



COMMONWEALTH AUTOMOBILE REINSURERS

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RALPH A. IANNACO
PRESIDENT

February 12, 2010

ACCOUNTING AND STATISTICAL NOTICE NO. 511

Annual Statement 2009 Massachusetts Automobile Reconciliation

In accordance with the 2009 Call Schedule published in Accounting and Statistical Notice No. 509, dated January 14, 2010, a copy of each company's Massachusetts Automobile Period Ending December 31, 2009 Annual Statement totals must be received at CAR no later than March 15, 2010. However, companies are encouraged to submit their statements earlier, if possible. **Note: CAR will assess a \$50 per day penalty fee on any late submissions received after March 15, 2010.**

Companies are required to submit the following data components:

- A copy of your electronic NAIC filing (via Diskette, CD Rom, or Internet Submission)
- Non-Reportable Data (if applicable)

Note the information reported for Statutory Page 14 data will include the Non-Reportable data. Non-Reportable data refers to coverages included in the Statutory Page 14 numbers that are not statistically reportable to CAR. Common examples include umbrella premium, excess coverage, risk management business, auto warranty programs, and mechanical breakdown programs. **Please note companies should not use the data entry function for 4th quarter information except for Non-Reportable. Companies not in compliance may be subjected to penalties.** If you do not have access to the online Annual Statement Reconciliation System, please have your company's Security Administrator request a user-ID and password through CAR's website at www.commauto.com for access into this system. For other questions regarding the use of this system, contact CAR Data Operations staff.

CAR will compare the totals derived from the data reported in your company's January through December 2009 monthly accounting and statistical submission to the totals from the Annual Statement submissions (note the Non-Reportable totals are subtracted from the Statutory Page 14 data prior to the comparison). The results of the comparison are available via the online Reconciliation Reports function. If the difference between the statement totals and the statistically reported totals is greater than plus or minus five percent, then a written explanation must be submitted to CAR by the designated due date. The online Explanation Notes function is the tool necessary to comply with your company's response and it is imperative that companies utilize it through the online system. Please note that those companies that fail to comply with the reporting requirements associated with the reconciliation process will be subject to penalties.

As announced in Accounting and Statistical Notice No. 508, the Division of Insurance approved a number of proposed changes to the Private Passenger and Commercial Statistical Plans, some of which impact the Annual Statement Reconciliation process. Accordingly, this notice is intended to provide a summary of the changes that will be implemented with the 2010 Accounting Year.

- The penalty amount for the late submission of Page 14 data has been increased to \$100/CAR Business Day.
- The penalty amount for the late submission of an Explanation Response (required when an out-of-balance condition of more than +/- 5% occurs) has been increased to \$100/CAR Business Day.
- Penalties will be applicable for late submission in **all** 4 quarters (in the past, penalties were only applicable for 4th quarter). Accordingly, CAR will begin assessing penalties for the late submission of Page 14 Data and Explanation Responses with 1st Quarter 2010.

The due dates for the reporting of quarterly/annual statement data are included in the Call Schedule CAR publishes at the beginning of each calendar year. CAR will distribute Warning Notices to companies that have not yet reported Page 14 data in order to provide an opportunity to do so prior to the due date at least one week before each quarter's due date. Companies can also confirm compliance by verifying the reporting of Page 14 data and Explanation Responses through the online reconciliation reports at any time.

Questions regarding the reporting of Annual Statement data and the online Annual Statement Reconciliation System should be directed to your company's Data Analyst.

Additionally, the online Annual Statement Reconciliation Manual provides detailed information regarding this system.

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