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- M E M O R A N D U M -

TO: All Recipients of the CAR Operational Reports

FROM: Lisa Traynham, Data Analyst

DATE: March 23, 2022

RE: Operational Reports

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The 4th quarter 2021 Operational Reports follow this memorandum. This report includes data reported November 16, 2021 through February 15, 2022 for the accounting month period of October 2021 through December 2021. If you have any comments or suggestions to improve the usefulness of these reports, please contact me.

**Section I – Accounting/Statistical Shipments:**

There have been no proposed or approved updates to the Private Passenger Statistical Plan since the last publication of the Operational Reports.

There have been no proposed or approved updates to the Commercial Statistical Plan since the last publication of the Operational Reports.

CAR assessed a total of \$119,750 in the Statistical Data Quality Penalty Program in the 4th Quarter 2021 Settlement of Balances.

**Section II – Cession/MAIP Placement Record Reporting:**

This section includes the MAIP Placement Record Reporting Analysis, which highlights valid and invalid activity related to MAIP Placement Record reporting. These reports can be found on the MAIP website. Please contact your company's designated Security Administrator for access to these reports.

The 2020 annual Cession/No Premium Write-Off amounts have been calculated and the penalty amounts have been set at \$10,600 for Commercial and \$8,600 for Taxi/Limousine/Car Service business. Please reference Bulletin Notice No. 1129 distributed on November 23, 2021 for more information.

**OPERATIONAL REPORTS  
4TH QUARTER 2021**

**Section III – Residual Market Information:**

This section includes various status reports related to Private Passenger – MAIP Residual Market, Commercial Residual Market, participation ratios, and quota share.

CAR ran the CA5010 - Flat Cancellation Audit report on February 3, 2022 using CAR's online system. The documentation is due on April 1, 2022.

As of December 2021, the commercial residual market rate equaled 18.0%.

CAR posted the December 31, 2021 Quarterly Member Participation Reports to its website on March 4, 2022.

CAR ran the 4th Quarter 2021 Rule 29 credit edit download reports on February 16, 2022.

**Section IV – Accounting System Processing:**

CAR produced 4th Quarter 2021 Critical Error Loss Write-Offs and 10% Loss of Investment Fees. There were no policies eligible for write-off during the quarter.

**With the implementation of the CAR Accounting System to the website, the Audit Review program has been discontinued. Accordingly, all references to the program have been eliminated.**

The Penalty Forecasting exhibits were made available on CAR's website on March 7, 2022.

**Section V - Statistical Agent Functions:**

Third Quarter 2021 Statutory Page 14 data was due at CAR on December 15, 2021. Reconciliation Responses for Third Quarter 2021 ran on January 3, 2022 and were due back on February 3, 2022. Company assessments were included in Fourth Quarter 2021 Settlement of Balances. Fourth Quarter 2021 Statutory Page 14 electronic submissions were due at CAR on March 15, 2022. Fourth Quarter 2021 Reconciliation is anticipated to run on April 1, 2022.

All companies that exceed the commercial rate edit tolerances are listed on page 22.

**Section VI – Communications:**

A new application was added to CAR's website: ERP Commercial Written Premium which assists Servicing Carriers in evaluating their assigned ERPs relative to CAR Rule 14, C – Production Criteria. Also, CAR completed the project that moved the CAR Accounting error and informational lists and the Reinsurance Audit reports to its website in September 2021.

**OPERATIONAL REPORTS  
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**I. STATISTICAL SYSTEM**

A. Reporting of Company Shipments

The monthly submission of statistical data is due at CAR according to the Call Schedule contained in the table below. The timeliness exhibit on the following page reflects the timeliness status of all companies for 2021 as of the fourth quarter. That is, it reflects those companies whose submissions were not complete by the due date indicated below.

<b>2021 CALL SCHEDULE</b>		
<b>Submission</b>	<b>Due Date</b>	<b>Quarter</b>
January 2021	March 15, 2021	1 <sup>st</sup> Quarter
February 2021	April 15, 2021	
March 2021	May 17, 2021	
April 2021	June 15, 2021	2 <sup>nd</sup> Quarter
May 2021	July 15, 2021	
June 2021	August 16, 2021	
July 2021	September 15, 2021	3 <sup>rd</sup> Quarter
August 2021	October 15, 2021	
September 2021	November 15, 2021	
October 2021	December 15, 2021	4 <sup>th</sup> Quarter
November 2021	January 18, 2022	
December 2021	February 15, 2022	

<b>2022 CALL SCHEDULE</b>		
<b>Submission</b>	<b>Due Date</b>	<b>Quarter</b>
January 2022	March 15, 2022	1 <sup>st</sup> Quarter
February 2022	April 15, 2022	
March 2022	May 16, 2022	
April 2022	June 15, 2022	2 <sup>nd</sup> Quarter
May 2022	July 15, 2022	
June 2022	August 15, 2022	
July 2022	September 15, 2022	3 <sup>rd</sup> Quarter
August 2022	October 18, 2022	
September 2022	November 15, 2022	
October 2022	December 15, 2022	4 <sup>th</sup> Quarter
November 2022	January 17, 2023	
December 2022	February 15, 2023	

In instances where a company's ceded loss dollars are complete by quarter's end but its ceded premium dollars are not, CAR will assess "loss of investment income" penalties to reimburse the pool for the missing premium dollars. CAR did not assess any "loss of investment income" penalties in fourth quarter, 2021.

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**I. STATISTICAL SYSTEM (continued)**

2021 Timeliness Report

<i>CO NO</i>	<i>Jan 3/15</i>	<i>Feb 4/15</i>	<i>Mar 5/17</i>	<i>Apr 6/15</i>	<i>May 7/15</i>	<i>Jun 8/16</i>	<i>July 9/15</i>	<i>Aug 10/15</i>	<i>Sep 11/15</i>	<i>Oct 12/15</i>	<i>Nov 1/18</i>	<i>Dec 2/15</i>
030			PP			PP			PP			
096		COM										
103	COM											
116												COM
118					PP							
143									COM			
144			COM									COM
158												COM
162									COM			
163	COM											
230												COM
257										PP		
313					PP							
320						PP			PP			
343								PP	PP	PP	PP	
347			COM									
349			COM									
359								PP	PP	PP	PP	
399	COM											
418								PP	PP	PP	PP	PP
429		COM	COM			COM		PP	PP	PP	PP	
436		COM										
437		COM										
463								COM				
571												COM
604						PP						
623	COM											
907									PP			PP
916									PP			PP
940									PP			PP
943									PP			PP
985												COM
989	PP											

\*There were no late or rejected shipments for the April 2021 MAS.

\*There were no late or rejected shipments for the July 2021 MAS.

**OPERATIONAL REPORTS  
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**I. STATISTICAL SYSTEM (continued)**

**B. Statistical Plan Penalty Fee Program**

CAR assesses various statistical penalties as outlined in the Data Quality Penalty Section of the Private Passenger and Commercial Statistical Plans. These penalties include items such as incomplete monthly submissions, late submission of page 15 data, reconciliation responses, distributional analysis response and failure to reduce a statistical shipment's error percent to below 5%.

For 4th Quarter 2021, CAR assessed a total penalty amount of \$119,750. The table below shows the detail penalties for each company.

Penalty Assessments  
4th Quarter 2021

<b>Co #</b>	<b>Company Name</b>	<b>Assessment</b>	<b>Assessment Amount</b>
030	American Family Home Ins. Co	Late MAS 09/2021	\$500
109	Pennsylvania Lumbermen's Mutual	Stat Err > 5% - 05/2021	\$1,200
109	Pennsylvania Lumbermen's Mutual	Late DA Response – 06/2021	\$150
134	New York Marine & General Ins C	Stat Err > 5% - 09/2021	\$150
143	American Hallmark Ins of Texas	Late MAS 09/2021	\$500
144	Wesco Insurance Company	Stat Err > 5% - 03/2021	\$3,750
162	Imperium Insurance Company	Late MAS 09/2021	\$500
206	Nationwide Agribusiness Ins. Co	Stat Err > 5% - 06/2021	\$1,200
206	Nationwide Agribusiness Ins. Co	Stat Err > 5% - 09/2021	\$750
217	21st Century Premier Ins Co	Late Page 14 Data – 09/2021	\$400
219	Safety National Casualty Corp	Stat Err > 5% - 03/2021	\$2,500
219	Safety National Casualty Corp	Stat Err > 5% - 06/2021	\$3,750
219	Safety National Casualty Corp	Stat Err > 5% - 07/2021	\$1,200
219	Safety National Casualty Corp	Stat Err > 5% - 08/2021	\$2,250
219	Safety National Casualty Corp	Stat Err > 5% - 09/2021	\$300
230	Praetorian Insurance Company	Late Page 14 Data – 09/2021	\$400
247	National Casualty Company	Stat Err > 5% - 03/2021	\$2,500
257	Berkley Insurance Co	Late DA Response – 06/2021	\$150
313	Essentia Insurance Company	Stat Err > 5% - 03/2021	\$3,750
313	Essentia Insurance Company	Stat Err > 5% - 05/2021	\$1,850
313	Essentia Insurance Company	Stat Err > 5% - 07/2021	\$600
320	American Modern Prop & Casualty	Late MAS 09/2021	\$500
323	Esurance Insurance Company	Stat Err > 5% - 04/2021	\$1,250
323	Esurance Insurance Company	Late DA Response – 06/2021	\$150
336	Employer's Mutual Casualty Co	Stat Err > 5% - 04/2021	\$2,500
343	GEICO General Insurance Co	Late MAS 08/2021	\$6,000
343	GEICO General Insurance Co	Late MAS 09/2021	\$3,000
343	GEICO General Insurance Co	Late MAS 10/2021	\$1,250
343	GEICO General Insurance Co	Late MAS 11/2021	\$500

**OPERATIONAL REPORTS  
4TH QUARTER 2021**

**I. STATISTICAL SYSTEM (continued)**

**B. Statistical Plan Penalty Fee Program (continued)**

Penalty Assessments  
4th Quarter 2021

<u>Co #</u>	<u>Company Name</u>	<u>Assessment</u>	<u>Assessment Amount</u>
359	GEICO Indemnity Company	Late MAS 08/2021	\$3,000
359	GEICO Indemnity Company	Late MAS 09/2021	\$1,250
359	GEICO Indemnity Company	Late MAS 10/2021	\$1,250
359	GEICO Indemnity Company	Late MAS 11/2021	\$500
377	Federal Insurance Company	Late MAS 03-09Q	\$9,000
418	American Family Connect P&C	Interim Late MAS	\$30,500
427	Great Northern Insurance Co	Interim Late MAS	\$9,000
429	Government Employee's Ins	Stat Err > 5% - 09/2021	\$900
429	Government Employee's Ins	Late MAS 08/2021	\$6,000
429	Government Employee's Ins	Late MAS 09/2021	\$3,000
429	Government Employee's Ins	Late MAS 10/2021	\$1,250
429	Government Employee's Ins	Late MAS 11/2021	\$500
436	General Casualty Co of Wisconsin	Late Expln – 09/2021	\$200
437	Regent Insurance Company	Late Expln – 09/2021	\$200
569	Midvale Indemnity Company	Stat Err > 5% - 06/2021	\$600
571	Milford Casualty Ins Company	Stat Err > 5% - 09/2021	\$600
597	Permanent General Assurance	Rescind Late Pg 14 – 06/2021	(\$4,300)
616	Nutmeg Insurance Company	Stat Err > 5% - 10/2021	\$150
703	Pacific Indemnity Ins Company	Late MAS 03-09Q	\$500
748	QBE Insurance Corporation	Late Expln – 09/2021	\$200
756	RLI Insurance Company	Stat Err > 5% - 03/2021	\$7,500
756	RLI Insurance Company	Stat Err > 5% - 06/2021	\$1,200
756	RLI Insurance Company	Stat Err > 5% - 09/2021	\$300
907	United Services Insurance Co	Late Expln – 09/2021	\$200
907	United Services Insurance Co	Late MAS 09/2021	\$500
916	Garrison P&C Insurance Company	Late Expln – 09/2021	\$200
916	Garrison P&C Insurance Company	Late MAS 09/2021	\$500
940	USAA General Indemnity Co	Late Expln – 09/2021	\$200
940	USAA General Indemnity Co	Late MAS 09/2021	\$500
943	USAA Casualty Insurance Co	Late Expln – 09/2021	\$200
943	USAA Casualty Insurance Co	Late MAS 09/2021	\$500
958	Harleysville Insurance Company	Late DA Response – 06/2021	\$150
		Total	<b>\$119,750</b>

**OPERATIONAL REPORTS  
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**II. CESSION/MAIP PLACEMENT RECORD REPORTING**

A. Cession Submission

CAR accepts cession data via two different methods: on-line entry through CAR's website and FTP transmission. Please contact your company's Data Analyst if you need assistance in gaining access to CAR's website application.

CAR accepts cession records and cession corrections on commercial business for policy years 2020 - 2022.

B. Cession Backdates

1. TX1/TX2 Cession Backdate Appeals based on Intent to Cede

In instances where a company provides documentation showing its intent to cede a specific policy, CAR maintains the authority to act upon those appeals provided the backdate request does not exceed 25 policies. Furthermore, the appeal and associated documentation must meet the criteria outlined in Chapter 2 of the Manual of Administrative Procedures. For any policy that does not meet the criteria, CAR does not have the authority to grant the appeal; the company then can present the appeal before the Operations Committee.

There have been no "intent-to-cede" appeals since the last publication of the Operational Reports.

2. TX5 Cession Backdate Appeals

In instances where a company intended to write a policy voluntary, it can appeal for a transaction 5 (uncede) backdate. CAR maintains the authority to approve these types of appeals when the documentation provided clearly shows the company made the decision to write the policy voluntary prior to the policy effective date.

There have been no TX5 backdate requests made since the last publication of the Operational Reports.

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**II. CESSION/MAIP PLACEMENT RECORD REPORTING (continued)**

3. CR215 Cessions Automatically Backdated

On a quarterly basis, CAR produces the CR215 report that shows the volume of cessions backdated for involuntary producer business. The program monitors the three current reporting years for cession activity. Accordingly, CAR ran the latest report February 24, 2022 monitoring policy years 2019, 2020 and 2021 for 4th Quarter 2021.

The following exhibits show the industry's volume of backdated cessions. On the report itself, the column to the right of percent backdated indicates if the volume of backdated producers exceeds the tolerance level. Accordingly:

- an asterisk (\*) indicates that more than 5% of the total new business cessions for the company are backdated.
- a pound symbol (#) indicates more than 5% are backdated but fall within the tolerance level. (*The tolerance level is 5% and 25 policies in error*).

Policy Year 2019  
Commercial

CO NO	POLICIES ELIGIBLE	BACKDATED POLICIES	PERCENT BACKDATED	% CHANGE	PD LOSSES COVERED	O/S LOSSES COVERED
154	343	2	0.6	0.0	0	0
279	6	0	0.0	0.0	0	0
717	197	4	2.0	0.0	0	0
732	160	1	0.6	0.0	0	0
734	156	4	2.6	0.0	0	0
773	5	0	0.0	0.0	0	0
Totals	867	11	1.3%	N/A	0	0

\* indicates that more than 5% of the total new business cessions for the company are backdated.

# indicates more than 5% are backdated but fall within the tolerance level. (*The tolerance level is 5% and 25 policies in error*).



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**II. CESSION/MAIP PLACEMENT RECORD REPORTING (continued)**

Policy Year 2020  
Commercial

CO NO	POLICIES ELIGIBLE	BACKDATED POLICIES	PERCENT BACKDATED	% CHANGE	PD LOSSES COVERED	O/S LOSSES COVERED
154	261	0	0.0	0.0	0	0
279	3	0	0.0	0.0	0	0
717	89	2	2.2	0.0	0	0
732	108	1	0.9	0.0	0	0
734	67	2	3.0	0.0	0	0
773	1	0	0.0	0.0	0	0
Totals	529	5	0.9%	N/A	0	0

\* indicates that more than 5% of the total new business cessions for the company are backdated.

# indicates more than 5% are backdated but fall within the tolerance level. (*The tolerance level is 5% and 25 policies in error*).

Policy Year 2021  
Commercial

CO NO	POLICIES ELIGIBLE	BACKDATED POLICIES	PERCENT BACKDATED	% CHANGE	PD LOSSES COVERED	O/S LOSSES COVERED
154	195	1	0.5	-0.5	0	0
279	2	0	0.0	0.0	0	0
717	78	0	0.0	0.0	0	0
732	197	3	1.5	0.0	0	0
734	91	5	5.5 #	-4.0	0	0
773	1	0	0.0	0.0	0	0
Totals	564	9	1.6%	N/A	0	0

\* indicates that more than 5% of the total new business cessions for the company are backdated.

# indicates more than 5% are backdated but fall within the tolerance level. (*The tolerance level is 5% and 25 policies in error*).

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**II. CESSION/MAIP PLACEMENT RECORD REPORTING (continued)**

C. CA5010 Flat Cancellation Audit

Twice per year CAR runs the CA5010 - Flat Cancellation Documentation Listing. Its purpose is to randomly sample flat-canceled policies to verify that the industry is using flat-cancellation transactions properly. The report was run on February 1, 2022 and the documentation is due back on April 1, 2022. Please note documentation can now be uploaded through the CAR Accounting application on the website using your account id and password.

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**II. CESSION/MAIP PLACEMENT RECORD REPORTING (continued)**

**D. MAIP Placement Record Reporting Analysis**

On a monthly basis, CAR reviews the quality of MAIP Placement Record reporting and produces a report which highlights the error counts for various types of errors. Companies with excessive error counts are contacted and requested to research the cause of its reporting problem and if appropriate provide a corrective action plan.

**COMMONWEALTH AUTOMOBILE REINSURERS  
MAIP PLACEMENT RECORD REPORTING ANALYSIS**  
Reflects Statistically Reported Data for Policy Effective Months 01/2021 to 12/2021  
Reflects MAIP Placement Record Reported Data as of February 17, 2022

Co No	Missing MPRs	Rejected MPRs	Fatal MPRs	Rejected Take Out Credits	MPRs with No Premium	Premium with No MPRs	Active MPRs
113	0	0	0	0	0	0	280
153	23	7	1	99	24	20	1908
192	0	1	0	0	0	0	362
193	0	3	0	0	0	3	22
202	0	0	0	0	0	0	76
250	0	0	0	0	0	0	23
258	1	0	0	0	0	0	89
279	0	0	501	13	0	29	8812
304	0	0	0	0	0	0	4
308	0	0	0	0	0	0	85
315	0	0	0	0	0	0	25
354	8	2	0	0	0	111	2454
363	0	1	0	0	0	0	88
422	0	0	0	0	0	0	43
531	0	0	0	0	0	0	523
584	1	4	1	0	0	0	661
604	24	2	184	0	0	20	275
612	1	0	11	32	0	6	414
664	3	24	0	0	0	3	1217
724	0	1	2	0	0	0	255
726	0	0	0	0	0	0	10
731	0	0	0	54	0	0	0
735	0	0	0	0	0	0	185
773	3	0	28	27	0	5	2727
827	0	1	0	0	0	0	424
890	0	0	0	0	0	0	189
908	0	3	0	0	0	0	2336
959	0	0	0	0	0	0	34
988	0	0	2	6	0	1	643
Average	2	2	25	8	1	7	833

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**III. RESIDUAL MARKET INFORMATION**

A. Residual Market Volumes

The MAIP Residual Market and Commercial Residual Market volume results for the past seven years are highlighted in the chart below. The residual market rate for the current year is based on statistically reported data only and does not include estimates for missing data.

<b>Effective Year</b>	<b>MAIP Residual Market %</b>	<b>Commercial Cession %</b>	<b>Time Period</b>
2015	1.3%	20.4%	Final Result
2016	1.4%	21.8%	Final Result
2017	1.3%	22.1%	Final Result
2018	1.2%	22.7%	Final Result
2019	1.0%	21.6%	Final Result
2020	0.7%	18.6%	Final Result
2021	0.5%	18.0%	As of Dec. 2021

Commercial Residual Market volume reports are available on CAR's website ([www.commauto.com](http://www.commauto.com)).

B. Private Passenger – Massachusetts Automobile Insurance Plan (MAIP)

Policy Year 2021 Results as of December, 2021

	<b>2021 @ 12 Months</b>	<b>% Total</b>		<b>2020 @ Final</b>	<b>% Total</b>
MAIP Assigned (CAR-ID 9)	22,428	0.5%		33,206	0.7%
MAIP Retained (CAR-ID 8)	4,781,405	99.5%		4,728,938	99.3%
Total	4,803,833	100.0%		4,762,144	100.0%

C. Private Passenger MAIP Premium and Loss Reports

Private Passenger Premium and Loss reports were updated through December, 2021 on February 25, 2022 and are available on CAR's website in the MAIP section under Company. These reports provide summary policy year information for statistically reported MAIP assignments (CAR ID Code 9), including premiums, losses, loss ratio, and data for frequency/severity displayed historically by accounting quarter. Member companies will have access to both their own company reports, as well as the industry.

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**III. RESIDUAL MARKET INFORMATION (continued)**

D. Production of Quarterly Participation Reports

CAR posted the December 2021 Quarterly Member Participation Reports to its website on March 4, 2022. From CAR's home page, click Reports sign-on and then select Settlement of Balances. These are secure reports that require a CAR website user id and password to view. Please contact your company's security administrator to request access.

E. Participation Base Data

The 4th Quarter 2021 estimated Participation Ratios using data reported through the December 31, 2021 monthly accounting shipments will be posted to CAR's website by March 31, 2022.

F. Interim Ceding Expenses Estimates – Calendar Year 2022

The 2022 Commercial Servicing Carrier interim expense allowance of 23.64% is detailed in Commercial Lines Bulletin No. 151, distributed on February 14, 2022. The expense allowance will apply to all commercial vehicle types, including taxi, limousine, and car service vehicles.

G. Quota Share

CAR posted the December 2021 Monthly Quota Share and Assignment Order Report to its website on February 28, 2022. The report has been updated to include statistical data from January 2021 to December 2021 effective month policies reported through February 15, 2022.

Member Companies can also view additional reports that provide detailed information about the data used in the Quota Share calculation on CAR's website in the MAIP section under Company.

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**III. RESIDUAL MARKET INFORMATION (continued)**

H. CAR Financial Results – Latest Deficit Projections

The latest valuation of ultimate policy year deficit projections as of December 2021 was posted to CAR’s website on March 2, 2022 for the latest three policy years are as follows:

(Numbers are in \$000s)

Commercial Deficit as of December, 2021 (in Millions) (Valuation: + Surplus, - Deficit)		
Policy Year	Prior Qtr	Current Qtr
2019	\$6.6	\$7.1
2020	\$28.2	\$27.1
2021	\$26.7	\$24.0

Deficit projections for all policy years can be found on CAR’s website ([www.commauto.com](http://www.commauto.com)) in the Financial Reports area using the Deficit Projections link.

I. Commercial Residual Market Rate Filing - July 1, 2022 Proposed Effective Date

CAR filed a Massachusetts Commercial Residual Market rate change with the Division of Insurance (DOI) on January 10, 2022, with a proposed effective date of July 1, 2022. This filing also includes updated versions of the Commercial Automobile Insurance Manual Rules and Rates, and the Commercial Experience Rating Plan. The filing is under review by the DOI and has not yet been approved. Please refer to Commercial Lines Notice No. 150 for additional details.

J. Private Passenger Residual Market Rate Filing Placed on File

On January 10, 2022, the Division of Insurance placed CAR’s Private Passenger Residual Market rates and rating manual on file for policies effective April 1, 2022 and subsequent. Updated rate pages, rating factor tables, and implementation notes are now available to users with a valid user-id and password on the MAIP Company and Producer pages of CAR’s website, under the manuals tab. The approved filing is available to Member Companies upon request. Please refer to Bulletin No. 1132 for additional details.

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**III. RESIDUAL MARKET INFORMATION (continued)**

**K. Commercial Servicing Carrier Program**

1. Reappointment of the Current Four Servicing Carriers

The Governing Committee approved the recommendation of the Commercial Program Oversight Committee to reappoint the current four Servicing Carriers for a five-year team to begin with policies effective January 1, 2022.

2. Combination of Commercial Automobile, Taxi, Limousine, and Car Service Programs

Beginning with the new term, the four Servicing Carriers will service all Commercial Automobile business, including Taxi, Limousine, and Car Service vehicles. The two separate programs have been combined beginning with policies effective January 1, 2022.

3. Expense Allowance Provision

The Committee approved a 13.0% general company and ULAE expense allowance for policy year 2022 increasing annually by 2% for the subsequent years of the term.

4. Revised Commission Schedule – Taxi/Limousine/Car Service

A revised residual market commission schedule for Taxi, Limousine, and Car Service vehicles will be implemented for policies effective January 1, 2022 and subsequent, coincident with the combined Commercial automobile Programs. The commission allowance is set at 8.34%. Please refer to Commercial Lines Bulletins # 147 for additional details.

**L. Transportation Network Service Coverage (TNC) Approval (SERFF filing CARI-132980903)**

On September 16, 2021, the Division of Insurance placed on file commercial automobile endorsement forms and manual rule changes to address coverage afforded for commercial residual market risks engaged in TNC activities. The new rules and forms are to be implemented for policies effective February 1, 2022 and later. Please refer to Commercial Lines Bulletin # 149 for additional details.

**M. Modifications to the Manual of Administrative Procedures – Chapters III and V**

At its meeting of November 17, 2021, the Governing Committee approved modifications to Chapter III – Servicing Carrier Responsibilities of the Manual of Administrative Procedures to clarify claims handling procedures and to amend the Taxi, Limousine, and Car Service Application and the Supplemental Application in light of procedures recently adopted to address the availability of coverage for risks engaged in TNC activities. Additionally, Chapter V – Premium is updated to list corresponding endorsement forms placed on file. Refer to Bulletin No. 1130 dated December 2, 2021 for further information.

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**III. RESIDUAL MARKET INFORMATION (continued)**

N. Rule 29 Voluntary Credits

CAR ran the Rule 29 credit edit reports for effective date December data in mid-February. These reports are available on CAR's website under the Data Reporting and Quality Reports page.

There is no tolerance level for the Rule 29 credits. If a record is incorrect, the credit is not applied. The table below shows the industry's error percent starting with the January 2020 accounting date.

<b>Accounting Date</b>	<b>Reported Credit Premium</b>	<b>Adjusted Credit Premium</b>	<b>Rule 29 Credit Impact</b>	<b>Error Percentage</b>
Jan. 2020	899,475,299	886,602,550	-12,872,749	1.43%
Feb. 2020	901,917,821	888,567,423	-12,950,398	1.44%
March 2020	901,038,771	888,062,566	-12,976,205	1.44 %
April 2020	900,812,758	887,531,268	-13,281,490	1.47%
May 2020	907,184,560	893,418,454	-13,766,106	1.52%
June 2020	919,180,430	904,970,834	-14,209,596	1.55%
July 2020	931,241,344	917,546,045	-13,395,299	1.47%
August 2020	938,852,853	924,595,775	-14,257,078	1.52%
Sept 2020	946,929,284	931,843,069	-15,086,215	1.59%
Oct 2020	949,968,358	934,666,747	-15,301,611	1.61 %
Nov 2020	951,581,426	936,115,688	-15,465,738	1.63 %
Dec 2020	955,915,728	939,750,307	-16,165,421	1.69 %
Jan 2021	958,147,692	942,815,188	-15,332,504	1.60%
Feb 2021	962,401,368	945,977,784	-16,423,584	1.71%
March 2021	971,383,545	954,168,192	-17,215,363	1.77%
April 2021	977,617,682	959,704,230	-17,913,452	1.83%
May 2021	979,947,295	962,006,373	-17,940,922	1.83%
June 2021	978,448,667	960,087,627	-18,361,040	1.88%
July 2021	975,688,611	957,097,145	-18,591,466	1.91%
August 2021	952,791,451	934,591,394	-18,200,057	1.91%
Sept 2021	930,412,354	912,724,690	-17,687,664	1.90%
Oct 2021	924,440,876	906,257,564	-18,183,312	1.97%
Nov 2021	952,972,183	933,820,094	-19,152,089	2.01%
Dec 2021	964,925,013	945,358,651	-19,566,362	2.03%



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**IV. ACCOUNTING SYSTEM**

A. Update of the Online Accounting System

CAR updates the online accounting system every Thursday night. Accordingly, all new premiums and loss activity and all correction activity are posted to the system on Thursday evenings and viewable to the industry on Friday mornings. This schedule deviates throughout the year following the Monthly Accounting Submission’s due date schedule. The table below shows the schedule for updates to the CAR accounting system.

Month	MAS Due Date	Statistical System Update	Quarter
January 2021	March 15, 2021	March 17, 2021	1st Quarter 2021
February 2021	April 15, 2021	April 16, 2021	
March 2021	May 17, 2021	May 18, 2021	
April 2021	June 15, 2021	June 16, 2021	2nd Quarter 2021
May 2021	July 15, 2021	July 16, 2021	
June 2021	August 16, 2021	August 17, 2021	
July 2021	September 15, 2021	September 16, 2021	3rd Quarter 2021
August 2021	October 15, 2021	October 16, 2021	
September 2021	November 15, 2021	November 16, 2021	
October 2021	December 15, 2021	December 16, 2021	4th Quarter 2021
November 2021	January 18, 2022	January 19, 2022	
December 2021	February 15, 2022	February 16, 2022	

B. Error Write-Off

To ensure that each company's cession, premium, and loss reporting is accurate and timely, CAR edits all ceded data through four accounting edits to ensure sound reporting procedures. If any ceded record fails one or more of these edits, it lists on the Error Policies report on CAR’s website. (You can find a description of these error codes in the Policy Edit Package).

For losses specifically, CAR requires every record to be fixed within one year of falling into accounting error. If a loss record has not been fixed after a year of remaining in error, CAR writes-off that loss record and assesses an interest fee of 10%. This write-off process occurs the last Saturday of every month. The table on the following page shows the write-off amounts and associated 10% fees for fourth quarter 2021.

Lastly, CAR also provides loss data eligible for future loss write-offs. The potential loss write-offs for March 2022 through August 2022 are shown following the 4th Quarter Write-Off exhibit.

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**IV. ACCOUNTING SYSTEM (continued)**

**B. Critical Error Write-Off (continued)**

4th Quarter 2021 – Loss Write-Off

<b>Company</b>	<b>Nov 2021</b>	<b>Dec 2021</b>	<b>Jan 2022</b>	<b>Total</b>
154				
245				
279				
717				
732				
734				
773				
<b>Total</b>				

4th Quarter 2021 – 10% Loss of Investment Fees

<b>Company</b>	<b>Nov 2021</b>	<b>Dec 2021</b>	<b>Jan 2022</b>	<b>Total</b>
154				
245				
279				
717				
734				
773				
<b>Total</b>				

Potential Loss Write-Off March 2022 through August 2022

<b>Company</b>	<b>March 2022</b>	<b>April 2022</b>	<b>May 2022</b>	<b>June 2022</b>	<b>July 2022</b>	<b>Aug 2022</b>	<b>Grand Total</b>
154							
279							
717							
732							
734							
773							
<b>Totals</b>							

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**IV. ACCOUNTING SYSTEM (continued)**

**C. Non-Critical Error "Audit Review" Program**

With the implementation of the CAR Accounting system moving to the website and off of the mainframe platform, there have been changes to the accounting edits. Specifically, error codes 3, 5, 8 through 11 have been eliminated from displaying in the CAR Accounting system. Accordingly, the Audit Review program has become obsolete as these error codes will no longer be monitored.

**D. Ceded Premiums In Error – Limited Commercial Servicing Carriers**

The exhibit below shows a summary of ceded premium in accounting error. Companies can view their error policies via CAR's website under the CAR Accounting link from the main Reports Page. CAR is providing this information as a way for Limited Commercial Servicing Carriers to monitor both their ceded premium and ceded loss reporting to correct any errors prior to a write-off or close of a policy effective reporting year.

Company	Policy Effective Year	Critical Premium Dollars	Error Percent
154	2019	0	0.00
154	2020	0	0.00
154	2021	245,903	0.57
279	2019	200	0.00
279	2020	0	0.00
279	2021	16,460	0.03
717	2019	0	0.00
717	2020	0	0.00
717	2021	15,914	0.61
732	2019	0	0.00
732	2020	0	0.00
732	2021	0	0.00
734	2019	0	0.00
734	2020	0	0.00
734	2021	0	0.00
773	2019	-5,820	-0.01
773	2020	-733,825	-1.88
773	2021	215,263	0.52
Total Ind		-245,365	-0.04

**E. Penalty Forecasting Program**

CAR produces the Penalty Forecasting exhibits in March, June, September, and December. The program helps companies in their correction efforts and helps Servicing Carriers track potential future penalties if corrective actions are not taken by the companies. If you do not have access to the reports, please contact your company's Security Administrator to request access.

CAR posted the 4th Quarter 2021 forecasting reports on or about March 7, 2022.

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**IV. ACCOUNTING SYSTEM (continued)**

**F. 2019 Cession/No Premium Write-Off**

When CAR closes a cession reporting year, it assesses a final penalty against policies that have an active cession record but no corresponding positive premium. The 2019 premium reporting year closed on February 16, 2022. Accordingly, CAR will no longer accept cession activity for the 2019 policy effective year and all policies that contain an active cession with no positive premium will be subject to the cession/no premium write-off penalty. The annual Cession/No Premium Write-Off amounts are based on a policy count (excluding flat cancelled and cession/no premium policies) divided by the corresponding full premium (rather than deviated), at 15 months.

Please reference the table below for the write-off penalty amounts for 2019 effective date policies and for historical information.

<b>Year</b>	<b>PP Penalty</b>	<b>Commercial Penalty</b>	<b>Taxi/Limo/CAR Service Penalty</b>
2020	N/A	\$10,600	\$8,600
2019	N/A	\$9,500	\$9,000
2018	N/A	\$7,700	\$8,600
2017	N/A	\$6,700	\$9,100
2016	N/A	\$5,700	\$8,200
2015	N/A	\$5,500	\$8,300
2014	N/A	\$5,200	\$8,300
2013	N/A	\$4,900	\$8,100
2012	N/A	\$4,600	\$7,700
2011	N/A	\$4,400	\$8,100

The write-off program will run in April 2022 and penalties will be included in the 1st Quarter 2022 Settlement of Balances.

**G. 60 Cession/No Premium Penalties**

The November 2021 \$60 Cession/No Premium penalties ran on November 28, 2021. These penalties were assessed with 4th Quarter 2021 Settlement of Balances Report.

<b>Co No</b>	<b>Policy Eff Yr.</b>	<b>Policy Count</b>	<b>Assessed Penalty</b>
154	2019	3	\$180
154	2020	69	\$4,140
154	2021	7	\$420
773	2021	6	\$360
<b>Total</b>		<b>85</b>	<b>\$5,100</b>

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**V. STATISTICAL AGENT FUNCTION**

**A. Update of the Online Statistical System**

CAR loads statistical data to its permanent database files and updates the online statistical system every Wednesday night. Accordingly, all new premiums and loss activity and all correction activity are posted to the system on Wednesday evenings and viewable to the industry on Thursday mornings. This schedule deviates throughout the year following the end of every Monthly Accounting Submission period. The table below shows this schedule for updates to the statistical system.

Month	MAS Due Date	Statistical System Update	Quarter
January 2021	March 15, 2021	March 17, 2021	1st Quarter 2021
February 2021	April 15, 2021	April 16, 2021	
March 2021	May 17, 2021	May 18, 2021	
April 2021	June 15, 2021	June 16, 2021	2nd Quarter 2021
May 2021	July 15, 2021	July 16, 2021	
June 2021	August 16, 2021	August 17, 2021	
July 2021	September 15, 2021	September 16, 2021	3rd Quarter 2021
August 2021	October 15, 2021	October 16, 2021	
September 2021	November 15, 2021	November 16, 2021	
October 2021	December 15, 2021	December 16, 2021	4th Quarter 2021
November 2021	January 18, 2022	January 19, 2022	
December 2021	February 15, 2022	February 16, 2022	

**B. Annual Statement and Annual Statement Reconciliation**

CAR collects the quarterly annual statement figures from the industry according to the schedule below. Those companies that have greater than a 5% dollar difference between the data statistically reported and the financial data entered on the Page 14 must respond to this difference according to the schedule below.

Quarter	Due Date Quarterly Annual Statement	Run Date of the Reconciliation Program	Due Date Reconciliation Response
1st 2021	June 15, 2021	July 1, 2021	Approx. August 1, 2021
2nd 2021	September 15, 2021	October 1, 2021	Approx. November 1, 2021
3rd 2021	December 15, 2021	January 3, 2022	Approx. February 3, 2022
4th 2021	March 15, 2022	April 1, 2022	Approx. May 3, 2022

The Annual Statement collection of Page 14's for 3rd Quarter 2021 was due on December 15, 2021. Penalties for late Page 14 amounted to \$400. Reconciliation 3rd Quarter 2021 responses were due January 3, 2022 and penalties amounted to \$1,800. All penalties were included in 4<sup>th</sup> Quarter 2021 Settlement of Balances. The 4th Quarter 2021 Annual Statement Statutory Page 14 data were due at CAR on March 15, 2022. The 4th Quarter 2021 Reconciliation is due to run on or about April 1, 2022.

**OPERATIONAL REPORTS  
4TH QUARTER 2021**

**V. STATISTICAL AGENT FUNCTION (continued)**

**C. Rate Edit Processing**

CAR processes ceded commercial data through a rate editing routine for the latest two policy effective years. The table below shows the industry results by line of business and policy effective year.

	<b>Line of Business</b>	<b>Eligible Records</b>	<b>Records in Error</b>	<b>Error %</b>
<b>COMM 2020 EFF YEAR</b>	Liability	56,946	507	0.89%
	No Fault	51,986	181	0.35%
	Physical Damage	35,629	295	0.83%
	Total	144,561	983	0.68%
<b>COMM 2021 EFF YEAR</b>	Liability	47,006	687	1.46%
	No Fault	46,226	295	0.64%
	Physical Damage	28,576	487	1.70%
	Total	121,808	1,469	1.21%

The Commercial Rate Edit program incorporates a tolerance level to ensure the quality of the data the industry reports to CAR. The tolerance level is 2% and 50 records in error. If a company exceeds the rate edit tolerance levels on any one line of business, the company has six months to reduce its volume of rate errors on that line of business to below 2% or less than 50 records in error. Companies are responsible for monitoring whether they exceed the error tolerance by viewing the Commercial Rate Edit reports on CAR's website.

Commercial Rate Edit penalties apply to Current and Previous Effective Years. Current Effective Year includes policies effective January 2021 – December 2021. Previous Effective Year includes policies effective January 2020 – December 2020. Companies should contact the Residual Market Services Department regarding Rate Edit reporting.

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**V. STATISTICAL AGENT FUNCTION (continued)**

**D. Deleted Washout Records**

During the weekly statistical load, CAR deletes those records that washout within the same file. The table below shows those companies whose volume of deleted washout records exceeds 20% and it shows the overall industry total for all companies combined. If you would like to know your own company's washout total, please contact your Data Analyst. Periodically, CAR contacts those companies that have an excessive volume of washout activity to encourage them to reduce their volume.

Deleted Washout Totals  
For All Shipments Received Through 12/2021

<b>COMPANY NUMBER</b>	<b>RECORD COUNT</b>	<b>WASHOUT COUNT</b>	<b>WASHOUT PERCENT</b>
017	302	1,362	22.17
033	1,144,719	3,201,568	35.75
100	86,015	290,134	29.65
118	95,515	268,428	35.58
141	281,102	573,059	49.05
153	2,464,964	8,262,273	29.83
154	357,487	707,560	50.52
156	16,038	39,485	40.62
158	20	28	71.43
201	7,452	31,173	23.91
226	9,263	13,347	69.40
256	2,502	3,045	82.17
261	3,666	6,762	54.21
263	56	159	35.22
265	666	1,303	51.11
327	2,954	9,347	31.60
334	40	160	25.00
343	2,528,610	7,439,250	33.99
344	3,280	13,859	23.67
362	400,007	549,924	72.74
377	19,486	66,628	29.25
402	20,816	35,539	58.57
418	38,949	159,791	24.37
420	13,962	25,155	55.50
427	2,666	12,343	21.60
429	3,371,673	15,520,694	21.72
443	12,086	15,258	79.21
486	806	2,340	34.44
503	198	397	49.87
577	36,919	133,215	27.71
626	120,234	224,902	53.46
638	622	985	63.15

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**V. STATISTICAL AGENT FUNCTION (continued)**

**D. Deleted Washout Records (continued)**

Deleted Washout Totals  
For All Shipments Received Through 12/2021

<b>COMPANY NUMBER</b>	<b>RECORD COUNT</b>	<b>WASHOUT COUNT</b>	<b>WASHOUT PERCENT</b>
664	392,756	1,251,038	31.39
708	68	210	32.38
737	897,218	2,867,777	31.29
770	351,037	1,322,809	26.54
785	2,337,686	8,432,205	27.72
823	4,218,524	8,957,120	47.10
881	1,518	3,855	39.38
902	136,512	255,046	53.52
910	50,146	90,446	55.44
958	2,262	7,248	31.21
963	8,584	26,656	32.20
996	476	1,806	26.36
<b>Total Industry</b>	<b>20,920,505</b>	<b>107,708,050</b>	<b>19.42%</b>

The 2020 washout total following the 12/2020 shipments was 15.58%

**E. Distributional Analysis**

The Distributional Analysis application is a web report CAR developed to help determine whether companies are experiencing reporting issues relating to Data Quality. The reports are segmented into three sections by type of business: Private Passenger Total Market, Commercial – Voluntary and Commercial – Servicing Carrier business.

The Private Passenger and Commercial Statistical Plan revisions were approved on December 10, 2019 which included an update to the Distributional Analysis Reporting where the components and penalties associated with the Distributional Analysis beginning with the 2020 Distributional Analysis Program have been incorporated with the Statistical Data Quality Penalties. A response is now required by the specified due date or companies will receive a penalty assessment. These details can be found within the Data Quality Program on the Private Passenger and Commercial Massachusetts Statistical Plan Manuals.

CAR ran the December 2021 Distributional Analysis report to the industry on March 7, 2022. Responses are due back on May 6, 2022.

Any questions regarding this reporting should be directed to your companies Data Analyst or a CAR Staff member of the Operational Services Department.



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**VI. COMMUNICATIONS**

A. CAR's Website

To assist Servicing Carriers in evaluating their assigned ERPs relative to CAR Rule 14, C – Production Criteria, CAR developed an application that provides commercial automobile written premium totals for each agency assigned to each Servicing Carrier. The written premiums reflected are the total of both ceded and voluntary commercial auto premiums for all reporting companies for each assigned agency. The data is updated monthly and reflects the most recent 12 months of reported data.

CAR completed the project of the CAR Accounting error and informational reports to the website along with the Reinsurance Audit reports in mid-September 2021. Please reference Bulletin Number 1126 for additional information.

B. Telecommunications

The telecommunications system is available to the industry from 7:00 am to 6:00 pm Monday through Friday. It allows users to access data housed on CAR's mainframe such as policy history information.

The remaining system on CAR's mainframe includes: Statistical Policy Histories only.

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**VII. PROJECT STATUS REPORTS**

CAR works on a variety of projects throughout the year. The table below shows the current projects CAR is working on and their current status.

<b>Project</b>	<b>Status</b>	<b>Description</b>
Distributional Analysis	In process	Created an in-house integrated penalty application to better assist with assessment process and to add a link on the website to the penalty letter.  Reorganization of the website application to highlight the Over Tolerance & Penalty section. Also to make the many reports more manageable and easier to find. Will allow for the loss information to be accessed without the need to scroll.
Re-Write Company Mainframe Applications	Analysis	The remaining application on CAR's mainframe is: Statistical Policy Histories. All other application have been moved to CAR's website with the implementation of the CAR Accounting and Reinsurance Audit systems in mid-September 2021.
Special Investigative Unit Enhancement	Completed	Includes the ability for underwriting referrals to be uploaded and which will be included in the 25 annual referral minimum required for the sample.