

## Commonwealth Automobile Reinsurers

### RULE 29 CREDIT EDIT PACKAGE

#### A. OVERVIEW

The Plan of Operation states:

“To control the size of the population of the Plan, the Rules established in accordance with Article X annually provide for territorial and classification credits for those companies voluntarily writing private passenger automobile insurance within those territories and classifications that would otherwise be disproportionately represented in the Plan. The size of the credits shall be such as to enhance the prospects that no classification or territory is disproportionately represented in the Plan.

Rule 29 – Assignment Process states that:

"Members shall receive credit for each exposure written voluntary pursuant to Section E.1.b [of Rule 29] in the territory and operator classes listed below [Rule 29, Section E.2]. The amount of credit shall equal the annual Private Passenger Motor Vehicle MAIP premium for the risk as if it has been insured through the MAIP, multiplied by factor show below [in the chart for the appropriate time period]. "

CAR has developed the Rule 29 Credit Edit System to ensure that the statistical reporting of inexperienced operator credits is correct. Because credit data reduces a company's quota share, companies that erroneously report credit data may benefit significantly by receiving less MAIP assignments which in turn results in other companies receiving more.

In order to verify the validity of the inexperienced operator classification codes, the Rule 29 Credit Edit System attempts to match, by policy number, the classification code and merit rating value reported on the detail statistical record to similar data that the Merit Rating Board/Registry [MRB] provides to CAR. Companies that do not utilize the MRB for inquiries are required to report a supplemental youthful data verification submission on a monthly basis that is then used to obtain data from the MRB.

Those statistical records that do not match to the records created from the MRB data are considered Rule 29 errors. CAR provides, through its website, listings of these records flagged in error to companies for review and correction. CAR processes adjustments to the quota share calculation each month to account for the error records identified in the Rule 29 Credit Edit process.

## Commonwealth Automobile Reinsurers

### RULE 29 CREDIT EDIT PACKAGE

#### B. WEEKLY RULE 29 PROCESS FLOW

The MRB provides a data feed to CAR every week based on the merit rating inquiries that were processed during the previous week for drivers who are less than 25 years old as of the effective date of the policy. Each record from the MRB contains the following data fields:

Company Code	Surname
Policy Number	Deferred Driver Indicator*
Policy Effective Date	Date of Birth
Transaction Effective Date	Number of Years Licensed
Transaction Inquiry Type	MA RMV Date First Licensed*
MRB Process Date	MA RMV Driver Training Status*
Operator License Number	MA RMV Driver Sex*
License State	Operator SDIP Step (Merit Rating Value)*

\* In most cases, these fields are blank for drivers licensed in a state other than Massachusetts.

For further information on these fields, please refer to the SDIP Policy Inquiry Manual.

CAR uploads the weekly MRB feed to its internal policy inquiry file which is then used in the monthly editing process.

Companies that do not utilize the MRB to obtain merit rating information are required to report youthful data verification records on a monthly basis. A youthful data verification record must be reported for every youthful operator for which corresponding statistical records are contained in the monthly accounting/statistical submission. The verification submission is due at CAR on the 1<sup>st</sup> business day of the month that the corresponding accounting shipment is due. (For example, the January shipment is generally due on March 15 so the youthful data verification submission would be due on March 1).

The table below shows the fields the company is required to report in the upload program:

Policy Identification Number	License State
Policy Effective Date	Transaction Type
License Number	Transaction Date

This data is processed and uploaded to CAR's policy inquiry file on a weekly basis so that it can be used in the monthly editing process as well. Please refer to Bulletin No. 928 for more

## Commonwealth Automobile Reinsurers

### RULE 29 CREDIT EDIT PACKAGE

#### B. WEEKLY RULE 29 PROCESS FLOW (CONTINUED)

specific information and for procedures in submitting the youthful data verification records through CAR's website.

As part of the weekly load program, CAR imputes and adds fields to each youthful record. Most of the additional fields are processing switches; however, CAR also imputes the class code based on the driver characteristics. In certain cases, CAR also adds records to represent a principal or occasional driver and mid-term rate/stat class changes. This process is described in the next section. The program creates a policy inquiry record regardless of whether the class is credit eligible. Please reference Page 8 for a complete description of the file.

As part of CAR's weekly processing, CAR runs a washout program to mark correction records that companies have submitted so that they are excluded from the monthly edit. The following 13 fields must match exactly on the statistical records and the Exposure must net to zero for matching records to be flagged as washout records. Note that the premium amounts do not need to net to zero. This allows for minor differences in short-term cancel situations.

Company Number	Transaction Eff Month	BI Limit
Policy Number	Transaction Effective Year	PD Limit
Policy Effective Year	CAR ID Code	OTC Coverage
Policy Effective Month	Class Code (first four pos)	Collision Coverage
Subline		

The Rule 29 Credit Edit System runs monthly, as part of the Quota Share process, usually about one week after the statistical due date. Summary and detail error results are posted to CAR's website for companies to review and correct. Adjustments based on the error results are made to the Quota Share process. Because the Quota Share process utilizes a rolling 12 months of policy effective date data, CAR encourages companies to correct errors so that the potential adjustments are minimized in future months.

The table on the next page shows all eligible class codes for the Rule 29 program.

## Commonwealth Automobile Reinsurers

### RULE 29 CREDIT EDIT PACKAGE

#### B. WEEKLY RULE 29 PROCESS FLOW (CONTINUED)

Stat Class	Sex	Driver Training	Principal/ Occasional	No. Yrs Driving
1207	M	N	O	0-3
1226	M	N	P	0-3
1409	M	Y	O	0-3
1428	M	Y	P	0-3
1246	F	N	P	0-3
1247	F	N	O	0-3
1268	F	Y	P	0-3
1269	F	Y	O	0-3
1204	M	N	O	3-5
1223	M	N	P	3-5
1404	M	Y	O	3-5
1423	M	Y	P	3-5
1243	F	N	P	3-5
1244	F	N	O	3-5
1263	F	Y	P	3-5
1264	F	Y	O	3-5
1201	M	N	O	+6
1221	M	N	P	+6
1401	M	Y	O	+6
1421	M	Y	P	+6
1241	F	N	B	+6
1261	F	Y	B	+6

## Commonwealth Automobile Reinsurers

### RULE 29 CREDIT EDIT PACKAGE

#### C. IMPUTING OF CLASS CODES

The Youthful Driver Load Program imputes a class code (first four positions) on each record based upon the following fields contained on the MRB record or youthful upload record:

- Driver sex
- Driver training status
- Number of Years Driving

The imputed class code is compared to the class code reported on the detail statistical records. If they don't match, the record is flagged in error. Please refer to the error codes described later in this manual.

#### **Principal / Occasional Operators**

Because the MRB does not collect principal/occasional driver information, the Youthful Driver Load Program creates two records for almost every MRB record. One record denotes a principal driver and the other denotes an occasional driver. For those statistical classes that do not distinguish the operator status, the load program creates only one record.

#### **Mid-Term Rate/Statistical Class Changes**

"Exception" processing occurs for records in which the rate/stat class changes mid-term. While SDIP inquiries are not required until renewal, companies may report data with the new class code once the change has occurred.

Accordingly, special processing occurs for those drivers who, at renewal, have been licensed for 2 or 5 years, but mid-term, become licensed for 3 or 6 years, respectively. As a statistical and rate class change reflects the change in the number of years driving, the Youthful Driver Load Program creates additional records with class codes that represent the new rate/stat class. These records show a '1' in the Car-Gen-Rec-Sw field in the Rule 29 mainframe application.

The new class codes are valid only as of the anniversary date of the Date First Licensed (i.e. once the driver actually becomes licensed for 3 or 6 years). The original class code is valid for the entire policy term. This processing allows for both circumstances in which the rate class change is processed mid-term and

## Commonwealth Automobile Reinsurers

### RULE 29 CREDIT EDIT PACKAGE

#### C. IMPUTING OF CLASS CODES (CONTINUED)

those in which the rate change does not occur until renewal. The example below illustrates this.

Policy Effective Date	Date First Licensed	Sex	Driver Training
01/01/2015	04/01/2012	Male	No

The Youthful Driver Load program creates the following records:

Classes	Valid Effective Dates
1226	01/01/2015-12/31/2015
1207	01/01/2015-12/31/2015
1223	04/01/2015-12/31/2015
1204	04/01/2015-12/31/2015

## Commonwealth Automobile Reinsurers

### RULE 29 CREDIT EDIT PACKAGE

#### D. DEFERRED OPERATORS

A deferred operator is defined as "a listed operator whose operator merit rating is not assigned to any vehicle on the inquiring policy because this operator is the principal operator of a vehicle covered by another policy."

A company cannot report credit eligible class codes for a policy where the driver has been designated as deferred. That operator should be reported with a credit eligible class code on the policy in which he/she is the principal operator.

The Youthful Driver Load program creates records for deferred operators. If a driver is deferred, the 10th position of the name shows an "\*" and the Defrd-Op-Sw = '1' on the Rule 29 mainframe screen. Statistical records matching to deferred operator records will be flagged in error. (Refer to section III - Editing the Data for more information).

## Commonwealth Automobile Reinsurers

### RULE 29 CREDIT EDIT PACKAGE

#### E. OUT-OF-STATE DRIVERS

For out-of-state drivers (state code other than "MA"), most records from the MRB contain a blank value in the Driver Sex, Driver Training Status, and Number of Years Licensed fields. Accordingly, CAR creates class codes for all possible options using 0 - 3 years of driving experience. That is, CAR creates not just the principal/ occasional class codes, but also both sets of sexes and driver training status.

If, at the least, the Number of Years Driving field contains information, CAR creates the appropriate records (based upon the driving experience) for all the possible options.



## Commonwealth Automobile Reinsurers

### RULE 29 CREDIT EDIT PACKAGE

#### F. PREVIOUS OUT-OF-STATE DRIVERS / PRIOR HISTORY

Unless the company indicates to the MRB, via the inquiry process (similar to an out-of-state driver), that prior driving history exists, the Number of Years Driving field contains just the driving history for Massachusetts. Errors occur if the MRB record shows less driving experience than the class code the company reported with the previous out-of-state driving experience.

For example, the company reports the class code corresponding to 3 - 6 years of driving based upon prior, out-of-state driving history plus Massachusetts driving history, but the MRB reflects only 1 year of driving based solely on the Massachusetts driving history. In this example, the company reported class code is correct but the record will be flagged in error. Since the volume of errors caused by this situation should be small, CAR recommends that companies take no action.

## Commonwealth Automobile Reinsurers

### RULE 29 CREDIT EDIT PACKAGE

#### G. PERMIT DRIVERS

Some companies may inquire when an operator having only a permit has been added to a policy. Please note that such operators may not be used for rating purposes, and thus, cannot be used when reporting statistical data to CAR. Records for permit drivers can be identified by the following:

State	Number of Years Driving	Date First Licensed	Prmt-Only-Sw
MA	0 or Blank	Blank	1

Records matched to Permit Only Drivers are invalid.

## Commonwealth Automobile Reinsurers

### RULE 29 CREDIT EDIT PACKAGE

#### H. MONTHLY RULE 29 PROCESS FLOW

The monthly youthful driver edit program reads CAR's voluntary, private passenger premium statistical database file and, using the class code and policy effective year from those records, selects the credit eligible records for Rule 29 verification. The program edits voluntary, property damage liability records only.

Using the policy number and policy effective year, the edit compares the statistically reported class code and merit rating value to the corresponding imputed class code and MRB merit rating value on CAR's Rule 29 database file from the MRB.

If the statistically reported class code matches to one of the imputed class codes, the record is considered valid. However, if the statistically reported class code does not match to any of the imputed class codes, then the record is considered invalid with a Rule 29 error. Similarly, if the statistically reported merit rating value does not match to any of the MRB merit rating values, then the record is considered invalid. In many cases, CAR's Rule 29 database file will contain multiple records for each policy for the statistically reported class code to match against because of multiple inexperienced operators on a policy as well as the additional records created by CAR for mid-year rate class changes.

In performing the matching process, the edit uses transaction dates to eliminate ineligible MRB records. That is, for matching purposes, the edit selects only those MRB records where the MRB Transaction Date is the same as or earlier than the company reported statistical record.

If all of the MRB records contain the same MRB Transaction Date, the edit uses the most recent MRB-Process-Date to select the most recent record. Thus, if a company corrects an inquiry, the edit uses the corrected record to perform the verification because it now has the latest MRB-Process-Date.

There are nine types of errors for the class code verification in which a record can be flagged. These are described on the next page. The edit selects one record from the Rule 29 file to be the "match" record (except for error code 1). Only valid records (no class code error) or invalid records with error codes 7, 8, or 9 (those with a valid policy number match at the MRB) process through the merit rating verification.

## Commonwealth Automobile Reinsurers

### RULE 29 CREDIT EDIT PACKAGE

#### I. CLASS CODE ERROR DESCRIPTIONS

When reviewing the Classification Code Error Listing on CAR's website: [www.commauto.com](http://www.commauto.com), you'll find records with one of the following error codes:

**ERROR CODE 1 - No Match on RMV file:** No RMV record exists with the same Company Number, Effective Year, and Policy Number as reported in a company's monthly statistical submission.

**ERROR CODE 2 - Only RMV Record(s) is an Out of State Operator:** The only RMV records that exist for this Company Number, Effective Year and Policy Number combination are out-of-state drivers with no valid information.

**ERROR CODE 3 - Only RMV Record(s) is a Deferred Operator:** The only RMV records that exist for this Company Number, Effective Year and Policy Number combination are deferred operators. Credit class codes cannot be reported for deferred operators.

**ERROR CODE 4 - Only RMV Record is a Permit Only:** The only RMV records that exist for this Company Number, Effective Year and Policy Number combination are permit drivers. Credit class codes cannot be reported for permit drivers.

**ERROR CODE 5 - Only RMV Record(s) is a Trans 4 or 5:** The only RMV records that exist for this Company Number, Effective Year, and Policy Number combination are transaction 4/5s (changes in coverage). A transaction 1, 2, 3, or 6 must exist for a valid match since a change in coverage is unrelated to a driver's attributes. (Please refer to page 26 of this manual for a list of transaction code definitions).

**ERROR CODE 6 - Stat Trans Date Earlier than First RMV Trans:** The transaction date on the statistical record is earlier than the transaction date on the RMV record. For example, if an operator was added to a policy as of June, the statistical transaction date for that record/driver must be 06 or greater.

## Commonwealth Automobile Reinsurers

### RULE 29 CREDIT EDIT PACKAGE

#### I. CLASS CODE ERROR DESCRIPTIONS (CONTINUED)

**ERROR CODE 7 - Different Class on Record with Most Recent Trans:** Because the edit uses transaction dates to eliminate ineligible records, it matches the statistical record to the most recent RMV record or the record with the most recent RMV transaction effective date.

This error denotes the situation in which the most recent transaction date has a different class code than the reported class code. Note: the transaction date on the statistical record must still be greater than or equal to the transaction date of the RMV record.

**ERROR CODE 8 – Different Class on Record with Most Recent MRB Proc Date:** This edit uses the MRB-Process-Date to eliminate ineligible records. This error denotes the situation in which the most recent MRB process date, within a specific transaction month, has a different class code than the reported class code. (Please refer to page 28 of this manual for a list of date definitions).

**ERROR CODE 9 – Assigned Credit Factor Not Granted:** This error occurs when the class code assigned by the edit has a greater credit premium amount than the amount of credit premium associated with the statistically reported class code. When this occurs, there is no change to the statistically reported class code.

## Commonwealth Automobile Reinsurers

### RULE 29 CREDIT EDIT PACKAGE

#### J. EXCEPTION EDITING

There are a few circumstances where CAR performs an exception to the nine error codes described previously. These exceptions are identified below.

**Mid-Term Rate/Stat Class Changes:** As previously noted, the Rule 29 Load Program creates records for mid-term rate/stat class changes as of the anniversary date of the Date-First-Licensed. The Rule 29 Edit Program validly accepts the original class (with fewer years of driving experience) for the entire policy term, but the CAR generated class (with greater years driving experience) is valid for the time period after the anniversary date of the rate/stat class change only (refer to Page 3 for more information).

**Endorsement Records:** Most endorsement activity (statistical transaction code = '12') resulting in class code changes creates statistical records for both classes (old and new) for the same transaction date. In order to accommodate this situation, the Rule 29 Edit Program validly matches endorsement records to both classes for the change month.

Note that only the original class codes (those with negative exposure) are valid for transaction dates equal to or earlier than the change month and only the new class codes will be valid for transaction dates equal to or greater than the change month.

## Commonwealth Automobile Reinsurers

### RULE 29 CREDIT EDIT PACKAGE

#### K. "ASSIGNED" CLASS CODES

If a record has been flagged in with error code 1-6, the Rule 29 Class Code edit assigns a class code of 1101 to that record. This becomes known as the "assigned" class code and is indicated as such on the error listing. (For clarification: the "reported" class code on the error listing represents the reported class code by the company on the statistical record. The "imputed" class code is created by the Rule 29 load program based upon the information from the MRB). By assigning a class code of 1101, if the record remains eligible for credit premium, then the credit premium will still be calculated.

**Principal/Occasional Match:** When there are valid records that match, the edit always matches a statistically reported principal class code to an RMV record with a principal class code. Likewise, it matches a statistically reported occasional class code to an RMV record with an occasional class code. In all cases, the transaction date criteria must also be met.

For example:

If the reported class = 1409 (Male/Occ. Driver/with Driver Train/Licensed 0-3 yrs)

The RMV imputed classes = 1207 (M/Occasional/no DT/0-3 yrs)  
= 1226 (M/Principal/no DT/0-3 yrs)

The possible class = 1207 because of the occasional status and, therefore, class 1207 becomes the assigned class.

Once the edit eliminates possible class codes due to matching on principal/occasional characteristics, it will always match against the RMV record with the lowest non-zero credit premium amount unless all of the possible options result in a credit premium amount of 0.

For example:

If the reported class code = 1246 (F/Principal/no DT/0-3 yrs) and there are two inexperienced operators on this policy:

Driver 1 = 1268 (F/Principal/with DT/0-3 yrs) MAIP Prem = 1,415  
Driver 2 = 1241 (F/Both/with DT/+6) MAIP Prem = 527

The edit will select class code 1241 as the assigned class code because it has the lowest MAIP premium.

## Commonwealth Automobile Reinsurers

### RULE 29 CREDIT EDIT PACKAGE

#### L. RULE 29 MERIT RATING VERIFICATION

In December 2014, the Rule 29 Credit Edit was expanded to include a comparison of the merit rating status returned by the Merit Rating Board to that reported by companies on voluntary statistical records coded with inexperienced operator classification codes. The Merit Rating Verification error listing is updated monthly in conjunction with the Classification Code Edit and includes records that have policy effective dates that fall within the rolling 12 month effective date range used in the quota share process.

Only valid (no class code error) or invalid records with error codes 7, 8, or 9 (those with a valid policy number match at the MRB) process through the merit rating verification.

The error listing provides the merit rating status and credit premium for the both the reported and assigned values. Rather than error codes, the Merit Rating Verification error listing is broken down into five sections:

- 1) Errors where the reported premium is less than the assigned premium - Assigned Merit Rating Not '00'
- 2) Errors where the reported premium is less than the assigned premium - Assigned Merit Rating Is '00'
- 3) Errors where the reported premium is greater than the assigned premium - Assigned Merit Rating Not '00'
- 4) Errors where the reported premium is greater than the assigned premium - Assigned Merit Rating is '00'
- 5) Errors where the reported premium and assigned premium are equal

A '00' assigned merit rating value generally occurs with a new license which could indicate an inexperienced operator who has resided in MA or it could indicate an inexperienced operator that moved into MA that may have experience in another state. Accordingly, error records matching to a '00' merit rating status may be correct if there is prior out-of-state experience not captured by the MRB.

CAR works directly with those companies that have a high error percentage to help identify systematic reporting problems and to help with correction efforts.

Please contact CAR with any suggestions on how to make the report more useful.



# Commonwealth Automobile Reinsurers

## RULE 29 CREDIT EDIT PACKAGE

### M. RULE 29 CREDIT EDIT ERROR LISTINGS

All records that the monthly edit program flags in error are written to one of the credit edit error listings. These secure reports on CAR's website: [www.commauto.com](http://www.commauto.com) require a user id and password to access. If a user needs a user id/password, please contact the company's security administrator.

To view the error listings, click on Reports in the top navigation and then sign in using the unique user id and password. Under the Reporting and Data Quality section, click on Rule 29 Credit Edit. There are two sections for review: Classification Code Verification and Merit Rating Verification. A more detailed description of each section follows.

The Classification Code listings identify the incorrect reporting of classification code for youthful drivers. To review the error listing, click on the Class Code Error Listing under the Class Code Verification heading. An error summary screen appears that provides a breakdown of the number of policies in error for each error code as shown in the example.

# Commonwealth Automobile Reinsurers

## RULE 29 CREDIT EDIT PACKAGE

### M. RULE 29 CREDIT EDIT ERROR LISTING (CONTINUED)

Home About CAR MAIP Reports Bulletins Manuals Committees Calendar Contact Us Schedules Training  
FAQ Site Map Help Search

[Reports > Rule 29 Credit Edit](#)

**Class Code Verification**  
[Class Code Error Listing](#)  
[Class Code Monthly Error Summary](#)  
[Rule 29 Credit Edit Package](#)

**Merit Rating Verification**  
[Merit Rating Error Listing](#)

**Additional Applications in Reporting & Data Quality**  
[Company Status Reports](#)  
[Company Submission Reports](#)  
[Data Transfers](#)  
[Experience Rating](#)  
[Rate Edit](#)  
[Reconciliation](#)

**Rule 29 Class Code Error Listing**  
**Step 2 of 2 - Select an error code.**  
Company: 999 - Any Insurance Company

Error Codes  
All Error Codes

Policies In Error By Error Code

Error Code	1	2	3	4	5	6	7	8	9
Policies	5	38	20	20	0	0	421	95	92
Premium Impact	-1,251	-1,543	-2,997	-1,166	0	0	-12,497	-451	0

[View Report](#)

Home About CAR MAIP Reports Bulletins Manuals Committees Calendar Contact Us Schedules Training FAQ Site Map Help Search

Copyright © 1999-2016 Commonwealth Automobile Reinsurers, All Rights Reserved.

Using the drop down box, you can select a specific error code to review or you can select all. Click View Report to see the detail error records for the error code you selected as shown in the example. Within the report, you can Export the detail records to Excel for more detailed analysis.

# Commonwealth Automobile Reinsurers

## RULE 29 CREDIT EDIT PACKAGE

### M. RULE 29 CREDIT EDIT ERROR LISTING (CONTINUED)

Home About CAR MAIP Reports Bulletins Manuals Committees Calendar Contact Us Schedules Training  
FAQ Site Map Help Search

Reports > Rule 29 Credit Edit

**Rule 29 Class Code Error Listing**

Export to Excel

1 / 3 62.7%

Comment Share

RULE 29 CREDIT EDIT REPORT  
LISTING OF INVALID CLASS CODES  
FOR 2/2015 Through 01/2016  
COMPANY 999  
Error Code 2 - Only RMV record(s) is an out of state operator

Policy Number	Pol Eff Date	Tx Eff Date	Terr	Exp	SDIP Points	Rpt Class	Rpt Rate	Rpt Credit	Take Out Credit	Rpt Prem	Assign Class	Assign Rate	Assign Credit	Take Out Credit	Assign Prem
06064	04/15	01/16	10	-4	00	1264	18	0.00	0.00	0	1101	10	0.00	0.00	0
06064	04/15	12/15	10	5	00	1264	18	0.00	0.00	0	1101	10	0.00	0.00	0
307677	04/15	08/15	23	9	98	1421	10	0.00	0.00	0	1101	10	0.00	0.00	0
061486	07/15	07/15	04	12	00	1241	10	0.00	0.00	0	1101	10	0.00	0.00	0
061486	07/15	12/15	04	-6	00	1241	10	0.00	0.00	0	1101	10	0.00	0.00	0
061846	09/15	11/15	24	-11	00	1243	17	0.00	0.00	0	1101	10	0.00	0.00	0
061846	09/15	09/15	24	12	00	1243	17	0.00	0.00	0	1101	10	0.00	0.00	0
061846	09/15	11/15	24	11	00	1241	10	0.00	0.00	0	1101	10	0.00	0.00	0
061169	10/15	12/15	03	-10	00	1247	21	0.00	0.00	0	1101	10	0.00	0.00	0
061169	10/15	10/15	03	12	00	1247	21	0.00	0.00	0	1101	10	0.00	0.00	0
3005291	02/15	07/15	08	7	98	1261	10	0.00	0.00	0	1101	10	0.00	0.00	0
0005759	05/15	05/15	03	11	00	1263	17	0.00	0.00	0	1101	10	0.00	0.00	0
3061968	06/15	06/15	23	12	00	1241	10	0.00	0.00	0	1101	10	0.00	0.00	0
7061256	07/15	10/15	12	9	04	1204	18	0.00	0.00	0	1101	10	0.00	0.00	0
7061256	07/15	11/15	12	-7	04	1204	18	0.00	0.00	0	1101	10	0.00	0.00	0
004604	09/15	12/15	99	8	98	1421	10	0.00	0.00	0	1101	10	0.00	0.00	0
061919	09/15	01/16	13	9	01	1241	10	0.00	0.00	0	1101	10	0.00	0.00	0

11.00 x 8.50 in

Home About CAR MAIP Reports Bulletins Manuals Committees Calendar Contact Us Schedules Training FAQ Site Map Help Search

Copyright © 1999-2016 Commonwealth Automobile Reinsurers, All Rights Reserved.

On the error listing, both the Rpt Prem and Assign Prem fields are based upon the quota share calculation formula and not what the company statistically reported to CAR. Similarly, based upon the RMV information, CAR assigns a class code and, based upon that class code, determines the Assign Rate Class Group, Assign Credit factor, and the Take Out Credit Factor.

In addition to the error listing, CAR provides the Company Monthly Error Percentage report. This is a secure report found on the Rule 29 Credit Edit page that displays Reported Credit

# Commonwealth Automobile Reinsurers

## RULE 29 CREDIT EDIT PACKAGE

### M. RULE 29 CREDIT EDIT ERROR LISTING (CONTINUED)

Premium, Adjusted Credit Premium, the Rule 29 Credit Impact, and the Error Percent for each policy effective month in the current rolling 12 month Quota Share cycle.

To view the report, click on the Class Code Monthly Error Summary report from the Rule 29 Credit Edit page as shown below.

The screenshot shows the website's navigation menu at the top with links for Home, About CAR, MAIP, Reports, Bulletins, Manuals, Committees, Calendar, Contact Us, Schedules, and Training. Below the menu is the CAR logo. The main content area is titled "Rule 29 Credit Edit" and contains several sections:

- Class Code Verification**: Describes the system's role in ensuring correct reporting of classification and merit rating data for youthful drivers.
- Merit Rating Verification**: Describes the system's role in ensuring correct reporting of merit rating data.
- Class Code Monthly Error Summary**: Describes the report that displays Reported Credit Premium, Adjusted Credit Premium, the Rule 29 Credit Impact, and the Error Percentage for the selected company for each policy effective month.
- Rule 29 Credit Edit Package**: Describes the editing process involved in verifying Rule 12 credit records as well as correction options for errors identified by the system.

The sidebar on the left contains links for various reports and applications, including Class Code Error Listing, Merit Rating Error Listing, and Class Code Monthly Error Summary.

The Class Code Monthly Error Summary report appears which you can export to Excel. Use this report to monitor your company's error percentage and the adjustment amounts to Quota Share.

## Commonwealth Automobile Reinsurers

### RULE 29 CREDIT EDIT PACKAGE

#### M. RULE 29 CREDIT EDIT ERROR LISTING (CONTINUED)


Commonwealth Automobile Insurers Rule 29 Credit Edit Errors				3/22/2016
Classification Code Monthly Error Summary				
Company: 999 Any Insurance Company				
Policy Effective Date	Reported Credit Premium	Adjusted Credit Premium	Rule 29 Credit Impact	Error Percentage
2/1/2015	5,104,786	5,087,118	-17,668	0.35 %
3/1/2015	6,554,228	6,531,115	-23,113	0.35 %
4/1/2015	5,913,631	5,896,476	-17,155	0.29 %
5/1/2015	5,774,878	5,746,329	-28,549	0.49 %
6/1/2015	5,758,614	5,736,868	-21,746	0.38 %
7/1/2015	5,972,992	5,946,353	-26,639	0.45 %
8/1/2015	6,030,957	6,013,812	-17,145	0.28 %
9/1/2015	5,956,340	5,913,364	-42,976	0.72 %
10/1/2015	5,904,606	5,889,306	-15,300	0.26 %
11/1/2015	4,966,586	4,951,980	-14,606	0.29 %
12/1/2015	4,774,651	4,768,752	-5,899	0.12 %
1/1/2016	5,268,623	5,263,239	-5,384	0.10 %
<b>Company Total:</b>	<b>67,980,892</b>	<b>67,744,712</b>	<b>-236,180</b>	<b>0.35 %</b>
<b>Industry Total:</b>	<b>707,850,432</b>	<b>700,048,794</b>	<b>-7,801,638</b>	<b>1.10 %</b>
<p>Please be advised that the Rule 29 Impact figures currently include records flagged with error code 2. The dollars associated with error code 2 will be not be included when the adjustment to Quota Share is made. Additionally, the Reported Credit Premium figure includes statistically reported credits as well as MAIP/CAR Take-Out Credits.</p>				

The Merit Rating Verification error listing displays the error records that have failed the merit rating match performed in the Rule 29 credit edit. To review the error listing, click on the Merit Rating Error Listing link under the Merit Rating Verification heading. A summary screen appears that provides a breakdown of the number of policies in error by premium impact as shown in the example.

# Commonwealth Automobile Reinsurers

## RULE 29 CREDIT EDIT PACKAGE

### M. RULE 29 CREDIT EDIT ERROR LISTING (CONTINUED)



Home About CAR MAIP Reports Bulletins Manuals Committees Calendar Contact Us Schedules Training  
FAQ Site Map Help Search

[Reports > Rule 29 Credit Edit](#)

**Rule 29**  
[Company Monthly Error Percentage](#)  
[Credit Edit Error Listing](#)  
[Rule 29 Credit Edit Package](#)

**Merit Rating Verification**  
[Merit Rating Error Listing](#)

**Additional Applications in Reporting & Data Quality**  
[Company Status Reports](#)  
[Company Submission Reports](#)  
[Data Transfers](#)  
[Experience Rating](#)  
[Rate Edit](#)  
[Reconciliation](#)

**Merit Rating Error Listing**  
**Step 2 of 2 - Select a data type.**  
Company: . 999 - Any Insurance Company

Section Type  
All Sections ▼

Policies In Error By Section

Section	All Sections	Reported Premium Less Than Assigned Premium		Reported Premium More Than Assigned Premium		Reported Premium Equal To Assigned Premium
		Assigned Merit Rating Not OO	Assigned Merit Rating Is OO	Assigned Merit Rating Not OO	Assigned Merit Rating Is OO	
<b>Policies</b>	209	13	6	11	5	174
<b>Premium Impact</b>	-2,075	4,508	854	-2,821	-4,617	0

[View Report](#)

Home About CAR MAIP Reports Bulletins Manuals Committees Calendar Contact Us Schedules Training FAQ Site Map Help Search  
Copyright © 1999-2015 Commonwealth Automobile Reinsurers, All Rights Reserved.

Using the drop down box, you can select the specific premium impact to review or you can select all. Click View Report to see the detail error records for the premium impact you selected as shown in the example. Within the report, you can Export the detail records to Excel for more detailed analysis.

# Commonwealth Automobile Reinsurers

## RULE 29 CREDIT EDIT PACKAGE

### M. RULE 29 CREDIT EDIT ERROR LISTING (CONTINUED)

Home About CAR MAIP Reports Bulletins Manuals Committees Calendar Contact Us Schedules Training  
 FAQ Site Map Help Search

Reports > Rule 29 Credit Edit

**Merit Rating Error Listing**

Export to Excel

1 / 1 62.7%

Comment Share

**RULE 29 MERIT RATING ERROR LISTING REPORT** 8/17/2015  
 LISTING OF MERIT RATING DISCREPANCIES Page 1 of 1  
 FOR 6/2014 Through 05/2015  
 COMPANY 999

Records where the reported premium is less than the assigned premium and the assigned merit rating is not 00

Policy Number	Pol Eff Date	Tx Eff Date	Terr	Exp	Rpt SDIP Points	Rpt Class	Rpt Rate Cls	Rpt Rate Grp	Rpt Credit Factor	Take Out Credit Factor	Rpt Prem	Assign SDIP Points	Assign Prem	
440376	07/14	10/14	08	-9	06	1228	20	1.00	0.00	0.00	-2,701	02	-2,142	
440376	07/14	07/14	08	12	02	1226	20	1.00	0.00	0.00	2,857	06	3,602	
378749	03/15	03/15	41	12	00	1223	17	1.00	0.00	0.00	1,567	04	2,083	
466884	01/15	02/15	21	11	99	1241	10	1.00	0.00	0.00	1,335	98	1,496 *	
676221	06/14	02/15	14	3	00	1207	21	1.00	0.00	0.00	619	05	850	
524307	05/15	05/15	09	12	00	1207	21	1.00	0.00	0.00	1,812	03	2,220	
587305	05/15	05/15	06	12	03	1246	20	1.00	0.00	0.00	3,513	04	3,728	
266646	06/14	03/15	15	3	00	1247	21	1.00	0.00	0.00	622	10	1,089 *	
489004	06/14	07/14	16	11	99	1241	10	1.00	0.00	0.00	991	98	1,110	
518255	04/15	04/15	08	12	03	1283	17	1.00	0.00	0.00	1,721	04	1,827	
410201	11/14	12/14	20	11	99	1241	10	1.00	0.00	0.00	992	98	1,112 *	
588411	05/15	05/15	15	12	99	1288	25	1.00	0.00	0.00	3,184	03	3,900	
526871	06/14	05/15	17	1	00	1288	25	1.00	0.00	0.00	236	03	289 *	
503195	10/14	10/14	15	12	99	1221	10	1.00	0.00	0.00	1,097	98	1,229 *	
<b>Policies in Error 13</b>					<b>Total Reported Premium for Error Records 17865</b>					<b>Total Assigned Premium for Error Records 22373</b>				

11.00 x 8.50 in

Home About CAR MAIP Reports Bulletins Manuals Committees Calendar Contact Us Schedules Training FAQ Site Map Help Search

Copyright © 1999-2015 Commonwealth Automobile Reinsurers, All Rights Reserved.

On the merit rating discrepancy listing, the value in the Reported SDIP field comes from the statistical record and the value in the Assign SDIP Points comes from the MRB. Similar to the Classification Code error listings both the Rpt Prem and Assign Prem fields are based upon the quota share calculation formula and not what the company statistically reported to CAR.

# Commonwealth Automobile Reinsurers

## RULE 29 CREDIT EDIT PACKAGE

### N. CAR'S MAINFRAME POLICY INQUIRY FILE

CAR houses the Rule 29 policy inquiry data on its mainframe which is accessible via the telecommunications system on the Reports page of CAR's website: [www.commauto.com](http://www.commauto.com). The mainframe file contains all of the data the MRB provides to CAR weekly in addition to the "CAR Generated Records" for principal/occasional driver status.

Use CAR's Policy Inquiry File to assist in correction efforts and identify reporting issues. In some instance, this file contains more data than is available via the SDIP Inquiry System. In order to access the mainframe database, the user must have a telecommunications user id and password. To obtain a user id, please contact your company's Security Administrator.

In order to review a policy, you need to provide the company number, the policy number, and the policy effective year. To access the Policy Inquire File via CAR's telecommunications application, please follow the procedures below once logged into the telecommunications system.

1. From the main menu (TE100) – Telecommunications, select Statistical System (PF4).

```
TE100SB          COMMONWEALTH AUTOMOBILE REINSURERS          09/22/2014
TEMENUSA                TELECOMMUNICATIONS                    03:54:42

C.A.R. ACCOUNTING          ..... PF2 OR 02
SESSION/MAIP SYSTEM        ..... PF3 OR 03
STATISTICAL SYSTEM          ..... PF4 OR 04
PRODUCER CODE SYSTEM       ..... PF5 OR 05
... NO SELECTION ...       ..... PF6 OR 06
AUDIT & CLAIMS SYSTEM      ..... PF7 OR 07

TERMINATE C.A.R. SESSION   ..... PF12 OR 12

:                           :
```



# Commonwealth Automobile Reinsurers

## RULE 29 CREDIT EDIT PACKAGE

### N. CAR'S MAINFRAME POLICY INQUIRY FILE

2. Type in the three-digit company code number, then select Rule 29 RMV Inquiries (PF3).

```
TE140MN          COMMONWEALTH AUTOMOBILE REINSURERS          09/22/2014
TE140SA          C.A.R. STATISTICAL SYSTEM                   03:59:23

                    COMPANY NUMBER ..... ____

STAT POLICY HISTORIES          ..... PF2  OR 02
RULE 29 RMV INQUIRIES       ..... PF3  OR 03
.....NO SELECTION.....       ..... PF4  OR 04
STATISTICAL CORRECTIONS        ..... PF5  OR 05
STATISTICAL LOOKUPS            ..... PF6  OR 06
NON-POLK VIN MAINTENANCE       ..... PF7  OR 07
POLICY PRODUCER CODE CORRECTIONS ..... PF8  OR 08

TO RETURN TO MAIN MENU        ..... PF12 OR 12

                                :      :

PF1/01 - HELP                  PF12/12 - RETURN MENU
```

3. Type in the policy number and four-position policy effective year then select View (PF3).

```
RM100PR          SEARCH RMV DATABASE          09/22/14
RM100SA          04:01:51

                    PLEASE ENTER THE FOLLOWING INFORMATION

                    COMPANY NUMBER:  999

                    POLICY NUMBER:  _____

                    POLICY EFFECTIVE YEAR:  ____

                                :  __  :

PF1 = HELP          PF3 = VIEW          PF12 = EXIT
```

# Commonwealth Automobile Reinsurers

## RULE 29 CREDIT EDIT PACKAGE

### N. CAR'S MAINFRAME POLICY INQUIRY FILE

The RM100 Display Screen 1 appears with the RMV information contained on CAR's database file.

```

RM100PR                      RM100PR DISPLAY SCREEN 1                      09/22/14
RM100SB                      POL-EFF-YR 14                      04:05:04
CO-NO 999    POL-ID 9999999                      PAGE: 01
      I S    DATE  M T  D  DATE  ST
      N E FIRST Y Y D T  OF  CLAS RT SDIP
      SRL    NAME  LICENSE NUMBER ST Q X LICENSED L L T U  BIRTH CODE GR PNTS
063000000  INSURED    S99999999    MA 2 F 20081006 5 5 Y 0 920399 1263 17 02
063030000  INSURED    S99999999    MA 2 F 20081006 5 5 Y 0 921399 1264 18 02
063030001  INSURED    S99999999    MA 2 F 20081006 6 5 Y 0 920399 1261 10 02
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
:  _  :

NO MORE RECORDS ON THE RMV FOR THIS KEY
PF1=HELP          PF7=PAGE BACKWARD          PF10=HARD COPY
PF5=PAGE RIGHT   PF8=PAGE FORWARD          PF12=EXIT
    
```

The following table provides the field definitions for screen 1.

Field Heading	Definition
RMV SRL	RMV Serial Number - CAR imputes to separately identify each RMV record
LAST NAME	The operator's last name (a "*" in the 10th position indicates a deferred operator)
LICENSE NUMBER	The operator's license number
ST	State
INQ	Inquiry Transaction Type 1 = New Business, 2 = Renewal Business, 3 = Add/Change Operator, 4 = Add Collision Coverage, 5 = Add Property Damage Coverage, 6 = Reinstatement
SEX	Male (M), Female (F), Unknown (U)
DATE FIRST LICENSED	Date in Massachusetts
M Y L	Number of years licensed in Massachusetts
T Y L	Total Years Licensed
DT	Driver Training Status (Y, N, U)

# Commonwealth Automobile Reinsurers

## RULE 29 CREDIT EDIT PACKAGE

### N. CAR'S MAINFRAME POLICY INQUIRY FILE

Field Heading	Definition
DTU	Date Update Switch 0 = Not Updated by CAR, 1 = Updated by CAR
DATE OF BIRTH	YYMMDD Format
CLAS CODE	Class code imputed by CAR
ST RT GR	Stat Rate Group
SDIP POINTS	Merit Rating Value provided by MRB

Use the PF5 (PAGE RIGHT) to toggle to RM100 Display Screen 2. The PF6 (PAGE LEFT) function allows you to view Screen 1.

```

RM100PR                      RM100PR DISPLAY SCREEN 2                      09/22/14
RM100SC                      04:25:55
CO-NO  773    POL-ID  1000875                      POL-EFF-YR  14                      PAGE:  1
      RMV      RMV      MRB    P G D P TX
      TX-EFF  POL-EFF  PROC  R E E E LES
      SRL      NAME   LICENSE NUMBER   DATE      DATE      DATE   I N F R LIC
063032920  INSURED   S99999999   20140224  20140224  20131231  P 0 0 0 0
063032921  INSURED   S99999999   20140224  20140224  20131231  O 0 0 0 0
063032922  INSURED   S99999999   20141006  20140224  20131231  B 1 0 0 0
_____
_____
_____
_____
_____
_____
_____
_____
:  _  :
NO MORE RECORDS ON THE RMV FOR THIS KEY
PF1=HELP          PF7=PAGE BACKWARD          PF10=HARD COPY
PF6=PAGE LEFT     PF8=PAGE FORWARD          PF12=EXIT
    
```

The following table provides the additional field definitions for screen 2.

## Commonwealth Automobile Reinsurers

### RULE 29 CREDIT EDIT PACKAGE

#### N. CAR'S MAINFRAME POLICY INQUIRY FILE

Field Heading	Definition
RMV TX-EFF DTE	The inquiry transaction date at the MRB/Registry of Motor Vehicles
RMV POL-EFF DTE	The policy effective date at the MRB/Registry of Motor Vehicles
MRB PROC DTE	The date the MRB/Registry of Motor Vehicles processed the inquiry
PRI	Principal/Occasional Operator Switch P = Principal O = Occasional B = Both
GEN	CAR generated record switch 0 = Not CAR Generated 1 = CAR Generated
DEF	Deferred Operator Switch 0 = Not Deferred 1 = Deferred Operator
PER	Permit Driver 0 = Licensed Driver 1 = Permit Driver
TX LES LIC	RMV transaction effective date is less than date first licensed switch 0 = RMV-TX-EFF-DTE GREATER THAN DATE FIRST LICENSED 1 = RMV-TX-EFF-DTE LESS THAN DATE FIRST LICENSED

Use the PF7 (PAGE BACKWARD) and PF8 (PAGE FORWARD) functions if a policy contains more than 10 records.

Use the PF10 (HARD COPY) function to request a hard copy policy history which CAR mails to the individual user.

For more information, please reference CAR's On-line Telecommunications Manual. Those companies that would like access to CAR's On-line Telecommunication System should contact their Data Analyst.

## Commonwealth Automobile Reinsurers

### RULE 29 CREDIT EDIT PACKAGE

#### O. CORRECTING DATA

It's best to prioritize correction activity by focusing on errors that cause the company to lose the most credit premium. That is, if looking at the error listing and the Reported Premium Amount is higher than the Assigned Premium Amount for any particular record, then the company should fix that error first since it's losing the credit premium.

There are two methods for correcting Rule 29 Credit Errors.

##### **Invalid Statistical Data**

If a company has determined that its statistical data is incorrect (i.e. the statistically reported class code or merit rating value is wrong), then submit offset/reenter records to correct the invalid data. Create an offset record, containing the same invalid class code, to washout the original record. Then report the reenter record with the correct class code or merit rating value. (Please refer to Page 3 of this manual for a more complete description of the washout process with regard to offset records).

Submit correction data as soon as possible so that the credit amount can be included in the Quota Share process.

Note that companies may also choose to process a change to its system so as to correct the policy going forward for the next renewal (thus limiting the impact to the insured). In this case, offsetting data is not required

##### **Invalid/Missing MRB/Registry Data**

If a company has determined that the SDIP Inquiry System is incomplete (i.e. the company failed to process an inquiry for a driver such that CAR failed to receive a record from the MRB for that driver), then process an inquiry. Once CAR receives an MRB record for that driver, the program creates new RMV records and the error should be eliminated with the next month's processing.

The Merit Rating Board doesn't require inquiries in the last 60 days of a policy. If a company chooses not to inquire, it's possible that it is losing credit premium.

## Commonwealth Automobile Reinsurers

### RULE 29 CREDIT EDIT PACKAGE

#### O. CORRECTING DATA (CONTINUED)

##### Invalid/Missing MRB/Registry Data (continued)

Reference the Safe Driver Insurance Plan Policy Inquiries Manual, Appendix N: Requirements for Transferring Out-Of-State Driving Records to correct errors related to prior history for out-of-state drivers.

#### P. COMMON ERROR CONDITIONS

##### 1. Driver Training

The fourth position of the Classification Code on the reported statistical record indicates whether the inexperienced driver has taken driver training. The MRB captures the driver training status and provides CAR with that information. If the statistically reported record does not match the driver training status of the MRB record, the record is considered in error with error code 7 and may result in an adjustment to the credit premium. To fix this error, the company would need to process offset/reenter records to correct the invalidly reported classification code. (Please refer to Page 3 of this manual for a more complete description of the washout process with regard to offset records).

##### 2. Permit Driver

Assigned Risk Carriers cannot use permit drivers for rating purposes until the driver becomes licensed. The company must process offset records to remove the permit driver from the policy until licensed. (Please refer to Page 3 of this manual for a more complete description of the washout process with regard to offset records).

##### 3. Merit Rating Mismatch

Be sure that the merit rating value reported on the statistical record matches to the merit rating value provided by the MRB. For those companies that use their own merit rating plan, the value must be mapped back to the MRB value when reporting the statistical records. This is true for new/renewal premium as well as

## Commonwealth Automobile Reinsurers

### RULE 29 CREDIT EDIT PACKAGE

#### P. COMMON ERROR CONDITIONS (CONTINUED)

##### 3. Merit Rating Mismatch (continued)

all endorsement activity. If the merit rating value does not match, it creates a mismatch in the Rule 29 edit and may impact a company's Quota Share calculation. To fix this error, the company would need to process offset/reenter records to correct the invalidly reported merit rating status. (Please refer to Page 3 of this manual for a more complete description of the washout process with regard to offset records).