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**Summary of Changes to Performance Standards  
For the Handling and Payment of Claims  
By Servicing Carriers**

*December 2000*

*Introduction - pg. 2*

**10. Appendix J - M.G.L. Chapter 175:Section 24D  
Insurance Claim Payment Intercept Program**

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***III. Fraud Auto Physical Damage and Property Damage Claims  
A. Normal Claims Handling***

1. Initial screening of reports of accidents and losses.

a. 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.**

Explanation: This accommodates companies who use software for fraud screening.

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***III. Fraud Auto Physical Damage and Property Damage Claims  
A. Normal Claims Handling***

**5. Prior to making any payment equal to or in excess of \$500 to a third-party claimant the Company must comply with the requirements of the Insurance Claim Payment Intercept Program, M.G.L. Chapter 175, Section 24D. NOTE: Failure to comply with M.G.L. Chapter 175, Section 24D will subject Company to penalties proscribed by the Department of Revenue. These penalties will be in lieu of those penalties imposed for non compliance with the Performance Standards.**

Explanation: Adds requirements of the ICPIP program to the Standards and clarifies that the penalties for non compliance will be governed by the Department of Revenue.

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**III. Fraud Auto Physical Damage and Property Damage Claims**

**B. Fraud Handling**

4. Evaluation and Settlement

- a. After special investigation is complete, a decision must be made to pay the claim or resist and consider referral to **IFB**, NICB, and/or the appropriate law enforcement agency for prosecution.

Explanation: Add the Massachusetts Insurance Fraud Bureau as a referral.

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**IV. Fraud - Bodily Injury Claims**

**A. Normal Claim Handling**

1. Initial screening of reports of accidents and losses.

- a. 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.**

Explanation: This accommodates companies who use software for fraud screening.

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2. Initial Investigation.

- b. Secure documentation to verify that all **(injuries) allegedly injured parties** were actually involved in the accident.

Explanation: Clarifies the intent to verify that the parties were involved in the accident.

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**6. Prior to making any payment equal to or in excess of \$500 to a third-party claimant the Company must comply with the requirements of the Insurance Claim Payment Intercept Program, M.G.L. Chapter 175, Section 24D. NOTE: Failure to comply with M.G.L. Chapter 175, Section 24D will subject Company to penalties proscribed by the Department of Revenue. These penalties will be in lieu of those penalties imposed for non compliance with the Performance Standards.**

Explanation: Adds requirements of the ICPIP program to the Standards and clarifies that the penalties for non compliance will be governed by the Department of Revenue.

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***IV. Fraud - Bodily Injury Claims***

***B. Fraud Handling***

3. Evaluation and Settlement

- a. After special investigation is complete, a decision must be made to pay the claim or resist and consider referral to **IFB**, NICB, and/or the appropriate law enforcement agency for prosecution.

Explanation: Add the Massachusetts Insurance Fraud Bureau as a referral.

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***V. No-Fault Personal Injury Protection Benefits Handling***

***A. Screening Reports and Initial Investigation***

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.

Explanation: This accommodates companies who use software for fraud screening.

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**Measurements and Penalties - Market Share**

The chart showing the market share and level has been updated to show 1999 calendar year market share.