

## Appendix K

### CAR SIU File Review Process Section 2 – Commercial Policies

The CAR Special Investigative Unit, as part of the Compliance Audit Department, exists under the authority of Article III of the Plan of Operation and is charged with monitoring the efforts of the Servicing Carriers to control fraud. They conduct a biennial evaluation of each Servicing Carrier's Special Investigative Unit. This evaluation includes a review of fire and theft claims as well as injury claims taken from the Detail Claims Database to examine the overall SIU operation and quality of investigations.

#### File Selection and Review

A random sample of approximately 25 referrals from the SIU Quarterly Activity Log pertaining to claims or underwriting are selected. These files are reviewed to determine the ability of the staff to recognize potentially fraudulent claims and the quality of the S.I.U. investigations. In addition, CAR reviews the accuracy of the savings reported to both CAR and the Detail Claim Database. An examination of the effectiveness of the Carriers' fraud screening and the S.I.U. referral process has been incorporated into the biennial Claims Reviews.

#### Analysis and Presentation

A Summary of Review and the worksheets are posted on CAR's website on the Reports page and an email sent to the Servicing Carrier notifying them that the report is available for viewing. This is a secure application requiring a sign-on and password. The Summary includes an analysis of the time lags for settlement, referral and resolution of the investigated cases. In addition the accuracy of the savings reported to CAR and the D.C.D. is commented upon.

##### 1. SIU Evaluation

- Discusses the results of the file review including commentary on the quality of the investigation on the selected files which involve all types of losses, but concentrate on those involving automobiles. Commercial and personal lines, where applicable, are reviewed and include both ceded and non-ceded business. Case comments are included for reference where departures from the Standards are noted. Supervisory practices and descriptions of records kept are discussed when appropriate, as well as the adherence to reporting requirements and to referral procedures.

##### 2. SIU Assignment Timeliness Evaluation

- Discusses the time lags for settlement, referral, and resolution of investigated cases.

##### 3. Savings

- An analysis of the accuracy of the savings as reported on the SIU Quarterly Activity Log to CAR.

##### 4. Conclusions and Recommendations

- Evaluates the adequacy of staffing, experience, effectiveness, quality of investigations, accuracy of reported savings, and compliance with the Standards and reporting requirements. The review concludes with a general statement of whether the SIU meets compliance with the Performance Standards and is acceptable.