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# COMMONWEALTH OF MASSACHUSETTS

Office of Consumer Affairs and Business Regulation

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COMMISSIONER OF INSURANCE

DOCKET No. G2000-11

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

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#### DECISION AND ORDER

On September 20, 2000, 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 (CAR Performance Standards). These were submitted to the Commissioner of Insurance on October 2, for review pursuant to the authority granted to her under G.L. c. 175, §113H, c. 175A, and c. 175E. By notice issued October 27, a hearing was scheduled for November 28, 2000.

The amendments, in substance, make three changes to the CAR Performance Standards. First, they include the Insurance Claim Payment Intercept Program, established pursuant to G.L. c. 175, § 24D, in the CAR Performance Standards, and provide that any penalty for non-compliance with the provisions of that statute will be imposed by the Department of Revenue. Second, they provide that appropriate software systems may be used as a screening mechanism for fraudulent claims. Third, they provide that the organizations to which companies must refer suspicious claims include the Insurance Fraud Bureau.

At the hearing, Joseph Maher, Jr., Esq., appeared on behalf of CAR. Mr. Maher presented the statement of Valerie Gedzion, CAR's Vice President, Claims, which was incorporated into the record. No other person sought to testify concerning these proposed amendments. After a discussion of the precise language of the proposed amendments, Mr. Maher agreed on behalf of CAR that that amendments proposed to subsection (1) of Sections III (B) *Fraud Auto Damage and Property Damage Claims, Normal Claims*

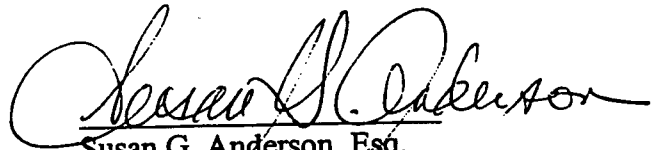
*Handling; IV (A) Fraud – Bodily Injury Claims, Normal Claims Handling; and V (A) No-Fault Personal Injury Protection Benefits Handling, Screening Reports and Initial Investigation, be revised to provide as follows:*

1. All new notices should be screened by a person with sufficient experience and training to be able to identify warning signs requiring special inquiry or investigation or by an appropriate expert software system designed for fraud screening, and thereafter assigned by a person with sufficient experience and training.

On this record, I find that the proposed amendments further the goals of encouraging payment of child support obligations, containing costs and reducing payments for fraudulent claims. Accordingly, based on the foregoing, CAR's proposed amendments to Performance Standards for the Handling and Payment of Claims by Servicing Carriers, as revised, are hereby approved.


***So ordered.***

December 1, 2000

  
Susan G. Anderson, Esq.  
Chief Hearing Officer  
Presiding Officer

**Affirmed:**

December 1, 2000

  
Linda Ruthardt  
Commissioner of Insurance

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