



COMMONWEALTH AUTOMOBILE REINSURERS

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March 18, 2003

ACCOUNTING AND STATISTICAL NOTICE NO. 389

Approved Revisions to the Massachusetts Private Passenger and Commercial Statistical Plans

On March 14, 2003, revisions to the Massachusetts Private Passenger and Commercial Statistical Plans were approved by the Commissioner of Insurance, pursuant to the provisions of Massachusetts General Laws, Chapter 175A, Section 15 (see attached promulgation letter). Accounting and Statistical Notice No. 385, dated February 12, 2003, and Accounting and Statistical Notice No. 387, dated February 14, 2003, initially announced these revisions. Below is a summary of the approved Statistical Plan pages and their effective dates.

Private Passenger Statistical Plan

Effective Date	Description	Records Impacted	Pages Impacted
1/1/2003	In conjunction with the recently approved modifications to the Annual Mileage Discount Form and Rule 19 (Discounts) of the AIB's Private Passenger Automobile Insurance Manual, the Private Passenger Statistical Plan has been updated. The approved rule provides companies with a means to verify actual miles driven by an insured during the year. Accordingly, all Statistical Plan references to "Estimated" Annual Mileage have been eliminated and the data element will be referred to as Annual Mileage.	All Premium and Loss	IV:3,9,15 V:3,9,15 VI:14,19 VIII:1-7 C:1 A:2,3
Optional 1/1/2003- 12/31/2003 Mandatory 1/1/2004	The Division of Insurance has approved a revision to Rule 44 (Motorcycles, Motorscooters, Mopeds, etc.) of the AIB's Private Passenger Rating Manual to allow a discount in the comprehensive premium charge for motorcycles equipped with a Category IV vehicle recovery system. Accordingly, the Classification Decision Table has been modified to require companies to report an Anti-Theft Device Discount Code on records reported with a motorcycle classification code. Note that the reporting of an Anti-Theft Code on motorcycles is optional for policies effective 1/1/2003-12/31/2003 and mandatory for policies effective 1/1/2004 and subsequent.	Physical Damage Premium and Loss	A:2
1/1/2003	The Reporting Method section of Part II – General Rules has been updated to identify that commencing with the 2003 accounting/statistical shipments, CAR will accept records reported via File Transfer Protocol (FTP) transmission.	All Records	II:2

Commercial Statistical Plan – Terrorism Changes

Effective Date	Description	Records Impacted	Pages Impacted
<p>Optional for policies effective 1/1/2003 – 6/30/2003</p> <p>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), the Commercial Statistical Plan has been modified. The approved modifications 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 approved 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. 4. The reporting of the Terrorism Coverage Code and the new Type of Loss Codes is 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. <p>The approved 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:29,44,46,57 VIII:1,2,4,6 A:1 C:3</p>

Commercial Statistical Plan – All Other Changes

Effective Date	Description	Records Impacted	Pages Impacted
1/1/2003	On 10/18/02, the Division of Insurance approved several new Commercial OTC codes representing a \$100 towing and labor limit of coverage. These coverages have been added to the Coverage Code Decision Table. Note that the coverage groupings have been simplified by adding an All Other category and each of the new \$100 coverage codes (except 465 and 565) will fall into the All Other category.	Physical Damage Premium and Loss	A:3
Optional 1/1/2003- 12/31/2003 Mandatory 1/1/2004	The Division of Insurance has approved a revision to Rule 44 (Motorcycles, Motorscooters, Mopeds, etc.) of the AIB's Private Passenger Rating Manual to allow a discount in the comprehensive premium charge for motorcycles equipped with a Category IV vehicle recovery system. Accordingly, the Classification Decision Table has been modified to require companies to report an Anti-Theft Device Discount Code on records reported with a motorcycle classification code. Note that the reporting of Anti-Theft Code on motorcycles is optional for policies effective 1/1/2003-12/31/2003 and mandatory for policies effective 1/1/2004 and subsequent.	Physical Damage Premium and Loss	A:2
1/1/2003	The Reporting Method section of Part II – General Rules has been updated to identify that commencing with the 2003 accounting/statistical shipments, CAR will accept records reported via File Transfer Protocol (FTP) transmission.	All Records	II:2
Optional 1/1/2003- 12/31/2003 Mandatory 1/1/2004	Currently, there is no Rating ID Code value to represent the situation where a policy was neither experience rated, nor all other rated. When this situation occurs, companies have to determine which existing Rating ID Code value is the most appropriate to code. Accordingly, a new code of 0 (Not Experience Rated, Not All Other Rated Basis) is being added to the valid Rating ID values.	All Records	VI:28

The Private Passenger Statistical Plan pages pertaining to the approved modifications are available on CAR's website at www.commauto.com/manuals/ppstatplan/ppstatplan03.asp under the Approved Pages dated 03/14/03. The Commercial Statistical Plan pages pertaining to the approved modifications are available on CAR's website at www.commauto.com/manuals/cmstatplan/cmstatplan03.asp under the Approved Pages dated 03/14/03. Additionally, the 2003 Private Passenger and Commercial Statistical Plan Manuals contained on CAR's website have also been updated to incorporate the approved pages.

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

MARIAN S. ADGATE
Staff Analyst

Attachment



MITT ROMNEY
GOVERNOR

KERRY HEALEY
LIEUTENANT GOVERNOR

COMMONWEALTH OF MASSACHUSETTS
Office of Consumer Affairs and Business Regulation
DIVISION OF INSURANCE

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BETH LINDSTROM
DIRECTOR, CONSUMER AFFAIRS
AND BUSINESS REGULATION

JULIANNE M. BOWLER
COMMISSIONER OF INSURANCE

March 14, 2003

Ralph A. Iannaco, President
Commonwealth Automobile Reinsurers
100 Summer Street
Boston, MA 02110

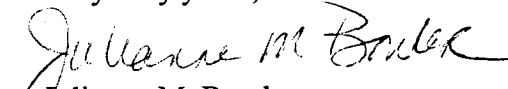
Attention: Pamela Wallace, Director of Data Quality Services

Re: Proposed Modifications to the Massachusetts
Automobile Statistical Plans

Dear Mr. Iannaco:

Pursuant to the provisions of Massachusetts General Laws, c. 175A, §15, I hereby approve the revisions to the Private Passenger and Commercial Automobile Statistical Plans as requested in the submission of the Commonwealth Automobile Reinsurers dated February 12, 2003, a copy of which is attached hereto and made a part thereof.

Very truly yours,


Julianne M. Bowler
Commissioner of Insurance

Enclosures

JMB/wcp