



COMMONWEALTH AUTOMOBILE REINSURERS

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ACCOUNTING AND STATISTICAL NOTICE NO. 385

Proposed Revisions to the Massachusetts Commercial Automobile Statistical Plan

At its February 12, 2003 meeting, CAR's Governing Committee recommended modifications to the Massachusetts Commercial Automobile Statistical Plan. The recommended modifications are in response to the enactment of the Terrorism Risk Insurance Act of 2002 (TRIA). The modifications will assure that terrorism coverage information is captured and statistically reported and that losses attributed to acts of terrorism are identified. The recommended pages were forwarded to the Division of Insurance on February 12, 2003, for promulgation by the Commissioner of Insurance, pursuant to the provisions of General Laws Chapter 175A, Section 15. Highlights of the recommended modifications are as follows:

- If a separate premium is charged for terrorism coverage (either for acts of terrorism certified under the Act or for all other acts of terrorism not certified under the Act), then a separate premium record must be statistically reported.
- A new one-digit Terrorism Coverage Code field is being added to the liability, no-fault and physical damage premium record layouts. A value must be reported in this field for both the underlying "base" premium records and the separately reported terrorism premium records.
- New values are being added to the liability, no-fault and physical damage Type of Loss fields to identify losses attributed to acts of terrorism (both certified and non-certified).
- The reporting of the Terrorism Coverage Code and the new Type of Loss Codes are optional for policies effective January 1, 2003 – June 30, 2003 and mandatory for policies effective July 1, 2003 and subsequent. However, if a company has filed a rate for terrorism coverage with an effective date prior to July 1, 2003, then the company will be required to report the new terrorism coverage code information as of the effective date of its rate filing.

Attached is a summary table that describes the recommended modifications. The Commercial Statistical Plan pages pertaining to the noted modifications are available on CAR's website at www.commauto.com/manuals/cmstatplan/pdf/2003/CMProposedPages-Terrorism-2003.pdf.

If you have any questions concerning these revisions, please contact the undersigned at (617) 880-7231 or madgate@commauto.com.

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Attachment

Commercial Automobile Statistical Plan

Summary of Proposed Modifications

Effective Date	Description	Records Impacted	Pages Impacted
<p style="text-align: center;">Optional for policies effective 1/1/2003 – 6/30/2003</p> <p style="text-align: center;">Mandatory for policies effective 7/1/2003 and subsequent</p>	<p>In response to the enactment of the Terrorism Risk Insurance Act of 2002 (TRIA), CAR is proposing several modifications to the Commercial Automobile Statistical Plan. The modifications being proposed will provide CAR and the industry with the ability to capture and report terrorism coverage information and identify those losses attributed to acts of terrorism. Note the following important information regarding the proposed modifications:</p> <ol style="list-style-type: none"> 1. If a separate premium is charged for terrorism coverage (either for acts of terrorism certified under the Act or all other acts of terrorism not certified under the Act), then a separate premium record must be reported. 2. If the terrorism coverage premium has been determined on a policy level basis, for reporting purposes, the premium may be split in proportion to the underlying coverage on the policy. 3. The terrorism coverage premium record must be coded using the statistical codes required for the Classification reported on the record, as indicated in Appendix A – Classification Decision Table. <p>The proposed modifications are as follows:</p> <ul style="list-style-type: none"> • Add a new one-digit Terrorism Coverage Code field to the Liability, No-Fault and Physical Damage premium record layouts. A value must be reported in this field for both underlying policy premium records and the separately reported premium records that identify the additional premium charge for terrorism coverage. Specific values are described on page VI:38 of the Coding Section. • Add new values to the Liability, No-Fault and Physical Damage (Other than Collision) Type of Loss fields. The new values will identify losses due to acts of terrorism certified under the Terrorism Risk Insurance Act (TRIA) and all other terrorism losses not certified under the Act. Specific values are described on pages VI:44, 46 and 57 of the Coding Section. 	<p>All Premium and Loss</p>	<p>III:6 IV:4,10,15 VI:38 (new page), VI:44,46,57 VIII:1,2,4,6 A:1 C:3</p>