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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 20, 2024

RE: Operational Reports

The 4th quarter 2023 Operational Reports follow this memorandum. This report includes data reported November 16, 2023, through February 15, 2024 for the accounting month period of October 2023 through December 2023. 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 for this publication of the Operational Reports.

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

CAR assessed a total of \$106,550 in the Statistical Data Quality Penalty Program in the 4th Quarter 2023 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 2022 annual Cession/No Premium Write-Off amounts have been calculated and the penalty amount has been set at \$12,900 for all Commercial business including Taxi/Limousine/Car Service business which rolled into one Commercial Servicing Carrier program in 2022. Please reference Bulletin Notice No. 1157 distributed on December 7, 2023 for more information.

OPERATIONAL REPORTS 4TH QUARTER 2023

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 1, 2024 using CAR's online system. The documentation is due on April 1, 2024.

As of December 2023, the MAIP residual market rate equaled 1.1% and the commercial residual market rate equaled 17.9%.

CAR posted the December 31, 2023 Quarterly Member Participation Reports to its website on March 8, 2024.

CAR ran the 4th Quarter 2023 Rule 29 credit edit download reports on February 17, 2024.

Section IV – Accounting System Processing:

CAR produced 4th Quarter 2023 Critical Error Loss Write-Offs and 10% Loss of Investment Fees. There was one company with policies eligible for write-off during the quarter.

The Penalty Forecasting exhibits were posted on CAR's website on March 19, 2024.

Section V - Statistical Agent Functions:

Third Quarter 2023 Statutory Page 14 data was due at CAR on December 15, 2023. Reconciliation Responses for Third Quarter 2023 ran on January 2, 2024, and were due back on February 2, 2024. Company assessments were included in Fourth Quarter 2023 Settlement of Balances. Fourth Quarter 2023 Statutory Page 14 electronic submissions were due at CAR on March 15, 2024. Fourth Quarter 2023 Reconciliation is anticipated to run on April 1, 2024.

All companies that exceed the commercial rate edit tolerances are listed on page 23.

Section VI – Communications:

CAR moved the Statistical Policy Histories to its website in late May, 2023. With this update to the website, it marks the final mainframe application that has moved. Accordingly, industry users no longer need to maintain a mainframe user id and password.

**OPERATIONAL REPORTS
4TH QUARTER 2023**

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 2023 as of the fourth quarter. That is, it reflects those companies whose submissions were not complete by the due date indicated below.

2023 CALL SCHEDULE		
Submission	Due Date	Quarter
January 2023	March 15, 2023	1 st Quarter
February 2023	April 18, 2023	
March 2023	May 15, 2023	
April 2023	June 15, 2023	2 nd Quarter
May 2023	July 17, 2023	
June 2023	August 15, 2023	
July 2023	September 15, 2023	3 rd Quarter
August 2023	October 16, 2023	
September 2023	November 15, 2023	
October 2023	December 15, 2023	4 th Quarter
November 2023	January 16, 2024	
December 2023	February 15, 2024	

2024 CALL SCHEDULE		
Submission	Due Date	Quarter
January 2024	March 15, 2024	1 st Quarter
February 2024	April 16, 2024	
March 2024	May 15, 2024	
April 2024	June 17, 2024	2 nd Quarter
May 2024	July 15, 2024	
June 2024	August 15, 2024	
July 2024	September 16, 2024	3 rd Quarter
August 2024	October 15, 2024	
September 2024	November 15, 2024	
October 2024	December 16, 2024	4 th Quarter
November 2024	January 15, 2025	
December 2024	February 18, 2025	

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 the fourth quarter, 2023.

**OPERATIONAL REPORTS
4TH QUARTER 2023**

I. STATISTICAL SYSTEM (continued)

2023 Timeliness Report

<i>CO NO</i>	<i>Jan 3/15</i>	<i>Feb 4/18</i>	<i>Mar 5/15</i>	<i>Apr 6/15</i>	<i>May 7/17</i>	<i>Jun 8/15</i>	<i>July 9/15</i>	<i>Aug 10/16</i>	<i>Sep 11/15</i>	<i>Oct 12/15</i>	<i>Nov 1/16</i>	<i>Dec 2/15</i>
030									PP			
033									PP			
105			COM			COM						
118	PP											
134				COM								COM
155							COM		COM			COM
162						COM						
164			COM									COM
237			COM									
238			COM									
312											PP	
349									COM			
377							COM					
429		COM	COM								COM	
549					COM							
626		COM										
667			COM			COM						
717									COM			
719					COM							
737		COM										
772									COM			
773									BOTH			
776									COM			
902		COM										
907								PP	PP			
916								PP	PP			
927			COM			COM						
940								PP	PP			
943								PP	PP			
970						COM			COM			COM
972						PP						

**OPERATIONAL REPORTS
4TH QUARTER 2023**

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 2023, CAR assessed a total penalty amount of \$106,550. The table below shows the detailed penalties for each company.

Penalty Assessments
4th Quarter 2023

Co #	Company Name	Assessment	Assessment Amount
33	Allstate Insurance Company	Late MAS 09/2023	\$500
45	American Automobile Insurance	Late Page 14 - 09/2023	\$100
109	Pennsylvania Lumbermens Mutual	Stat Err > 5% - 08/2023	\$300
116	Security National Insurance Co	Stat Err > 5% 06/2023	\$1,250
116	Security National Insurance Co	Stat Err > 5% 07/2023	\$1,200
116	Security National Insurance Co	Stat Err > 5% 09/2023	\$450
143	American Hallmark Insurance Co	Stat Err > 5% - 09/2023	\$150
144	Wesco Insurance Company	Stat Err > 5% 04/2023	\$3,750
144	Wesco Insurance Company	Stat Err > 5% - 06/2023	\$1,850
144	Wesco Insurance Company	Stat Err > 5% - 09/2023	\$150
146	American Summit Insurance Co	Late Page 14 - 09/2023	\$100
155	Argonaut Insurance Company	Stat Err > 5% - 07/2023	\$750
155	Argonaut Insurance Company	Stat Err > 5% - 08/2023	\$150
155	Argonaut Insurance Company	Stat Err > 5% - 09/2023	\$150
155	Argonaut Insurance Company	Late MAS 09/2023	\$500
164	Starstone National Insurance Co	Stat Err > 5% - 09/2023	\$300
164	Starstone National Insurance Co	Late Page 14 - 09/2023	\$100
200	BITCO National Insurance Co	Late Page 14 - 09/2023	\$700
201	AIG Property & Casualty Co (PP)	Stat Err > 5% - 12/2023	\$150
206	Nationwide Agribusiness Ins Co	Stat Err > 5% - 06/2023	\$4,250
206	Nationwide Agribusiness Ins Co	Stat Err > 5% - 09/2023	\$300
218	Forge Insurance Company	Late Page 14 - 09/2023	\$4,300
256	Berkley Regional Ins Co	Late MAS 11/2023	\$500
266	Church Mutual Insurance Co	Stat Err > 5% - 06/2023	\$1,850
312	Encompass Insurance Co of MA	Late MAS 11/2023	\$500
313	Essentia Insurance Company	Stat Err > 5% - 03/2023	\$11,250
313	Essentia Insurance Company	Stat Err > 5% - 04/2023	\$3,750
313	Essentia Insurance Company	Stat Err > 5% - 05/2023	\$1,200
313	Essentia Insurance Company	Stat Err > 5% - 08/2023	\$750

**OPERATIONAL REPORTS
4TH QUARTER 2023**

I. STATISTICAL SYSTEM (continued)

B. Statistical Plan Penalty Fee Program (continued)

Penalty Assessments
4th Quarter 2023

<u>Co #</u>	<u>Company Name</u>	<u>Assessment</u>	<u>Assessment Amount</u>
313	Essentia Insurance Company	Stat Err > 5% - 09/2023	\$150
313	Essentia Insurance Company	Stat Err > 5% - 10/2023	\$150
323	Esurance Insurance Company	Stat Err > 5% - 01/2023	\$3,750
323	Esurance Insurance Company	Stat Err > 5% - 02/2023	\$7,500
323	Esurance Insurance Company	Stat Err > 5% - 03/2023	\$7,500
323	Esurance Insurance Company	Stat Err > 5% - 05/2023	\$2,500
323	Esurance Insurance Company	Stat Err > 5% - 08/2023	\$3,000
323	Esurance Insurance Company	Stat Err > 5% - 09/2023	\$750
323	Esurance Insurance Company	Stat Err > 5% - 10/2023	\$600
349	Selective Ins Co. of the Southwest	Stat Err > 5% - 10/2023	\$150
349	Selective Ins Co. of the Southwest	Stat Err > 5% - 11/2023	\$150
349	Selective Ins Co. of the Southwest	Late MAS 09/2023	\$500
353	Pie Casualty Insurance Company	Late Page 14 - 09/2023	\$700
362	Farm Family Casualty Ins Co	Stat Err > 5% - 08/2023	\$300
364	Prime Insurance Company	Stat Err > 5% - 09/2023	\$300
437	Regent Insurance Company	Stat Err > 5% - 10/2023	\$150
443	NOVA Casualty Company	Stat Err > 5% - 09/2023	\$300
571	Milford Casualty Insurance Co	Stat Err > 5% - 04/2023	\$7,500
571	Milford Casualty Insurance Co	Stat Err > 5% - 06/2023	\$1,850
571	Milford Casualty Insurance Co	Stat Err > 5% - 07/2023	\$600
599	Navigators Insurance Company	Late Page 14 - 09/2023	\$100
631	National Summit Insurance Co	Late Page 14 - 09/2023	\$100
638	Riverport Insurance Company	Stat Err > 5% - 08/2023	\$450
686	Occidental Fire & Casualty Co	Stat Err > 5% - 10/2023	\$150
694	Rochdale Insurance Company	Late Page 14 - 09/2023	\$600
708	Starnet Insurance Company	Late MAS 11/2023	\$500
717	Safety Insurance Company (TAXI)	Late MAS 9/2023	\$1,250
772	Safety Indemnity Insurance Co	Late MAS 9/2023	\$1,250
772	Safety Indemnity Insurance Co	Late Page 14 - 09/2023	\$200
773	Safety Insurance Company	Stat Err > 5% - 06/2023	\$750
773	Safety Insurance Company	Stat Err > 5% - 08/2023	\$300
773	Safety Insurance Company	Late MAS 9/2023	\$1,250
773	Safety Insurance Company	Late Page 14 - 09/2023	\$400
776	Safety Property & Casualty Co	Late MAS 9/2023	\$1,250
776	Safety Property & Casualty Co	Late Page 14 - 09/2023	\$200
828	Statefarm Mutual Insurance Co	Stat Err > 5% - 06/2023	\$3,700
829	Mitsui Sumitomo Insurance Co	Stat Err > 5% - 06/2023	\$5,550

**OPERATIONAL REPORTS
4TH QUARTER 2023**

I. STATISTICAL SYSTEM (continued)

B. Statistical Plan Penalty Fee Program (continued)

Penalty Assessments
4th Quarter 2023

			Assessment
<u>Co #</u>	<u>Company Name</u>	<u>Assessment</u>	<u>Amount</u>
829	Mitsui Sumitomo Insurance Co	Stat Err > 5% - 09/2023	\$750
907	United Services Automobile Assoc	Late MAS 09/2023	\$500
916	Garrison P&C Insurance Company	Late MAS 09/2023	\$500
940	USAA General Insurance Co	Late MAS 09/2023	\$500
943	USAA Casualty Insurance Co	Late MAS 09/2023	\$500
970	Sompo America Insurance Co	Stat Err > 5% - 06/2023	\$150
970	Sompo America Insurance Co	Late MAS 09/2023	\$6,000
		Total	\$106,550

**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 2021 - 2023.

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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4TH QUARTER 2023**

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 on February 22, 2024, monitoring policy years 2021, 2022 and 2023 for 4th Quarter 2023.

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 2021
Commercial

CO NO	POLICIES ELIGIBLE	BACKDATED POLICIES	PERCENT BACKDATED	% CHANGE	PD LOSSES COVERED	O/S LOSSES COVERED
154	195	1	0.5	0.0	0	0
279	2	0	0.0	0.0	0	0
717	76	0	0.0	0.0	0	0
732	197	3	1.5	0.0	0	0
734	91	5	5.5 #	0.0	0	0
773	1	0	0.0	0.0	0	0
Totals	562	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*).

**OPERATIONAL REPORTS
4TH QUARTER 2023**

II. CESSION/MAIP PLACEMENT RECORD REPORTING (continued)

Policy Year 2022
Commercial

CO NO	POLICIES ELIGIBLE	BACKDATED POLICIES	PERCENT BACKDATED	% CHANGE	PD LOSSES COVERED	O/S LOSSES COVERED
154	203	0	0.0	0.0	0	0
732	97	0	0.0	0.0	0	0
773	1	0	0.0	0.0	0	0
Totals	301	0	0.0%	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 2023
Commercial

CO NO	POLICIES ELIGIBLE	BACKDATED POLICIES	PERCENT BACKDATED	% CHANGE	PD LOSSES COVERED	O/S LOSSES COVERED
154	285	5	1.8	0.1	0	0
732	89	1	1.1	-0.2	0	0
773	2	0	0.0	0.0	0	0
Totals	376	6	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*).

**OPERATIONAL REPORTS
4TH QUARTER 2023**

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, 2024 and the documentation is due back on April 1, 2024. Please note documentation should be uploaded through the CAR Accounting application on the website using your account id and password.

**OPERATIONAL REPORTS
4TH QUARTER 2023**

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 1/2023 to 12/2023
Reflects MAIP Placement Record Reported Data as of February 17, 2024

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	761
142	0	0	0	0	0	0	20
153	60	29	0	287	19	14	5598
192	0	0	0	0	0	1	894
193	0	0	0	0	0	1	0
202	0	0	0	0	0	0	144
250	0	0	0	0	0	0	86
258	0	0	0	0	0	0	585
279	1	1	12	39	0	5	24881
304	0	0	0	0	0	0	6
308	0	0	0	0	0	0	359
315	0	0	0	0	0	0	57
354	87	30	0	1	9	45	7359
363	0	0	0	0	0	0	26
522	0	0	0	0	0	0	168
531	0	0	0	0	0	0	697
584	0	0	0	0	0	0	1286
604	114	137	12	4	28	88	844
664	20	25	0	0	1	8	2493
724	0	0	0	0	0	0	7
726	0	0	0	0	0	0	15
731	0	0	0	6	0	0	0
735	0	0	0	0	0	0	6
773	0	0	8	19	1	4	1864
827	0	0	0	0	0	0	1011
890	0	0	0	0	0	0	700
908	1	0	0	0	0	2	6502
959	0	0	0	0	0	0	54
988	0	0	0	0	0	0	1104
Average	10	8	1	12	2	6	1984

**OPERATIONAL REPORTS
4TH QUARTER 2023**

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.

Effective Year	MAIP Residual Market %	Commercial Cession %	Time Period
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%	Final Result
2022	0.4%	17.3%	Final Result
2023	1.1%	17.9%	As of Dec, 2023

Commercial Residual Market volume reports are available on CAR’s website (www.commauto.com).

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

Policy Year 2023 Results as of December, 2023

	2023 @ 12 Months	% Total		2022 @ Final	% Total
MAIP Assigned (CAR-ID 9)	52,444	1.1%		21,745	0.4%
MAIP Retained (CAR-ID 8)	4,837,772	98.9%		4,846,154	99.6%
Total	4,890,216	100.0%		4,867,699	100.0%

C. Private Passenger MAIP Premium and Loss Reports

Private Passenger Premium and Loss reports were updated on February 23, 2024 to reflect reported data through December, 2023. These reports 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.

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

D. Production of Quarterly Participation Reports

CAR posted the December 2023 Quarterly Member Participation Reports to its website on March 8, 2024. 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 2023 estimated Participation Ratios using data reported through the December 31, 2023 monthly accounting shipments will be posted to CAR's website by March 31, 2024.

F. Interim Ceding Expense Estimates – Calendar Year 2024

The 2024 Commercial Servicing Carrier interim expense allowance of 24.17% is detailed in Commercial Lines Bulletin No. 157, distributed on January 25, 2024. The expense allowance will apply to all commercial vehicle types, including taxi, limousine, and car service vehicles.

G. Quota Share as of December, 2023

CAR posted the December 2023 Monthly Quota Share and Assignment Order Report to its website on February 28, 2024. The report has been updated to include statistical data from January 2023 to December, 2023 effective month policies reported through February 15, 2024.

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.

Additionally, CAR's Governing Committee has completed its annual review of MAIP Quota Share credits. At its December 20, 2023 meeting, the Committee unanimously voted to notify the Commissioner of Insurance that CAR is recommending no change to credits for policies effective April 1, 2024 and subsequent. Please refer to Bulletin #1155 for additional details.

**OPERATIONAL REPORTS
4TH QUARTER 2023**

III. RESIDUAL MARKET INFORMATION (continued)

H. CAR Financial Results – Latest Deficit Projections

The latest valuation of ultimate policy year deficit projections as of December 2023 was posted to CAR’s website on March 6, 2024 for the latest three policy years are as follows:

(Numbers are in \$000s)

Commercial Deficit as of Dec, 2023 (in Millions) (Valuation: + Surplus - Deficit)		
Policy Year	Prior Qtr	Current Qtr
2021	\$23.2	\$23.3
2022	-\$17.2	-\$20.9
2023	-\$6.6	-\$4.8

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

I. Private Passenger Residual Market Rates Placed on File – May 1, 2024 Effective Date

On January 25, 2024, the Division of Insurance placed CAR’s private passenger residual market rates and rating manual on file for policies effective May 1, 2024 and subsequent. (SERFF Tracking Number: CARI-133799362)

Updated rate pages, rating factor tables, and implementation notes are now available on the MAIP Company and Producer pages of CAR’s website, under Manuals. A valid user-id and password are required for access. The approved filing is available to Member Companies upon request. Requests should be directed to ActStatDept@commauto.com.

Please refer to Bulletin #1158 for additional details.

J. Commercial Residual Market Rate Filing – July 1, 2024 Effective Date

CAR filed a Massachusetts Commercial Residual Market rate change with the Division of Insurance (DOI) on January 24, 2024, with a proposed effective date of July 1, 2024 (SERFF Tracking Number: CARI-133957562).

The filing includes updates to zone rates, and liability rates for Taxi, Limousine, Car Service, Public Bus, and Van Pool classifications only. The filing is under review by the Division of Insurance and has not yet been approved.

Please refer to Commercial Lines Notice No. 156 for additional details.

**OPERATIONAL REPORTS
4TH QUARTER 2023**

III. RESIDUAL MARKET INFORMATION (continued)

K. Updates to the Assigned Risk Company Procedures Manual Chapter X – Quota Share and Credit Programs

At its meeting of February 14, 2024, the Governing Committee approved modifications to Chapter X – Quota Share and Credit Programs to provide clarity with respect to the effective and expiration date inputs on the Excess Credit Authorization Form, as well as other minor editorial updates. The Assigned Risk Company Procedures Manual has been updated and is available on the Manuals page of the Company section of CAR’s MAIP website under the Assigned Risk Company Procedures Manual link. The new form will be implemented as of March 1, 2024 and is accessible by the Forms link of the MAIP website.

Please refer to Bulletin # 1160 for additional details.

L. Withdrawal of Electric Insurance Company from the Massachusetts Private Passenger Automobile Insurance Market

On February 8, 2024, the Division of Insurance notified CAR that the Electric Insurance Company is seeking to withdraw from the Massachusetts private passenger automobile insurance market and has filed a Plan of Withdrawal with the Division of Insurance, as required by Rule 38.B. of CAR’s Rules of Operation.

Please refer to Bulletin #1159 for additional details. Additionally, the approval of this withdrawal plan is detailed in Bulletin # 1161.

M. CAR Commercial Automobile Manual Rule and Form Filing

CAR filed proposed amendments to the Commercial Automobile Insurance Manual with the Division of Insurance on March 15, 2024 (SERFF Tracking Number: CARI-134030396). The filing proposes the adoption of new and updated policy coverage and endorsement forms for use in the residual marketplace for policies effective January 1, 2027, and includes corresponding Manual Rule amendments related to these changes. Because of the significant amount of resources that will be required to make these changes, this filing has being made 2 years in advance of its effective date.

For additional details related to this filing, please refer to Bulletin #1162 or Commercial Lines Notice #158.

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4TH QUARTER 2023**

III. RESIDUAL MARKET INFORMATION (continued)

N. Rule 29 Voluntary Credits

CAR ran the Rule 29 credit edit reports for effective date June data in mid-August. 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 2022 accounting date.

Accounting Date	Reported Credit Premium	Adjusted Credit Premium	Rule 29 Credit Impact	Error Percentage
Jan. 2022	957,719,917	938,778,718	-18,941,199	1.98%
Feb. 2022	953,615,987	935,108,468	-18,507,519	1.94%
March 2022	958,970,895	940,803,622	-18,167,273	1.89%
April 2022	957,231,456	939,284,472	-17,946,984	1.87%
May 2022	959,180,731	941,271,305	-17,909,426	1.87%
June 2022	959,724,409	941,795,844	-17,928,565	1.87%
July 2022	958,554,760	940,735,184	-17,819,576	1.89%
August 2022	958,856,993	940,561,243	-18,295,750	2.67%
Sept 2022	960,979,583	942,167,652	-18,811,931	2.54%
Oct 2022	960,567,634	941,117,867	-19,449,767	2.02%
Nov 2022	962,041,430	942,124,090	-19,917,340	2.07%
Dec 2022	962,324,572	942,531,249	-19,793,323	2.06%
Jan 2023	961,694,880	943,116,380	-18,578,500	1.93%
Feb 2023	963,198,897	943,667,297	-19,531,582	2.03%
March 2023	959,240,622	939,581,963	-19,658,659	2.05%
April 2023	960,054,233	940,558,236	-19,495,997	2.03%
May 2023	962,825,669	942,900,043	-19,925,626	2.07%
June 2023	965,041,429	945,190,919	-19,850,510	2.06%
July 2023	964,510,095	944,471,121	-20,038,974	2.08%
August 2023	963,405,642	943,416,341	-19,989,301	2.07%
Sept 2023	952,806,058	932,666,291	-20,139,767	2.11%
Oct 2023	963,204,166	943,275,236	-19,928,930	2.07%
Nov 2023	961,646,357	941,341,053	-20,305,314	2.11%
Dec 2023	959,577,830	939,871,249	-19,706,581	2.05 %

**OPERATIONAL REPORTS
4TH QUARTER 2023**

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	Accounting System Update	Quarter
January 2023	March 15, 2023	March 16, 2023	1st Quarter 2023
February 2023	April 15, 2023	April 16, 2023	
March 2023	May 15, 2023	May 16, 2023	
April 2023	June 15, 2023	June 16, 2023	2 nd Quarter 2023
May 2023	July 17, 2023	July 18, 2023	
June 2023	August 15, 2023	August 16, 2023	
July 2023	September 15, 2023	September 16, 2023	3 rd Quarter 2023
August 2023	October 16, 2023	October 17, 2023	
September 2023	November 15, 2023	November 16, 2023	
October 2023	December 15, 2023	December 16, 2023	4 th Quarter 2023
November 2023	January 16, 2024	January 17, 2024	
December 2023	February 15, 2024	February 16, 2024	

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 4th quarter 2023.

Lastly, CAR also provides loss data eligible for future loss write-offs. The potential loss write-offs for April 2024 through September 2024 are shown following the 4th Quarter Write-Off exhibit.

**OPERATIONAL REPORTS
4TH QUARTER 2023**

IV. ACCOUNTING SYSTEM (continued)

B. Critical Error Write-Off (continued)

4th Quarter 2023 – Loss Write-Off

Company	Nov 2023	Dec 2023	Jan 2024	Total
154	0			0
279	0			0
732	0			0
734	0			0
735	0			0
773	22,679			22,679
Total	22,679			22,679

4th Quarter 2023 – 10% Loss of Investment Fees

Company	Nov 2023	Dec 2023	Jan 2024	Total
154	0			0
279	0			0
732	0			0
734	0			0
735	0			0
773	2,269			2,269
Total	2,269			2,269

Potential Loss Write-Off April 2024 through September 2024

Company	April 2024	May 2024	June 2024	July 2024	August 2024	September 2024	Grand Total
154	0	0	0	0	0	0	0
245	0	0	0	0	0	0	0
279	0	8,349	86,872	28,118	105,759	43,018	272,116
717	0	0	0	0	0	0	0
732	0	0	0	0	0	0	0
734	0	0	0	0	0	0	0
773	0	24	0			661	685
Totals	0	8,373	86,872	28,118	105,759	43,679	272,801

**OPERATIONAL REPORTS
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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	Error Premium Dollars	Error Percent
154	2021	0	0.00
154	2022	1,946	0.00
154	2023	149,993	0.32
279	2021	0	0.00
279	2022	-407	0.00
279	2023	-160,803	-0.27
717	2021	11,628	0.47
717	2022	0	0.00
717	2023	0	0.00
732	2021	0	0.00
732	2022	0	0.00
732	2023	0	0.00
734	2021	0	0.00
734	2022	0	0.00
734	2023	0	0.00
773	2021	526,967	1.28
773	2022	509,981	1.00
773	2023	327,043	0.57
Total Ind		1,366,348	024

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 2023 forecasting reports on March 19, 2024.

**OPERATIONAL REPORTS
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IV. ACCOUNTING SYSTEM (continued)

F. 2021 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 2021 premium reporting year closed on February 15, 2024. Accordingly, CAR no longer accepts cession activity for the 2021 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 2021 effective date policies and for historical information. The Cession/No Premium Write-off Penalty amount has been calculated to be \$12,900 for policy effective year 2022.

Year	PP Penalty	Commercial Penalty	Taxi/Limo/CAR Service Penalty
2022	N/A	\$12,900	\$12,900
2021	N/A	\$12,200	\$10,500
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

G. \$60 Cession/No Premium Penalties

The December 2023 \$60 Cession/No Premium penalties ran on December 1, 2023. These penalties were assessed with the 4th Quarter 2023 Settlement of Balances Report.

Co No	Policy Eff Yr.	Policy Count	Assessed Penalty
773	2021	1	\$60
773	2022	5	\$300
773	2023	4	240
Total		10	\$600

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4TH QUARTER 2023**

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 2023	March 15, 2023	March 16, 2023	1st Quarter 2023
February 2023	April 15, 2023	April 16, 2023	
March 2023	May 15, 2023	May 16, 2023	
April 2023	June 15, 2023	June 16, 2023	2nd Quarter 2023
May 2023	July 17, 2023	July 18, 2023	
June 2023	August 15, 2023	August 16, 2023	
July 2023	September 15, 2023	September 16, 2023	3rd Quarter 2023
August 2023	October 16, 2023	October 17, 2023	
September 2023	November 15, 2023	November 16, 2023	
October 2023	December 15, 2023	December 16, 2023	4th Quarter 2023
November 2023	January 16, 2024	January 17, 2024	
December 2023	February 15, 2024	February 16, 2024	

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 2023	June 15, 2023	July 5, 2023	Approx. August 5, 2023
2nd 2023	September 15, 2023	October 2, 2023	Approx. November 1, 2023
3rd 2023	December 15, 2023	January 2, 2024	Approx. February 2, 2024
4th 2023	March 15, 2024	April 1, 2024	Approx. May 3, 2024

The Annual Statement collection of Page 14's for 3rd Quarter 2023 was due on December 15, 2023. Penalties for late Page 14 amounted to \$34,300. Reconciliation 3rd Quarter 2023 responses were due February 2, 2024 and there were no late explanation responses. All penalties were included in 4th Quarter 2023 Settlement of Balances. The 4th Quarter 2023 Annual Statement Statutory Page 14 data was due at CAR on March 15, 2024. The 4th Quarter 2023 Reconciliation is due to run on or about April 1, 2024.

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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.

	Line of Business	Eligible Records	Records in Error	Error %
COMM 2022 EFF YEAR	Liability	45,347	1,632	3.60%
	No Fault	43,717	489	1.12%
	Physical Damage	33,352	984	2.95%
	Total	122,416	3,105	2.54%
COMM 2023 EFF YEAR	Liability	39,791	518	1.30%
	No Fault	38,567	191	0.50%
	Physical Damage	29,409	347	1.18%
	Total	107,767	1,056	0.98%

* Please note that this report only includes data reported through January 15, 2024, accounting month November 2023.

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 2023 – December 2023. Previous Effective Year includes policies effective January 2022 – December 2022. 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 12/2023

COMPANY NUMBER	RECORD COUNT	WASHOUT COUNT	WASHOUT PERCENT
025	15,879	21,443	74.05
029	1,640	2,698	60.79
033	931,952	3,009,461	30.97
044	1,696	2,636	64.34
096	9,790	27,122	36.10
100	82,606	140,926	58.62
113	1,550	7,457	20.79
118	117,868	276,064	42.70
127	5,676	8,639	65.70
141	336,420	663,577	50.70
153	2,501,668	8,393,428	29.81
154	665,361	1,140,412	58.34
156	81,534	165,034	49.40
192	1,852	8,666	21.37
201	7,676	25,743	29.82
202	286	1,249	22.90
226	15,082	20,557	73.37
250	150	661	22.69
256	6,566	12,352	53.16
258	1,114	5,379	20.71
261	2,620	6,820	38.42
265	384	1,319	29.11
307	5,464	12,023	45.45
308	740	3,301	22.42
327	3,014	10,409	28.96
334	304	467	65.10
340	235	714	32.91
344	5,662	19,555	28.95
362	267,460	395,221	67.67
402	30,443	44,261	68.78
418	41,051	173,358	23.68
420	8,760	18,055	48.52

**OPERATIONAL REPORTS
4TH QUARTER 2023**

V. STATISTICAL AGENT FUNCTION (continued)

D. Deleted Washout Records (continued)

Deleted Washout Totals
For All Shipments Received Through 12/2023

COMPANY NUMBER	RECORD COUNT	WASHOUT COUNT	WASHOUT PERCENT
427	1,794	6,807	26.36
439	3,640	7,317	49.75
443	8,246	10,747	76.73
486	428	1,203	35.58
503	246	308	79.87
577	151,015	311,098	48.54
626	239,484	381,336	62.80
638	588	1,054	55.79
664	525,028	1,552,389	33.82
708	762	1,530	50.00
726	20	98	20.41
737	1,325,365	3,606,774	36.75
770	363,338	1,284,553	28.29
785	3,242,897	11,445,612	28.33
797	20,360	43,858	46.42
827	1,998	9,458	21.12
881	698	2,402	29.06
890	1,376	6,416	21.45
902	246,908	393,679	62.72
907	439,578	1,078,643	40.75
908	13,052	61,842	21.11
910	69,078	163,136	42.34
916	211,166	631,352	33.45
934	8,163	37,107	22.00
940	291,551	864,779	33.71
943	682,104	1,586,383	43.00
959	90	443	20.32
963	1,608	4,193	38.35
970	1,384	3,483	39.74
996	744	2,091	35.58

Total Industry	18,291,228	107,447,586	17.02%
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The 2022 washout total following the 12/2022 shipments was 15.16%.

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V. STATISTICAL AGENT FUNCTION (continued)

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 2023 Distributional Analysis reports and released them to the industry on March 1, 2024. Responses are due back on May 7, 2024. Any missing responses are required to be reported by the established due date.

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

CAR moved the Statistical Policy Histories to its website in late May, 2023. With this update to the website, it marks the final mainframe application that has moved. Accordingly, industry users no longer need to maintain a mainframe user id and password.

B. Telecommunications

As noted above, the Statistical Policy History application moved to CAR's website in May, 2023. As that was the final mainframe application, this item will be removed from future publications of the Operational Reports.