



COMMONWEALTH AUTOMOBILE REINSURERS

100 SUMMER STREET – BOSTON, MASSACHUSETTS 02110

TEL: 617-338-4000 FAX: 617-338-5422 www.commauto.com

RALPH A. IANNACO
President

MICHAEL J. TROVATO
Executive VP & Treasurer

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ACCOUNTING AND STATISTICAL NOTICE NO. 411

First Quarter 2004 Quarterly Massachusetts Automobile Reconciliation

In accordance with the reporting requirements designated in the 2004 Call Schedule (published in Accounting and Statistical Notice No. 402, dated January 7, 2004) companies are required to submit their Massachusetts automobile Quarterly Statement totals for the period ending March 31, 2004 to CAR by June 15, 2004.

To submit data, companies should use the Page 15 Data (Commercial and/or Private Passenger) Non-Reportable Data (Commercial and/or Private Passenger) and Group Adjustment Data (Commercial and/or Private Passenger) functions. **As the NAIC does not require the reporting of the individual state pages for the First, Second, and Third quarters, companies should not utilize the File Submission or Diskette/CD Rom options for reporting data.** Note that the information that is reported for statutory Page 14 data should include the Non-Reportable information. Non-Reportable data refers to coverages that are included in statutory Page 14 numbers, but that are not statistically reportable to CAR. Common examples include umbrella premium, excess coverages, risk management business, auto warranty programs, and mechanical breakdown programs. Once this data has been entered into the system, there are four reports that will allow users to browse this information as well as the summary results of the reported statistical data.

CAR will compare the totals derived from the data reported in the company's January through March 2004 monthly accounting and statistical submissions to the totals obtained from the Annual Statement submissions that have been reported online (note that the Non-Reportable totals are subtracted from the statutory Page 14 data prior to the comparison). The results of this comparison are available via the Reconciliation Reports function. If the difference between the statement totals and the statistically reported totals is greater than +/- 5%, then a written explanation must be submitted to CAR by the provided due date. The Explanation Notes function should be utilized by companies to comply with this requirement.

As the online Annual Statement Reconciliation System is a secure application, Annual Statement Liaisons will need a valid user-ID and password to perform these functions. Information about obtaining a user-ID and password can be found on CAR's website (select 'Reports', 'Request Access', the 'Security Agreement Form', and once you've returned the 'Agreement Form' you may request 'Access'). Please note that those companies that fail to comply with the reporting requirements associated with the reconciliation process will be subject to penalties.

CAR has distributed to the industry the Annual Statement Reconciliation Manual which describes the reconciliation process and provides users with instructions for utilizing the system in order to comply with the reconciliation requirements.

Questions regarding CAR's online Annual Statement Reconciliation System should be directed to either Ms. Tori Buck at 617-880-2363 or Mr. Richard Dalton at 617-880-2319. Additionally, questions about reporting Annual Statement data to CAR can be directed to the undersigned at 617-880-2381.

LISA TRAYNHAM
Data Analyst II