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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: September 13, 2021
RE: Operational Reports

The 2nd quarter 2021 Operational Reports follow this memorandum. This report includes data reported May 18, 2021 through August 16, 2021 for the accounting month period of April 2021 through June 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 \$68,750 in the Statistical Data Quality Penalty Program in the 2nd Quarter 2021 Settlement of Balances report.

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 2019 annual Cession/No Premium Write-Off amounts have been calculated and CAR set the 2019 penalties at \$9,500 for Commercial and \$9,000 for Taxi/Limousine business. Please reference Bulletin Notice No. 1109 distributed on December 11, 2020 for more information.

OPERATIONAL REPORTS 2ND 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 July 26, 2021 using CAR's online system. The documentation is due on October 1, 2021.

As of June 2021, the commercial residual market rate equaled 18.7%.

CAR posted the June 30, 2021 Quarterly Member Participation Reports to its website on September 3, 2021.

CAR ran the 2nd Quarter 2021 Rule 29 credit edit download reports on August 17, 2021.

Section IV – Accounting System Processing:

CAR produced 2nd Quarter 2021 Critical Error Loss Write-Offs and 10% Loss of Investment Fees. **There were no policies eligible for write-off during the quarter.**

Relative to the Audit Review, CAR lists the "Audit Review" actual and potential penalties against 2020 and 2021 policy effective years for all companies with an error rate over the tolerance level of 1% and 10 policies in error.

The Penalty Forecasting exhibits were made available on CAR's website on September 7, 2021.

Section V - Statistical Agent Functions:

First Quarter 2021 Statutory Page 14 data was due at CAR on June 15, 2021. Reconciliation Responses for First Quarter 2021 was run on July 1, 2021 and due back on August 2, 2021. Company assessments were included in Second Quarter 2021 Settlement of Balances. Second Quarter 2021 Statutory Page 14 data is due at CAR on September 15, 2021. Second Quarter 2021 Reconciliation is anticipated to run on October 1, 2021.

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 is nearing completion of a project to move the CAR Accounting error and informational reports and the Reinsurance Audit reports to its website. This project is anticipated to finish in late summer, 2021.

**OPERATIONAL REPORTS
2ND QUARTER 2021**

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

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

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 second quarter, 2021.

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2ND QUARTER 2021**

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						
096		COM										
103	COM											
118					PP							
144			COM									
163	COM											
313					PP							
320						PP						
347			COM									
349			COM									
399	COM											
429		COM	COM			COM						
436		COM										
437		COM										
604						PP						
623	COM											
989	PP											

*There were no late or rejected shipments for the April 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 2nd Quarter 2021, CAR assessed a total penalty amount of \$68,750. The table below shows the detail penalties for each company.

Penalty Assessments
2nd Quarter 2021

Co #	Company Name	Assessment	Assessment Amount
030	American Family Home Ins Co	Late MAS 03/2021	\$500
045	American Automobile Ins Co	Late MAS 03/2021	\$3,000
096	Motorist Commercial Mutual Ins	Late DA Response – 12/2020	\$300
096	Motorist Commercial Mutual Ins	Late Page 14 Data - 03/2021	\$300
103	The American Insurance Co	Late MAS 01/2021	\$9,000
103	The American Insurance Co	Late MAS 02/2021	\$6,000
103	The American Insurance Co	Late MAS 03/2021	\$3,000
103	The American Insurance Co	Late DA Response – 12/2020	\$150
109	Pennsylvania Lumbermens Mutual	Late DA Response – 12/2020	\$300
110	Knightbrook Insurance Company	Stat Err > 5% - 01/2021	\$300
116	Security National Insurance	Late DA Response – 12/2020	\$150
118	Privilege Underwriters (PURE)	Late MAS 05/2021	\$500
125	AmGUARD Insurance Company	Late Page 14 Data - 03/2021	\$100
129	Ascot Insurance Company	Late Page 14 Data – 03/2021	\$100
143	American Hallmark Ins of Texas	Late DA Response – 12/2020	\$300
144	Wesco Insurance Company	Late MAS 03/2021	\$500
144	Wesco Insurance Company	Late DA Response – 12/2020	\$150
163	Associated Indemnity Co	Late MAS 02/2021	\$6,000
163	Associated Indemnity Co	Late MAS 03/2021	\$3,000
194	Bankers Standard Insurance Co	Stat Err > 5% - 03/2021	\$150
201	AIG Property & Casualty Co (PP)	Stat Err > 5% - 02/2021	\$600
206	Nationwide Agribusiness Ins Co	Stat Err > 5% - 03/2021	\$600
219	Safety National Casualty Corp	Stat Err > 5% - 03/2021	\$150
219	Safety National Casualty Corp	Stat Err > 5% - 04/2021	\$300
247	National Casualty Company	Stat Err > 5% - 03/2021	\$150
265	Berkley National Insurance Co	Stat Err > 5% - 02/2021	\$150
306	Dealers Assurance Company	Rescind Pg 14 Data – 12/2020	(\$1,300)
313	Essentia Insurance Company	Stat Err > 5% - 03/2021	\$150
313	Essentia Insurance Company	Late MAS - 05/2021	\$500

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I. STATISTICAL SYSTEM (continued)

B. Statistical Plan Penalty Fee Program (continued)

Penalty Assessments
2nd Quarter 2021

<u>Co #</u>	<u>Company Name</u>	<u>Assessment</u>	<u>Assessment Amount</u>
323	Esurance Insurance Company	Stat Err > 5% - 01/2021	\$150
323	Esurance Insurance Company	Late DA Response – 12/2020	\$150
336	Employer's Mutual Casualty Co	Stat Err > 5% - 04/2021	\$150
347	Selective Insurance Co of SC	Late MAS - 03/2021	\$500
349	Selective Insurance Co of SE	Late MAS - 03/2021	\$500
399	Fireman's Fund Insurance Co	Late MAS 01/2021	\$9,000
399	Fireman's Fund Insurance Co	Late MAS 02/2021	\$6,000
399	Fireman's Fund Insurance Co	Late MAS 03/2021	\$3,000
429	Government Employee's (Comm)	Late MAS 03/2021	\$500
486	Harleysville Preferred Ins Co	Stat Err > 5% - 03/2021	\$150
549	Manufacturers Alliance Ins Co	Rescind DA Resp – 12/2020	(\$150)
597	Permanent General Assurance	Late Page 14 Data – 03/2021	\$900
622	National Interstate Insurance Co	Late DA Response – 12/2020	\$150
623	National Surety Corporation	Late MAS - 02/2021	\$6,000
623	National Surety Corporation	Late MAS - 03/2021	\$3,000
737	Progressive Casualty Ins Co	Stat Err > 5% - 03/2021	\$150
756	RLI Insurance Company	Stat Err > 5% - 03/2021	\$300
833	Berkley Hathaway Specialty Ins Co	Stat Err > 5% - 04/2021	\$450
844	Tokio Marine America Ins Co	Stat Err > 5% - 03/2021	\$150
951	Vanliner Insurance Company	Late DA Response – 12/2020	\$150
963	Harleysville Worcester Ins Co	Stat Err > 5% - 03/2021	\$150
979	American Bankers Ins Co of FL	Stat Err > 5% - 03/2021	\$150
989	Foremost Insurance Company	Stat Err > 5% - 01/2021	\$150
989	Foremost Insurance Company	Stat Err > 5% - 02/2021	\$150
989	Foremost Insurance Company	Stat Err > 5% - 03/2021	\$300
989	Foremost Insurance Company	Stat Err > 5% - 04/2021	\$300
992	Motors Insurance Corporation	Late Expln – 03/2021	\$1,100
996	Indemnity Ins Co of North America	Late DA Response – 12/2020	\$150
		Total	\$68,750

**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 2019 - 2021.

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 August 2, 2021 monitoring policy years 2019, 2020 and 2021 for 2nd Quarter 2021.

No company exceeded the tolerances for policy effective years 2019, 2020 and 2021 as of the 2nd Quarter 2021 report.

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	2	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	101	1	1.0	-0.4	0	0
279	2	0	0.0	0.0	0	0
717	39	0	0.0	0.0	0	0
732	42	4	0.0	0.0	0	0
734	42	4	9.5 #	7.6	0	0
773	1	0	0.0	0.0	0	0
Totals	227	5	2.2%	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 July 26, 2021 and the documentation is due back on October 1, 2021. 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 07/2020 to 06/2021
Reflects MAIP Placement Record Reported Data as of August 18, 2021

Company	Missing MPRs	Rejected MPRs	Fatal MPRs	Rejected Take-Out Credits	MPRs with No Premium	MAIP Premium with No MPR	Active MPRs
113	0	0	0	0	0	1	263
153	1	0	1	28	8	2	2280
192	0	1	0	0	0	0	372
193	0	4	1	0	0	21	31
202	0	0	0	0	0	0	100
250	0	0	0	0	0	0	9
258	0	0	0	0	0	0	11
279	5	25	1120	10	77	395	10235
304	0	0	0	0	0	0	4
308	0	0	0	0	0	0	109
315	0	0	0	0	0	0	31
354	0	61	1	0	1	154	2738
363	0	0	0	0	0	0	106
422	0	0	0	0	0	0	65
531	0	0	0	0	1	0	679
584	0	1	1	0	0	1	741
604	9	0	125	0	23	1	109
612	1	1	9	41	0	3	707
664	3	16	0	1	0	7	1215
724	0	0	2	0	0	0	450
726	0	0	0	0	0	0	9
731	0	0	0	51	0	0	0
735	0	0	0	0	0	0	314
773	0	0	31	28	3	3	3458
827	0	0	0	0	0	0	424
890	0	0	0	0	0	0	189
908	0	0	0	0	1	0	2636
959	0	0	0	0	0	0	34
988	0	1	5	11	0	1	817
Average	1	4	45	6	4	20	970

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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.

Effective Year	MAIP Residual Market %	Commercial Cession %	Time Period
2015	2.6%	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%	18.7%	As of June, 2021

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

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

Policy Year 2021 Results as of June, 2021

	2021 @ 06 Months	% Total		2020 @ Final	% Total
MAIP Assigned (CAR-ID 9)	13,453	0.5%		33,206	0.7%
MAIP Retained (CAR-ID 8)	2,473,005	99.5%		4,728,938	99.3%
Total	2,486,458	100.0%		4,762,144	100.0%

C. Private Passenger MAIP Premium and Loss Reports

Private Passenger Premium and Loss reports have been updated through June, 2021 on August 23, 2021 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 June 2021 Quarterly Member Participation Reports to its website on September 3, 2021. 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 2nd Quarter 2021 estimated Participation Ratios using data reported through the June 30, 2021 monthly accounting shipments will be posted to CAR's website by September 30, 2021.

The Final 2020 Participation Ratios using data reported through the December 2020 monthly accounting shipment were calculated and included in the June Quarter Settlement of Balances, processed in September 2021. These Ratios are included in the calculations of deficit sharing, administrative expenses, and the advanced statistical assessment. Exhibits detailing step-by-step private passenger and commercial participation ratio calculations for individual member companies were posted to CAR's website on August 27th, 2021. From CAR's home page, click Reports sign-on and then select Participation Ratios.

F. Interim Ceding Expenses Estimates – Calendar Year 2021

The 2021 Commercial Servicing Carrier interim expense allowance of 20.94% is detailed in Commercial Lines Bulletin No. 144, distributed on February 12, 2021.

The 2021 Interim Expense Allowances for Taxi, Limousine and Car Services Business of 27.85%, 21.60%, and 19.81% respectively, are detailed in Commercial Lines Notice No. 145, distributed on February 12, 2021.

G. Ceding Expense True-Up for Calendar Year 2020

Ceding expenses for Calendar Year 2020 will be true-up and processed with the September, 2021 Settlement of Balances, posted to CAR's website in December. The True-Up is calculated using actual reported exposures and will reflect premium tax and commission provisions included in the underlying rates. Similarly, the True-Up of Ceding Expenses for Taxi, Limousine, and Car Service business for Policy Year 2019 at 30 months and 2020 at 18 months will also be included. Company Reports will be mailed to the designated Servicing Carrier contacts at that time.

H. Quota Share

CAR posted the June 2021 Monthly Quota Share and Assignment Order Report to its website on August 27, 2021. The report has been updated to include statistical data from May 2020 to June 2021 effective month policies reported through August 16, 2021.

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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2ND QUARTER 2021**

III. RESIDUAL MARKET INFORMATION (continued)

I. CAR Financial Results – Latest Deficit Projections

The latest valuation of ultimate policy year deficit projections as of June 2021 was posted to CAR’s website on September 1, 2021 for the latest three policy years are as follows:

(Numbers are in \$000s)

Commercial Deficit as of June, 2021 (000) (Valuation: + Surplus, - Deficit)		
Policy Year	Prior Qtr	Current Qtr
2018	(\$35.5)	(\$33.6)
2019	\$3.0	\$3.7
2020	\$30.2	\$29.4

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.

J. Commercial Residual Market Rate Filing Withdrawn – April 27, 2021

In light of Filing Guidance Notice 2021-A issued by the Division of Insurance on March 11, 2021, CAR has withdrawn its commercial rate filing applicable to commercial policies with effective dates of July 1, 2021. This withdrawal includes the Commercial Automobile Insurance Manual Rules and Rates, and the Commercial Experience Rating Plan, originally filed on January 12, 2021.

Please refer to Commercial Lines Notice No. 146 for additional information.

K. 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 term to begin with policies effective January 1, 2022. The Committee also 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.

The Governing Committee also approved transition procedures addressing agency reassignments and policy issuance requirements.

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2ND QUARTER 2021**

III. RESIDUAL MARKET INFORMATION (continued)

L. 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 2019 accounting date.

Accounting Date	Reported Credit Premium	Adjusted Credit Premium	Rule 29 Credit Impact	Error Percentage
Jan. 2019	893,890,063	881,140,060	-12,750,003	1.43%
Feb. 2019	892,007,624	879,454,384	-12,553,240	1.41%
March 2019	894,491,592	881,727,999	-12,763,593	1.43%
April 2019	899,332,721	886,459,002	-12,873,719	1.43%
May 2019	899,769,870	887,084,103	-12,685,767	1.41%
June 2019	899,552,945	887,013,884	-12,539,061	1.39%
July 2019	913,273,955	900,343,902	-12,930,053	1.42%
August 2019	920,564,625	907,799,394	-12,765,231	1.39%
Sept 2019	908,403,551	895,834,183	-12,569,368	1.38%
Oct 2019	902,467,157	889,838,670	-12,628,488	1.40%
Nov 2019	900,582,755	887,96,774	-12,675,981	1.41%
Dec 2019	901,020,807	888,234,335	-12,786,472	1.42%
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%

**OPERATIONAL REPORTS
2ND QUARTER 2021**

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 second quarter 2021.

Lastly, CAR also provides loss data eligible for future loss write-offs. The potential loss write-offs for September 2021 through February 2022 are shown following the 2nd Quarter Write-Off exhibit.

**OPERATIONAL REPORTS
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IV. ACCOUNTING SYSTEM (continued)

B. Critical Error Write-Off (continued)

2nd Quarter 2021 – Loss Write-Off

Company	May 2021	June 2021	July 2021	Total
154				
245				
279				
717				
732				
734				
773				
Total				

2nd Quarter 2021 – 10% Loss of Investment Fees

Company	May 2021	June 2021	July 2021	Total
154				
245				
279				
717				
734				
773				
Total				

Potential Loss Write-Off September 2021 through May 2022

Company	September 2021	October 2021	November 2021	December 2021	January 2022	February 2022	Grand Total
154							
279							
717							
732							
734							
773							
Totals							

**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	Critical Premium Dollars	Error Percent
154	2019	0	0.00
154	2020	0	0.00
154	2021	252,868	0.95
279	2019	0	0.00
279	2020	0	0.00
279	2021	0	0.00
717	2019	0	0.00
717	2020	0	0.00
717	2021	0	0.00
732	2019	0	0.00
732	2020	0	0.00
732	2021	1,882	0.01
734	2019	0	0.00
734	2020	0	0.00
734	2021	0	0.00
773	2019	0	0.00
773	2020	0	0.00
773	2021	0	0.00
Total Ind		254,750	0.05

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 2nd Quarter 2021 forecasting reports on September 7, 2021.

**OPERATIONAL REPORTS
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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 is due to close 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.

Year	PP Penalty	Commercial Penalty	Taxi/Limo/CAR Service Penalty
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
2010	N/A	\$4,500	\$7,300

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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 1st Quarter 2021 was due on June 15, 2021. Penalties for late Page 14 amounted to \$6,400. Reconciliation 1st Quarter 2021 responses were due August 1, 2021 and penalties amounted to \$1,100. All penalties were included 2nd Quarter 2021 Settlement of Balances. CAR is currently collecting 2nd Quarter 2021 Annual Statement Statutory Page 14 data and it is due at CAR on September 15, 2021. The 2nd Quarter 2021 Reconciliation is due to run on or about October 1, 2021.

**OPERATIONAL REPORTS
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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 2020 EFF YEAR	Liability	56,384	521	0.92%
	No Fault	51,579	208	0.40%
	Physical Damage	35,479	295	0.83%
	Total	143,442	1,024	0.71%
COMM 2021 EFF YEAR	Liability	20,506	147	0.72%
	No Fault	20,267	74	0.37%
	Physical Damage	14,718	112	0.76%
	Total	55,491	333	0.60%

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.

**OPERATIONAL REPORTS
2ND QUARTER 2021**

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 06/2021

COMPANY NUMBER	RECORD COUNT	WASHOUT COUNT	WASHOUT PERCENT
017	192	616	31.17
033	628,778	1,597,800	39.35
100	32,229	136,570	23.60
118	52,667	149,615	35.20
141	152,189	304,735	49.94
153	1,281,239	4,258,237	30.09
154	187,800	373,460	50.29
156	8,130	21,638	37.57
158	16	19	84.21
201	4,118	16,303	25.26
226	1,433	2,971	48.23
256	1,888	2,217	85.16
261	2,530	4,242	59.64
263	32	102	31.37
265	568	812	69.95
334	34	53	64.15
344	1,570	6,211	25.28
362	268,519	362,638	74.05
402	7,408	15,051	49.22
418	20,867	80,535	25.91
420	5,302	12,423	42.68
424	2,913	13,096	22.24
443	3,160	4,433	71.28
503	62	214	28.97
577	17,800	82,044	21.70
626	53,898	105,374	51.15
627	3,534	12,424	28.44
638	478	689	69.38
664	207,348	655,604	31.63
726	12	54	22.22
731	443,024	2,200,030	20.14
737	438,154	1,426,050	30.73
748	14	53	26.42
770	166,075	601,507	27.61
785	1,127,358	4,106,458	27.45

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

D. Deleted Washout Records (continued)

COMPANY NUMBER	RECORD COUNT	WASHOUT COUNT	WASHOUT PERCENT
823	2,044,164	4,439,823	46.04
881	726	1,927	37.68
902	68,550	128,292	53.43
910	29,054	53,106	54.71
948	2,549	10,083	25.28
958	928	3,572	25.98
963	4,856	14,735	32.96
996	380	1,121	33.90

Total Industry	9,018,694	52,608,388	17.14%
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The 2020 washout total following the 06/2020 shipments was 14.39%

E. Distributional Edits Systems

The Distributional Analysis Edit System 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 report in early March for the December 2020 period. Companies were to respond to any over tolerances by May 7, 2021. The total penalty assessment for the number of outstanding missing and incomplete responses amounted to \$1,950 assessed within 2Q 2021 – Settlement of Balances.

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 is moving the CAR Accounting error and informational reports to the website along with the Reinsurance Audit reports in mid-September 2021. CAR will distribute a Bulletin announcing the implementation date.

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.

Project	Status	Description
Annual Statement Reconciliation Rewrite	Near completion	Modernization of the application to enhance usability and maintenance. Enhancements will be incorporated during the rewrite.
CAR Accounting System	Completed Sept 2021	Create a web-based correction application to replace the mainframe-based CAR Accounting system.
Reinsurance Audit	Completed 2021	Create a web-based application to replace the mainframe-based application. This was included in the re-write of the CAR Accounting system.
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	Near completion	Includes the ability for underwriting referrals to be uploaded and which will be included in the 25 annual referral minimum required for the sample.