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COMMISSIONER OF INSURANCE

DOCKET NO. C-2003-05

**MATTER OF PROPOSED AMENDMENT TO THE COMMONWEALTH
AUTOMOBILE REINSURERS' PERFORMANCE STANDARDS FOR THE
HANDLING AND PAYMENT OF CLAIMS BY SERVICING CARRIERS**

DECISION AND ORDER

On November 20, 2002, the Governing Committee of the Commonwealth Automobile Reinsurers (CAR) approved amendments to the CAR Performance Standards for the Handling and Payment of Claims by Servicing Carriers (Performance Standards). These were submitted to the Commissioner of Insurance on November 26, 2002, for review pursuant to the authority granted to her under G.L. c. 175, §113H, c. 175A, and c. 175E. By notice issued July 24, 2003, a hearing was scheduled for August 21, 2003. I was designated as hearing officer for this matter.

The amendments, in substance, make two changes to the Performance Standards. First, they insert into the Introduction section language that the Performance Standards are in addition to and require compliance with Massachusetts laws and regulations regarding automobile insurance and the CAR Rules of Operation. Further, the new language provides that revisions to existing laws or regulations, or any new laws or regulations, will become part of the Performance Standards when they are promulgated. Secondly, they make changes to the PIP Section of the CAR Performance Standards to include the practice of reviewing medical bills for usual and customary treatment charges in the list of cost containment methods companies should consider.

Four other sections to the Performance Standards were amended to reflect existing information and procedures. The Market Share chart in the Measurements and Penalties section of the standards was updated to reflect the most recent market share figures. Carriers with a larger volume of business will be assessed a higher penalty if found in non-compliance. Appendix K, CAR Claim Department File Review Process, was revised to update the procedures followed by the CAR Claims Reviews since the implementation of the new CAR Claims Review

System. Appendix L, SIU File Review Process, was revised to reflect the current procedures for the SIU File Reviews. The Questionnaire in Appendix M was also updated to incorporate changes in the Performance Standards since it was last completed by Servicing Carriers.

At the hearing, Valerie Gedzion, CAR's Vice President, Claims, appeared on behalf of CAR and presented a statement which was incorporated into the record. No other persons sought to testify concerning these proposed amendments.

On this record, I find the proposed amendments further the goals of compliance with Massachusetts laws and regulations, and of containing costs. Accordingly, based on the foregoing, CAR's proposed amendments to Performance Standards for the Handling and Payment of Claims by Servicing Carriers are hereby approved.

So ordered.

October 30, 2003

Mary Ellen Thompson
Hearing Officer

This decision may be appealed in accordance with the provisions of G.L. c. 175, §113H.