
1990	\$510,115	\$329,017	\$839,132	(\$28,895)	(\$41,097)	(\$69,992)	\$481,220	\$287,920	\$769,140
1991	\$142,870	\$35,563	\$178,433	\$0	(\$5,537)	(\$5,537)	\$142,870	\$30,026	\$172,896
1992	\$132,785	\$4,305	\$137,090	(\$145)	(\$413)	(\$558)	\$132,640	\$3,892	\$136,532
1993	\$120,989	\$3,656	\$124,645	(\$132)	(\$332)	(\$464)	\$120,857	\$3,324	\$124,181
1994	\$110,240	\$3,335	\$113,575	(\$120)	(\$303)	(\$423)	\$110,120	\$3,032	\$113,152
1995	\$100,446	\$2,938	\$103,384	(\$110)	(\$259)	(\$369)	\$100,336	\$2,679	\$103,015
1996	\$91,523	\$2,677	\$94,200	(\$100)	(\$236)	(\$336)	\$91,423	\$2,441	\$93,864
1997	\$83,392	\$2,438	\$85,830	(\$91)	(\$216)	(\$307)	\$83,301	\$2,222	\$85,523
1998	\$75,984	\$2,040	\$78,024	(\$83)	(\$166)	(\$249)	\$75,901	\$1,874	\$77,775
1999	\$1,360	\$14	\$1,374	(\$75)	(\$1)	(\$76)	\$1,285	\$13	\$1,298
Subtotal	\$13,196,570	\$1,058,030	\$14,254,600	\$438,966	(\$49,536)	\$389,430	\$13,635,536	\$1,008,494	\$14,644,030
Total	\$168,430,895	\$8,247,607	\$176,678,502	\$59,714,236	\$1,754,546	\$61,468,782	\$228,145,131	\$10,002,153	\$238,147,284

Commonwealth Automobile Reinsurers

Manual of Administrative Procedures

Chapter VI - Participation

EXHIBIT VI-B-4

COMMONWEALTH AUTOMOBILE REINSURERS

Calculation of Settlement Disbursement

Quarter Ending December 31, 1991

XYZ Insurance Company

*****Private Passenger Liability*****						*****Private Passenger Physical Damage*****				
Policy Year	Settlement Amount	Current Adjusted Ratio	Current Disbursement Amount	Previous Disbursement Amount	Amount Due Co. (CAR)	Settlement Amount	Current Adjusted Ratio	Current Disbursement Amount	Previous Disbursement Amount	Amount Due Co. (CAR)
1982	\$0	0.0004018	\$0	\$0	\$0	0	0.0004602	\$0	0	\$0
1983	\$0	0.0003940	\$0	\$0	\$0	0	0.0004708	\$0	0	\$0
1984	\$0	0.0003830	\$0	\$0	\$0	0	0.0004172	\$0	0	\$0
1985	\$0	0.0004037	\$0	\$0	\$0	0	0.0004255	\$0	0	\$0
1986	\$0	0.0004042	\$0	\$0	\$0	0	0.0004368	\$0	0	\$0
1987	\$16,949,627	0.0004328	\$7,336	\$7,336	\$0	10303128	0.0004572	\$4,711	4711	\$0
1988	\$11,205,269	0.0004080	\$4,572	\$4,572	\$0	6809833	0.0004285	\$2,918	2918	\$0
1989	\$0	0.0000000	\$0	\$0	\$0	0	0.0000015	\$0	0	\$0
1990	\$3,403,004	0.0008064	\$2,744	\$942	\$1,802	1230544	0.0000005	\$1	0	\$1
1991	\$9,277,216	0.0014601	\$13,546	\$13,176	\$370	2438054	0.0000010	\$2	2	\$0
1992	\$9,987,745	0.0000040	\$40	\$15,865	(\$15,825)	2473742	0.0000023	\$6	3	\$3
1993	\$9,164,574	0.0000054	\$49	\$14,551	(\$14,502)	2266684	0.0000035	\$8	2	\$6
1994	\$8,410,609	0.0000054	\$45	\$13,347	(\$13,302)	2077251	0.0000035	\$7	2	\$5
1995	\$5,810,921	0.0000054	\$31	\$9,429	(\$9,398)	1525576	0.0000035	\$5	2	\$3
1996	\$5,294,691	0.0000054	\$29	\$8,592	(\$8,563)	1390044	0.0000035	\$5	2	\$3
1997	\$4,824,320	0.0000054	\$26	\$7,828	(\$7,802)	1266558	0.0000035	\$4	1	\$3
1998	\$3,887,635	0.0000054	\$21	\$6,292	(\$6,271)	1020084	0.0000035	\$4	1	\$3
1999	\$0	0.0000054	\$0	\$0	\$0	0	0.0000035	\$0	0	\$0
ALL	\$88,215,611		\$28,439	\$101,930	(\$73,491)	\$32,801,498		\$7,671	\$7,644	\$27

*****Other Than Private Passenger Liability*****						*****Other Than Private Passenger Physical Damage*****				
Policy Year	Settlement Amount	Current Adjusted Ratio	Current Disbursement Amount	Previous Disbursement Amount	Amount Due Co. (CAR)	Settlement Amount	Current Adjusted Ratio	Current Disbursement Amount	Previous Disbursement Amount	Amount Due Co. (CAR)
1982	\$1,010	0.0034813	\$4	0	\$4	0	0.0039301	\$0	0	\$0
1983	\$12,347	0.0051381	\$63	0	\$63	9	0.0046944	\$0	0	\$0
1984	\$6,952	0.0034517	\$24	0	\$24	1	0.0039339	\$0	0	\$0
1985	\$360,194	0.0062135	\$2,238	2160	\$78	44667	0.0050836	\$227	227	\$0
1986	\$1,293,451	0.0061196	\$7,915	7899	\$16	165048	0.0038504	\$636	636	\$0
1987	\$4,050,114	0.0058855	\$23,837	23837	\$0	130441	0.0023623	\$308	308	\$0
1988	\$4,390,405	0.0074495	\$32,706	32706	\$0	215673	0.0024522	\$529	529	\$0
1989	\$1,658,279	0.0056728	\$9,407	9407	\$0	46771	0.0024267	\$113	113	\$0
1990	\$671,569	0.0027520	\$1,848	0	\$1,848	-29837	0.0024335	(\$73)	0	(\$73)
1991	\$131,961	0.0027610	\$364	394	(\$30)	0	0.0024423	\$0	0	\$0
1992	\$122,869	0.0027628	\$339	366	(\$27)	-146	0.0024447	\$0	0	\$0
1993	\$111,955	0.0027628	\$309	334	(\$25)	-133	0.0024447	\$0	0	\$0
1994	\$102,007	0.0027628	\$282	304	(\$22)	-121	0.0024447	\$0	0	\$0
1995	\$92,945	0.0027628	\$257	277	(\$20)	-111	0.0024447	\$0	0	\$0
1996	\$84,689	0.0027628	\$234	252	(\$18)	-101	0.0024447	\$0	0	\$0
1997	\$77,165	0.0027628	\$213	230	(\$17)	-92	0.0024447	\$0	0	\$0
1998	\$1,507	0.0027628	\$4	209	(\$205)	-84	0.0024447	\$0	0	\$0
1999	\$1,374	0.0027628	\$4	4	\$0	-76	0.0024447	\$0	0	\$0
ALL	\$13,170,793		\$80,048	\$78,379	\$1,669	\$571,909		\$1,740	\$1,813	(\$73)

*****All Pools Liability*****					*****All Pools Physical Damage*****				
Policy Year	Settlement Amount	Current Disbursement Amount	Previous Disbursement Amount	Amount Due Co. (CAR)	Settlement Amount	Current Disbursement Amount	Previous Disbursement Amount	Amount Due Co. (CAR)	
ALL	\$101,386,404	\$108,487	\$180,309	(\$71,822)	\$33,373,407	\$9,411	\$9,457	(\$46)	

Commonwealth Automobile Reinsurers

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Chapter VI - Participation

EXHIBIT VI-B-5

COMMONWEALTH AUTOMOBILE REINSURERS
WITHDRAWING COMPANY SETTLEMENT DISBURSEMENTS
SUMMARY OF TRUE-UP AND INTEREST CALCULATIONS

Q/E 09/30/92

999 XYZ I NSURANCE COMPANY

A. True-up and Disbursement of Withdrawal Settlements (All Years):

(1) Member's Share of Settlements this Quarter	\$1,648,883
(2) Settlement Monies Received to Date	\$1,597,166
(3) Outstanding Balance	\$0
(4) Balance Due Company/ (CAR)	\$51,717

B. Calculation of Interest

Settlements Originally Disbursed in the 3/92 and Prior Quarters

(1) Member's Share of Settlements Current Quarter	\$1,612,401
(2) Member's Share of Settlements 3/92 Quarter	\$1,597,166
(3) Difference (1-2)	\$15,235
(4) Interest Due Company/(CAR)	\$282

C. Total Balance Due Company/(CAR) \$51,999

Commonwealth Automobile Reinsurers

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C. Commonwealth Automobile Reinsurers' Reporting of Operations and Members' Participation

1. Quarterly and Fiscal Year-to-Date Reports for Governing Committee

The Commonwealth Automobile Reinsurers will accumulate every Servicing Carrier's ceded business at the end of each quarter. This is done by extracting data that is identified as CAR ceded business from the acceptable monthly submissions of data that are sent to CAR. From this data, financial statements will be prepared for distribution to the Governing Committee.

2. Members Participation Reports

In order that Member Companies may prepare and book entries to their financial records, the MP-1 through MP-6 Members Participation Reports (Exhibit VI-C-1) are distributed to the industry. These reports display each Member's assumed share, by policy year and participation pool, of CAR's ceded premium, expenses, losses and net underwriting results, calculated by applying the Member's underwriting results participation ratios.

The MP1, MP2, and MP3 reports display, by policy year and pool, current quarter's activity, fiscal year-to-date activity, and inception to date results, respectively. The MP4, MP5, and MP6 reports display a summary by policy year of the cash balances reflected on the MP1, MP2, and MP3 reports, respectively.

The Members Participation Reports are released to Members approximately seventy-five days following the close of the quarter being reported (i.e., within thirty business days of the date the final monthly submission for the quarter is due at CAR), in accordance with the following schedule:

Quarter Ending	Approximate Distribution Date	Reports Produced	
		Individual Member Company	Industry Totals
December 31	March 25	MP-1,4	MP-1,3,4,6
March 31	June 25	MP-1,4	MP-1,2,3,4,5,6
June 30	September 25	MP-1,4	MP-1,2,3,4,5,6
September 30	December 25	MP-1,2,3,4,5,6	MP-1,2,3,4,5,6

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C. Commonwealth Automobile Reinsurers' Reporting of Operations and Members' Participation

2. Members Participation Reports (continued)

Member Companies may request to receive MP 2, 3, 5 & 6 reports for all accounting quarters by submitting a written request to the Financial Department. Members may also request to receive their assumed data on P.C. diskette or on mainframe tape.

In some cases, when a company has shared in CAR's results for a policy year and was unable to continue due to insolvency or other reasons, the remaining member companies of CAR must assume the insolvent company's balances that it is unable to meet. To accomplish this, CAR removes the company's ratio from the participation base. The industry inception to date ceded balances are then reduced by the frozen or "inactive" company's paid assumed balances. The remaining companies' assumed share in CAR's results is then calculated by applying the participation ratios.

The industry MP reports distributed to member companies each quarter include two sections. An "All Companies Combined" report, which reflects the total industry assumed shares, as well as "All Active Companies" report, which represents the sum of the active members' assumed shares, and will be required for a company to verify their assumed share in CAR's results.

Each policy year will be held open until all claims are settled and final distribution has been made, or until it is determined by the Operations Committee that the volume of open claims and outstanding loss reserves for a particular policy year are sufficiently low to allow the close-out of that policy year for participation purposes. Paid and outstanding loss activity submitted at the time of the close-out of the policy year to which the activity pertains, or submitted in subsequent quarters, will be shared using the participation ratios for the oldest policy year that remains open.

The close out of a policy year for participation purposes will always take place as of the September quarter of a particular calendar year.

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EXHIBIT VI-C-1

REPORT: MP-1
 QUARTER ENDING : MARCH 31, 2001
 POLICY YEAR 2001
 PRIVATE PASSENGER

COMMONWEALTH AUTOMOBILE REINSURERS
 MEMBERS PARTICIPATION REPORT
 ALL COMPANIES COMBINED

DATE: 8/14/01
 PAGE: 1

***** ACCOUNTS *****	***** LIABILITY *****				***** PHYSICAL DAMAGE *****			ALL COV TOTAL
	BI	PIP	PD	TOTAL	COLL	OTC	TOTAL	
PREMIUMS WRITTEN	36,968,974	8,465,492	27,296,620	72,731,086	23,453,250	9,865,622	33,318,872	106,049,958
UNEARNED PREMIUMS (CURR)	31,822,774	7,300,601	23,520,371	62,643,746	20,204,294	8,514,407	28,718,701	91,362,447
PREMIUMS EARNED (1)	5,146,200	1,164,891	3,776,249	10,087,340	3,248,956	1,351,215	4,600,171	14,687,511
CEDING EXPENSE ALLOWANCE (3)	12,001,156	2,751,289	8,857,364	23,609,809	7,981,916	3,390,642	11,372,558	34,982,367
RATE DEVIATION (4)	344,880	69,907	239,951	654,738	261,754	101,695	363,449	1,018,187
RATE DEVIATION EXP ALLOW (5)	111,759	26,594	75,897	214,250	87,248	35,814	123,062	337,312
LOSSES PAID TOTAL	4,147	117,963	1,004,791	1,126,901	4,591,178	740,560	5,331,738	6,458,639
ACCIDENT YEAR 2001	4,147	117,963	1,004,791	1,126,901	4,591,178	740,560	5,331,738	6,458,639
LOSSES O/S (CURR) TOTAL	5,793,950	2,524,168	2,024,870	10,342,988	0	0	0	10,342,988
ACCIDENT YEAR 2001	5,793,950	2,524,168	2,024,870	10,342,988	0	0	0	10,342,988
LOSSES O/S IBNR (CURR) TOTAL	2,753,001	-402,999	1,432,001	3,782,003	299,000	1,399,000	1,698,000	5,480,003
ACCIDENT YEAR 2001	2,753,001	-402,999	1,432,001	3,782,003	299,000	1,399,000	1,698,000	5,480,003
LOSSES INCURRED TOTAL (6)	8,551,098	2,239,132	4,461,662	15,251,892	4,890,178	2,139,560	7,029,738	22,281,630
ACCIDENT YEAR 2001	8,551,098	2,239,132	4,461,662	15,251,892	4,890,178	2,139,560	7,029,738	22,281,630
CLAIMS EXP ALLOWANCE TOTAL (7)	747	7,231	851	8,829	3,223	1,790	5,013	13,842
ACCIDENT YEAR 2001	747	7,231	851	8,829	3,223	1,790	5,013	13,842
NET UNDERWRITING RESULTS	-15,173,680	-3,789,448	-9,379,574	-28,342,702	-9,451,855	-4,114,896	-13,566,751	-41,909,453

* NET UNDERWRITING RESULTS = (1) - (2) - (3) + (4) - (5) - (6) - (7)

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Chapter VI - Participation

D. Basis of Commonwealth Automobile Reinsurers' Experience Distribution to Participating Members

1. Timeliness of Experience Used in Participation Determination

The ratios used for distribution will be based on the most current data available, until the calendar year data relative to a specific policy year is available in its entirety. At that point, retroactive adjustments to each Member's inception-to-date share will be made so that the current policy year distribution is based on the calendar year writings for that year.

2. Participation Determination

a. Underwriting Results

1. General

A separate set of participation ratios will be calculated for each policy effective year. The policy year ratios will be based upon the data for the latest two (2) policy effective years, reported in the corresponding calendar year. For example, 1994 policy year participation ratios would be based upon data for policy effective years 1993 and 1994, reported in calendar year 1994.

Participation ratios for the Private Passenger Liability and Private Passenger Physical Damage pools are calculated based on written car years of exposure, with no more than one (1) year (twelve (12) calendar months) of exposure included for each vehicle listed on any policy that is written.

Participation ratios for the All Other Liability and All Other Physical Damage pools are calculated based on written premium.

Until such time as the final policy effective year's participation ratios are available, the policy effective year's participation ratios will be estimated using the data for the two (2) most recent policy effective years, as reported in the most recent calendar year from which data is available, adjusted to include newly emerging Members' and newly writing Members' estimates of their experience. For example, until the data for policy effective years 1993 and 1994 reported in calendar year 1994 is available, the participation ratios for policy effective year 1994 will initially be estimated using the data for policy effective years 1991 and 1992 reported in calendar year 1992, and then again using data for policy effective years 1992 and 1993 reported in calendar year 1993, adjusted to include estimates of the experience of Members emerging and newly writing in calendar year 1994.

Commonwealth Automobile Reinsurers

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Chapter VI - Participation

D. Basis of Commonwealth Automobile Reinsurers' Experience Distribution to Participating Members

2. Participation Determination (continued)

a. Underwriting Results (continued)

1. General (continued)

Both private passenger and other than private passenger policy year ratios will subsequently be re-calculated based on the data reported to CAR during the corresponding calendar year, once the data is complete. All assessments calculated from the estimated participation ratios will be retroactively adjusted to be shared using the updated participation ratios. Final ratios for a particular policy year are calculated in the June quarter following the close of the calendar year. For example, the final policy year 1994 participation ratios are calculated in the quarter ending June 30, 1995.

2. Private Passenger Motor Vehicles

Policy Years 1994 and Subsequent:

For policy years 1994 and subsequent, private passenger participation ratios are equal to the Member Company's utilization ratio. All exposures from ERP's, both voluntary and ceded, and associated Rule 12 credits, will be included in the calculation of utilization ratios. Note, however, that exposures from ceded risks which meet the established exclusion criteria are not included in the calculation of a company's utilization ratio. Additionally, voluntary and ceded exposures for Antique Vehicles with policy effective dates of November, 1998 and subsequent are not included in the calculation of the utilization ratio.

Initially, policy year 1994 private passenger participation ratios will be estimated using final policy year 1992 participation ratios and subsequently final policy year 1993 participation ratios. These estimated ratios will also be adjusted for Members which are newly emerging or newly writing in 1994, to reflect estimates of their calendar year 1994 writings.

Commonwealth Automobile Reinsurers

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Chapter VI - Participation

D. Basis of Commonwealth Automobile Reinsurers' Experience Distribution to Participating Members

2. Participation Determination (continued)

a. Underwriting Results (continued)

2. Private Passenger Motor Vehicles (continued)

The final private passenger participation ratios for policy years 1994 and subsequent will be calculated as adjusted for Rule 12 credits earned in the particular calendar year.

Exhibits VI-D-1 and VI-D-2 contain examples of Private Passenger Liability and Private Passenger Physical Damage participation ratio calculations. For additional details regarding these calculations, refer to Rule 11 of the CAR Rules of Operation.

3. All Other Motor Vehicles

Policy Years 1994 and Subsequent:

For policy years 1994 and subsequent, a company's all other participation ratios shall be determined as a function of the company's utilization of the residual market if the company is a Servicing Carrier for all other motor vehicle business, with a "grossing-up" process to be applied for those companies which are not Servicing Carriers for this business. Premium from ceded risks meeting the established exclusion criteria, as well as ceded ERP written premium and voluntary and ceded premium for Antique Vehicles with policy effective dates of November, 1998 and subsequent are excluded from the calculation of the utilization ratio.

Policy year 1994 All Other participation ratios will be estimated using the final policy year 1993 All Other utilization ratios. Subsequent years' All Other participation ratios will be estimated using the All Other Utilization ratios from the prior policy year.

Commonwealth Automobile Reinsurers

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Chapter VI - Participation

D. Basis of Commonwealth Automobile Reinsurers' Experience Distribution to Participating Members

2. Participation Determination (continued)

a. Underwriting Results (continued)

3. All Other Motor Vehicles (continued)

Policy Years 1994 and Subsequent:

All Other policy year ratios will then be re-calculated based on the data reported to CAR during the corresponding calendar year, once the data is complete. All assessments calculated from the estimated participation ratios will be retroactively adjusted to be shared using the updated participation ratios. Final ratios for a particular policy year are calculated in the June quarter following the close of the calendar year. For example, the final policy year 1994 participation ratios are calculated in the quarter ending September 30, 1995.

Exhibits VI-D-3 and VI-D-4 contain examples of All Other Liability and All Other Physical Damage participation ratio calculations. For additional details regarding these calculations, refer to Rule 11 of the CAR Rules of Operation.

b. Administrative Expenses

Expenses, including all costs of operating CAR, and all costs, charges, expenses and liabilities and all income, property and other assets which the Governing Committee determine not to be properly chargeable to the profit or loss of risks ceded to CAR by Servicing Carriers, shall be shared by Member Companies. These expenses shall be shared in the proportion that each Member's Massachusetts statistically reportable direct written motor vehicle insurance premiums (excluding Antique Vehicle premium for policies effective November, 1998 and subsequent) which are reported on its Annual Statement for the most recent calendar year, bear to the total of such premiums (excluding Antique Vehicle premium for policies effective November, 1998 and subsequent) for all Members.

Commonwealth Automobile Reinsurers

Manual of Administrative Procedures

Chapter VI - Participation

EXHIBIT VI-D-1

COMMONWEALTH AUTOMOBILE REINSURERS
 1994 PARTICIPATION BASE DATA AND CALCULATION OF PARTICIPATION RATIOS
 ** BASED UPON FINAL 1994 CALENDAR YEAR DATA AS OF 12 MONTHS **

09/05/96

PAGE: 1A

COMPANY NUMBER: 123

COMPANY NAME: ABC

PRIVATE PASSENGER LIABILITY BASE DATA AND PARTICIPATION RATIO FOR SHARING IN C.A.R.'S UNDERWRITING RESULTS

SECTION I

----- REPORTING COMPANY DATA ANNUALIZED TO ESTIMATE CALENDAR YEAR 1994 -----

REPORTING COMPANY NUMBER -->				CO./GRP.	INDUSTRY
A) C.Y. 1994 VOL RETAINED EXPOSURE	248,000	0	0	248,000	2,188,510
B) C.Y. 1994 VOL CEDED EXPOSURE	23,100	0	0	23,100	150,245
C) C.Y. 1994 ERP RETAINED EXPOSURE	120,000	0	0	120,000	801,673
D) C.Y. 1994 ERP CEDED EXPOSURE	19,300	0	0	19,300	259,929
E) C.Y. 1994 VOL RETAINED MISC/MOTOR EXPOSURE	700	0	0	700	15,383
F) C.Y. 1994 VOL CEDED MISC/MOTOR EXPOSURE	2,200	0	0	2,200	5,440
G) C.Y. 1994 ERP RETAINED MISC/MOTOR EXPOSURE	300	0	0	300	5,906
H) C.Y. 1994 ERP CEDED MISC/MOTOR EXPOSURE	1,100	0	0	1,100	4,886
I) C.Y. 1994 CAR ID 0, 2 CREDITS	70,600	0	0	70,600	560,908
J) C.Y. 1994 CAR ID 1, 7 + 8 CREDITS	62,500	0	0	62,500	362,994
K) VOLUNTARY CEDED SDIP EXCLUSIONS	6,500	0	0	6,500	31,185
L) ERP CEDED SDIP EXCLUSIONS	4,600	0	0	4,600	32,073
M) VOL CEDED RATE CLASS EXCLUSIONS	8,500	0	0	8,500	30,781
N) ERP CEDED RATE CLASS EXCLUSIONS	4,600	0	0	4,600	26,369
O) C.Y. 1993 VOLUNTARY RETAINED EXPOSURE	261,300	0	0	261,300	2,172,908
P) C.Y. 1993 VOLUNTARY CEDED EXPOSURE	25,300	0	0	25,300	138,586
Q) C.Y. 1993 MINIMUM ALLOWABLE EXPOSURES	234,900	0	0	234,900	1,812,572

----- ACTUAL COMPANY DATA REPORTED THROUGH DECEMBER 31, 1994 -----

REPORTING COMPANY NUMBER -->				CO./GRP.	INDUSTRY
R) C.Y. 1994 VOL RETAINED EXPOSURE	248,000	0	0	248,000	2,188,510
S) C.Y. 1994 VOL CEDED EXPOSURE	23,100	0	0	23,100	150,245
T) C.Y. 1994 ERP RETAINED EXPOSURE	120,000	0	0	120,000	801,673
U) C.Y. 1994 ERP CEDED EXPOSURE	19,300	0	0	19,300	259,929
V) C.Y. 1994 VOL RETAINED MISC/MOTOR EXPOSURE	700	0	0	700	15,383
W) C.Y. 1994 VOL CEDED MISC/MOTOR EXPOSURE	2,200	0	0	2,200	5,440
X) C.Y. 1994 ERP RETAINED MISC/MOTOR EXPOSURE	300	0	0	300	5,906
Y) C.Y. 1994 ERP CEDED MISC/MOTOR EXPOSURE	1,100	0	0	1,100	4,886
Z) C.Y. 1994 CAR ID 0, 2 CREDITS	70,600	0	0	70,600	560,908
AA) C.Y. 1994 CAR ID 1, 7 + 8 CREDITS	62,500	0	0	62,500	362,994
AB) VOLUNTARY CEDED SDIP EXCLUSIONS	6,500	0	0	6,500	31,185
AC) ERP CEDED SDIP EXCLUSIONS	4,600	0	0	4,600	32,073
AD) VOL CEDED RATE CLASS EXCLUSIONS	8,500	0	0	8,500	30,781
AE) ERP CEDED RATE CLASS EXCLUSIONS	4,600	0	0	4,600	26,369

Commonwealth Automobile Reinsurers

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EXHIBIT VI-D-1
(continued)

COMMONWEALTH AUTOMOBILE REINSURERS

09/05/96

1994 PARTICIPATION BASE DATA AND CALCULATION OF PARTICIPATION RATIOS

PAGE: 1B

** BASED UPON FINAL 1994 CALENDAR YEAR DATA AS OF 12 MONTHS **

COMPANY NUMBER: 123 COMPANY NAME: ABC

PRIVATE PASSENGER LIABILITY BASE DATA AND PARTICIPATION RATIO FOR SHARING IN C.A.R.'S UNDERWRITING RESULTS

SECTION II

----- CALCULATION OF MINIMUM ALLOWABLE EXPOSURES -----

DESCRIPTION	VALUE	SOURCE
A) C.Y. 1993 VOLUNTARY AGENT EXPOSURES	286,600	SECTION I, ITEM O + P
B) 80% OF C.Y. 1993 VOLUNTARY AGENT EXP.	229,280	(A) * 80.0%
C) 1993 MINIMUM ALLOWABLE EXPOSURES	234,897	SECTION I, ITEM Q
D) 80% OF C.Y. 1993 MINIMUM ALLOWABLE EXP.	187,918	(C) * 80.0%
E) 1994 MINIMUM ALLOWABLE EXPOSURES	229,280	MAXIMUM OF (B), (D)

SECTION III

----- CALCULATION OF VOLUNTARY CEDED EXPOSURES -----

DESCRIPTION	VALUE	SOURCE
A) C.Y. 1994 VOLUNTARY AGENT EXPOSURES	274,000	SECTION I, ITEM A + B + E + F
B) MINIMUM ALLOWABLE EXPOSURES	229,280	SECTION II, ITEM E
C) IS COMPANY BELOW THE MINIMUM?	NO	COMPARES (A) TO (B)
D) REVISED 1994 VOL-CED EXPOSURES	10,300	IF ITEM C IS NO - SECTION I, ITEM [B + F - K - M]

SECTION IV

----- CALCULATION OF PRE-CREDIT UTILIZATION RATIO -----

DESCRIPTION	VALUE	SOURCE
A) COMPANY 1994 RETAINED EXPOSURE	369,000	SECTION I, ITEM A + C + E + G
B) COMPANY 1994 REVISED CEDED EXPOSURE	21,500	SECTION III, ITEM D + SECTION I, ITEM [D + H - L - N]
C) 1994 PRE-CREDIT EXPOSURES	455,000	(A) + [(B) * 4]
D) INDUSTRY 1994 PRE-CREDIT EXPOSURES	4,250,492	
E) PRE-CREDIT UTILIZATION RATIO	0.1070464	(C) / (D)

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EXHIBIT VI-D-1
(continued)

COMMONWEALTH AUTOMOBILE REINSURERS

09/05/96

1994 PARTICIPATION BASE DATA AND CALCULATION OF PARTICIPATION RATIOS

PAGE: 1C

** BASED UPON FINAL 1994 CALENDAR YEAR DATA AS OF 12 MONTHS **

COMPANY NUMBER: 123 COMPANY NAME: ABC

PRIVATE PASSENGER LIABILITY BASE DATA AND PARTICIPATION RATIO FOR SHARING IN C.A.R.'S UNDERWRITING RESULTS

SECTION V

----- OFF-BALANCED CREDIT ADJUSTED VOLUNTARY EXPOSURES: UTILIZATION FORMULA -----

DESCRIPTION	VALUE	SOURCE
A) COMPANY PRE-CREDIT UTILIZATION RATIO	0.1070464	SECTION IV, ITEM E
B) INDUSTRY 1994 VOLUNTARY EXPOSURE	3,011,472	SECTION I, ITEM R + T + V + X
C) COMPANY VOLUNTARY ADJUSTED EXPOSURE	322,367	(A) * (B)
D) COMPANY 1994 CREDITS	133,100	SECTION I, ITEM Z + AA
E) COMPANY CREDIT ADJUSTED EXPOSURES	189,267	(C) - (D), NOT < 0
F) INDUSTRY TOTAL EXPOSURES LESS CREDITS USED	2,087,569	
G) CREDIT ADJUSTED UTILIZATION RATIO	0.0906638	(E) / (F)

SECTION VI

----- CALCULATION OF FINAL 1994 EXPOSURES AND RATIOS -----

DESCRIPTION	VALUE	SOURCE
A) CREDIT ADJUSTED UTILIZATION RATIO	0.0906638	SECTION V, ITEM G
B) OFF-BALANCE FACTOR	0.9462140	SEE COVER LETTER FOR MORE INFORMATION
C) OFF-BALANCED WEIGHTED RATIO	0.0857874	(A) * (B)
D) INDUSTRY TOTAL EXPOSURES	2,307,275	
E) COMPANY FINAL ADJ. EXPOSURE	197,935	(C) * (D)
F) INDUSTRY TOTAL EXPOSURES	2,307,275	
G) COMPANY/GROUP FINAL 1994 PARTICIPATION RATIO	0.0857873	(E) / (F)
H) IF YOUR CO. IS PART OF A GROUP YOUR FINAL EXP. ARE	N/A	CO. TO GROUP WEIGHTED BY VOL AND VOL-CED EXP
I) IF YOUR CO. IS PART OF A GROUP YOUR FINAL RATIO IS	N/A	(H) / (D)

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EXHIBIT VI-D-2

COMMONWEALTH AUTOMOBILE REINSURERS

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1994 PARTICIPATION BASE DATA AND CALCULATION OF PARTICIPATION RATIOS

PAGE: 2A

** BASED UPON FINAL 1994 CALENDAR YEAR DATA AS OF 12 MONTHS **

COMPANY NUMBER: 123 COMPANY NAME: ABC

PRIVATE PASSENGER PHYSICAL DAMAGE BASE DATA AND PARTICIPATION RATIO FOR SHARING IN C.A.R.'S UNDERWRITING RESULTS

SECTION I

REPORTING COMPANY DATA ANNUALIZED TO ESTIMATE CALENDAR YEAR 1994

Table with 6 columns: REPORTING COMPANY NUMBER -->, CO./GRP., INDUSTRY, and three unlabeled columns. Rows include A) C.Y. 1994 VOL RETAINED EXPOSURE, B) C.Y. 1994 VOL CEDED EXPOSURE, etc.

ACTUAL COMPANY DATA REPORTED THROUGH DECEMBER 31, 1994

Table with 6 columns: REPORTING COMPANY NUMBER -->, CO./GRP., INDUSTRY, and three unlabeled columns. Rows include R) C.Y. 1994 VOL RETAINED EXPOSURE, S) C.Y. 1994 VOL CEDED EXPOSURE, etc.

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EXHIBIT VI-D-2
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COMMONWEALTH AUTOMOBILE REINSURERS

09/05/96

1994 PARTICIPATION BASE DATA AND CALCULATION OF PARTICIPATION RATIOS

PAGE: 2C

** BASED UPON FINAL 1994 CALENDAR YEAR DATA AS OF 12 MONTHS **

COMPANY NUMBER: 123 COMPANY NAME: ABC

PRIVATE PASSENGER PHYSICAL DAMAGE BASE DATA AND PARTICIPATION RATIO FOR SHARING IN C.A.R.'S UNDERWRITING RESULTS

SECTION V

----- OFF-BALANCED CREDIT ADJUSTED VOLUNTARY EXPOSURES: UTILIZATION FORMULA -----

DESCRIPTION	VALUE	SOURCE
A) COMPANY PRE-CREDIT UTILIZATION RATIO	0.1096094	SECTION IV, ITEM E
B) INDUSTRY 1994 VOLUNTARY EXPOSURE	2,174,445	SECTION I, ITEM R + T + V + X
C) COMPANY VOLUNTARY ADJUSTED EXPOSURE	238,340	(A) * (B)
D) COMPANY 1994 CREDITS	83,300	SECTION I, ITEM Z + AA
E) COMPANY CREDIT ADJUSTED EXPOSURES	155,040	(C) - (D), NOT < 0
F) INDUSTRY TOTAL EXPOSURES LESS CREDITS USED	1,577,510	
G) CREDIT ADJUSTED UTILIZATION RATIO	0.0982815	(E) / (F)

SECTION IX

----- CALCULATION OF FINAL 1994 EXPOSURES AND RATIOS -----

DESCRIPTION	VALUE	SOURCE
A) CREDIT ADJUSTED UTILIZATION RATIO	0.0982815	SECTION V, ITEM G
B) OFF-BALANCE FACTOR	0.9506320	SEE COVER LETTER FOR MORE INFORMATION
C) OFF-BALANCED WEIGHTED RATIO	0.0934295	(A) * (B)
D) INDUSTRY TOTAL EXPOSURES	1,747,665	
E) COMPANY FINAL ADJ. EXPOSURE	163,283	(C) * (D)
F) INDUSTRY TOTAL EXPOSURES	1,747,665	
G) COMPANY/GROUP FINAL 1994 PARTICIPATION RATIO	0.0934292	(E) / (F)
H) IF YOUR CO. IS PART OF A GROUP YOUR FINAL EXP. ARE	N/A	CO. TO GROUP WEIGHTED BY VOL AND VOL-CED EXP
I) IF YOUR CO. IS PART OF A GROUP YOUR FINAL RATIO IS	N/A	(H) / (D)

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EXHIBIT VI-D-3

COMMONWEALTH AUTOMOBILE REINSURERS

09/05/96

1994 PARTICIPATION BASE DATA AND CALCULATION OF PARTICIPATION RATIOS

PAGE: 3A

** BASED UPON FINAL 1994 CALENDAR YEAR DATA AS OF 12 MONTHS **

COMPANY NUMBER: 123 COMPANY NAME: ABC

ALL OTHER LIABILITY BASE DATA AND PARTICIPATION RATIO FOR SHARING IN C.A.R.'S UNDERWRITING RESULTS

SECTION I

----- REPORTING COMPANY DATA -----

REPORTING COMPANY NUMBER -->				CO./GRP.	INDUSTRY
A) C.Y. 1994 VOLUNTARY RETAINED PREMIUM	\$25,000,000	\$0	\$0	\$25,000,000	\$261,331,382
B) C.Y. 1994 ERP RETAINED PREMIUM	\$3,300,000	\$0	\$0	\$3,300,000	\$6,909,513
C) C.Y. 1994 VOLUNTARY CEDED PREMIUM	\$16,000,000	\$0	\$0	\$16,000,000	\$81,171,885
D) C.Y. 1994 VOLUNTARY CEDED EXCLUSION	\$5,000,000	\$0	\$0	\$5,000,000	\$28,480,268
E) C.Y. 1993 UTILIZATION RATIO				0.1502579	

SECTION II

----- GROSS-UP OF VOLUNTARY CEDED PREMIUMS -----

DESCRIPTION	VALUE	SOURCE
A) C.Y. 1994 TOTAL VOLUNTARY PREMIUMS	\$28,300,000	SECTION I, ITEM A + B
B) C.Y. 1994 VOLUNTARY CEDED PREMIUMS	\$16,000,000	SECTION I, ITEM C
C) C.Y. 1994 VOLUNTARY CEDED EXCLUSIONS	\$5,000,000	SECTION I, ITEM D
D) REVISED VOLUNTARY CEDED PREMIUMS	\$11,000,000	(B) - (C)
E) WAS COMPANY A SERVICING CARRIER IN 1994?	YES	
F) INDUSTRY SERVICING CARRIER VOLUNTARY PREMIUMS	\$228,603,592	
G) INDUSTRY SERVICING CARRIER VOL CEDED PREMIUMS	\$52,710,945	
H) NON-SERVICING CARRIER GROSS-UP FACTOR	0.2305779	(G) / (F)
I) NON-SERVICING CARRIER GROSS-UP	N/A	N/A - COMPANY WAS A SERVICING CARRIER
J) FINAL VOLUNTARY CEDED PREMIUMS	\$11,000,000	SERVICING CARRIER - USE (D)

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**EXHIBIT VI-D-3
(continued)**

COMMONWEALTH AUTOMOBILE REINSURERS

09/05/96

1994 PARTICIPATION BASE DATA AND CALCULATION OF PARTICIPATION RATIOS

PAGE: 3B

** BASED UPON FINAL 1994 CALENDAR YEAR DATA AS OF 12 MONTHS **

COMPANY NUMBER: 123 COMPANY NAME: ABC

ALL OTHER LIABILITY BASE DATA AND PARTICIPATION RATIO FOR SHARING IN C.A.R.'S UNDERWRITING RESULTS

SECTION III

----- CALCULATION OF UTILIZATION RATIO -----

DESCRIPTION	VALUE	SOURCE
=====	=====	=====
A) C.Y. 1994 TOTAL VOLUNTARY PREMIUMS	\$28,300,000	SECTION I, ITEM A + B
B) FINAL VOLUNTARY CEDED PREMIUMS	\$11,000,000	SECTION II, ITEM J
C) TOTAL PREMIUMS	\$39,300,000	(A) + (B)
D) INDUSTRY VOLUNTARY CEDED PREMIUMS	\$61,876,438	
E) INDUSTRY TOTAL PREMIUMS	\$330,230,133	
F) CEDED MARKET SHARE	0.1777736	(B) / (D)
G) TOTAL MARKET SHARE	0.1190079	(C) / (E)
H) 1994 UTILIZATION RATIO	0.1483908	[(F) + (G)] / 2

SECTION IV

----- CACLUSION OF FINAL PARTICIPATION RATIO -----

DESCRIPTION	VALUE	SOURCE
=====	=====	=====
A) 1993 UTILIZATION RATIO	0.1502579	SECTION I, ITEM E
B) 1994 UTILIZATION RATIO	0.1483908	SECTION III, ITEM H
C) EQUALLY WEIGHTED AVERAGE	0.1493244	AVERAGE OF (A), (B)
D) OFF-BALANCE FACTOR	0.9999969	
E) OFF-BAL 1994 UTILIZATION RATIO	0.1493239	(C) * (D)
F) INDUSTRY WRITTEN PREMIUM	\$330,230,133	SECTION III, ITEM E
G) COMPANY WRITTEN PREMIUM	\$49,311,251	(E) * (F)
H) COMPANY/GROUP FINAL 1994 PARTICPATION RATIO	0.1493239	(G) / (F)
I) IF YOUR CO. IS PART OF A GROUP YOUR FINAL PREM. ARE	N/A	CO. TO GROUP WEIGHTED BY VOL AND VOL-CED PREM
J) IF YOUR CO. IS PART OF A GROUP YOUR FINAL RATIO IS	N/A	(I) / (F)

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EXHIBIT VI-D-4

COMMONWEALTH AUTOMOBILE REINSURERS

09/05/96

1994 PARTICIPATION BASE DATA AND CALCULATION OF PARTICIPATION RATIOS

PAGE: 4A

** BASED UPON FINAL 1994 CALENDAR YEAR DATA AS OF 12 MONTHS **

COMPANY NUMBER: 123 COMPANY NAME: ABC

ALL OTHER PHYSICAL DAMAGE BASE DATA AND PARTICIPATION RATIO FOR SHARING IN C.A.R.'S UNDERWRITING RESULTS

SECTION I

REPORTING COMPANY DATA

REPORTING COMPANY NUMBER -->				CO./GRP.	INDUSTRY
A) C.Y. 1994 VOLUNTARY RETAINED PREMIUM	\$7,800,000	\$0	\$0	\$7,800,000	\$68,848,346
B) C.Y. 1994 ERP RETAINED PREMIUM	\$1,200,000	\$0	\$0	\$1,200,000	\$2,311,290
C) C.Y. 1994 VOLUNTARY CEDED PREMIUM	\$3,500,000	\$0	\$0	\$3,500,000	\$17,616,982
D) C.Y. 1994 VOLUNTARY CEDED EXCLUSION	\$1,100,000	\$0	\$0	\$1,100,000	\$5,956,935
E) C.Y. 1993 UTILIZATION RATIO				0.1541814	

SECTION II

GROSS-UP OF VOLUNTARY CEDED PREMIUMS

DESCRIPTION	VALUE	SOURCE
A) C.Y. 1994 TOTAL VOLUNTARY PREMIUMS	\$9,000,000	SECTION I, ITEM A + B
B) C.Y. 1994 VOLUNTARY CEDED PREMIUMS	\$3,500,000	SECTION I, ITEM C
C) C.Y. 1994 VOLUNTARY CEDED EXCLUSIONS	\$1,100,000	SECTION I, ITEM D
D) REVISED VOLUNTARY CEDED PREMIUMS	\$2,400,000	(B) - (C)
E) WAS COMPANY A SERVICING CARRIER IN 1994?	YES	
F) INDUSTRY SERVICING CARRIER VOLUNTARY PREMIUMS	\$60,862,057	
G) INDUSTRY SERVICING CARRIER VOL CEDED PREMIUMS	\$11,043,640	
H) NON-SERVICING CARRIER GROSS-UP FACTOR	0.1814536	(G) / (F)
I) NON-SERVICING CARRIER GROSS-UP	N/A	N/A - COMPANY WAS A SERVICING CARRIER
J) FINAL VOLUNTARY CEDED PREMIUMS	\$2,400,000	SERVICING CARRIER - USE (D)

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EXHIBIT VI-D-4
(continued)

COMMONWEALTH AUTOMOBILE REINSURERS
 1994 PARTICIPATION BASE DATA AND CALCULATION OF PARTICIPATION RATIOS

09/05/96

PAGE: 4B

** BASED UPON FINAL 1994 CALENDAR YEAR DATA AS OF 12 MONTHS **

COMPANY NUMBER: 123 COMPANY NAME: ABC

ALL OTHER PHYSICAL DAMAGE BASE DATA AND PARTICIPATION RATIO FOR SHARING IN C.A.R.'S UNDERWRITING RESULTS
 =====

SECTION III

----- CALCULATION OF UTILIZATION RATIO -----

DESCRIPTION =====	VALUE =====	SOURCE =====
A) C.Y. 1994 TOTAL VOLUNTARY PREMIUMS	\$9,000,000	SECTION I, ITEM A + B
B) FINAL VOLUNTARY CEDED PREMIUMS	\$2,400,000	SECTION II, ITEM J
C) TOTAL PREMIUMS	\$11,400,000	(A) + (B)
D) INDUSTRY VOLUNTARY CEDED PREMIUMS	\$12,912,918	
E) INDUSTRY TOTAL PREMIUMS	\$84,076,663	
F) CEDED MARKET SHARE	0.1858604	(B) / (D)
G) TOTAL MARKET SHARE	0.1355905	(C) / (E)
H) 1994 UTILIZATION RATIO	0.1607255	[(F) + (G)] / 2

SECTION IV

----- CACLULATION OF FINAL PARTICIPATION RATIO -----

DESCRIPTION =====	VALUE =====	SOURCE =====
A) 1993 UTILIZATION RATIO	0.1541814	SECTION I, ITEM E
B) 1994 UTILIZATION RATIO	0.1607255	SECTION III, ITEM H
C) EQUALLY WEIGHTED AVERAGE	0.1574535	AVERAGE OF (A), (B)
D) OFF-BALANCE FACTOR	0.9999972	
E) OFF-BAL 1994 UTILIZATION RATIO	0.1574531	(C) * (D)
F) INDUSTRY WRITTEN PREMIUM	\$84,076,663	SECTION III, ITEM E
G) COMPANY WRITTEN PREMIUM	\$13,238,131	(E) * (F)
H) COMPANY/GROUP FINAL 1994 PARTICPATION RATIO	0.1574531	(G) / (F)
I) IF YOUR CO. IS PART OF A GROUP YOUR FINAL PREM. ARE	N/A	CO. TO GROUP WEIGHTED BY VOL AND VOL-CED PREM
J) IF YOUR CO. IS PART OF A GROUP YOUR FINAL RATIO IS	N/A	(I) / (F)

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