



COMMONWEALTH AUTOMOBILE REINSURERS

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RALPH A. IANNACO
President

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March 30, 2005

ACCOUNTING AND STATISTICAL NOTICE NO. 422

2004 Annual Call for Expense Data

Attached, please find the Commissioner's annual Order relative to the Massachusetts Automobile Expense Call. Each member company must file its calendar year 2004 expense data by **June 1, 2005**. Similar to prior years, companies will complete the Call online via the Automobile Insurers Bureau's (AIB) Commissioner's Expense Call system. A link to the AIB's website can be found on CAR's website (www.commauto.com) or it may be accessed directly at www.aib.org. As the statistical agent, CAR will monitor the timeliness and accuracy of Expense Call compliance in accordance with the Data Quality Program provisions outlined in the Massachusetts Automobile Statistical Plans.

Reporting Instructions and a sample Expense Call are attached. The reporting instructions contain the following information:

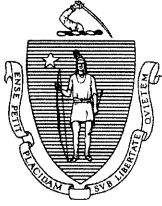
- Descriptions and instructions for completing the five sections of the Call
- Descriptions of the Allocation Methods used in the Call
- Processing Information
- Descriptions of the Critical and Non-Critical Validity Checks

In mid-April, each company/group will receive an email from the AIB containing the secure website address, a user-id and password, and the instructions for logging into the Commissioner's Expense Call System. Users will have the ability to view and print the partially completed call for Sections 2 – 5. Update capability will not be available until May 2, 2005. Note that in order for the Call to be considered complete, the status for all Sections must be updated from "Draft" to "Final." Companies/Groups that fail to report data by the due date and/or update the status to Final will be considered incomplete and be eligible for penalties. A \$50/day penalty will be assessed for each business day after the June 1, 2005 due date until a completed Expense Call has been finalized and accepted.

Questions regarding this notice or the 2004 Expense Call can be directed to the undersigned or to ExpenseAdministrator@aib.org.

WENDY BROWNE
Director of Operations Services

Attachment



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

One South Station • Boston, MA 02110-2208
(617) 521-7794 • FAX (617) 521-7773
TTY/TDD (617) 521-7490
<http://www.state.ma.us/doi>

MITT ROMNEY
GOVERNOR

KERRY MURPHY HEALEY
LIEUTENANT GOVERNOR

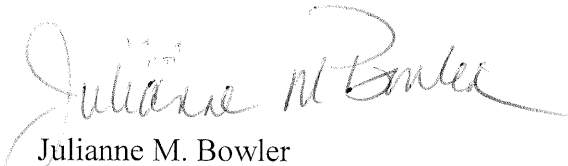
BETH LINDSTROM
DIRECTOR, OFFICE OF CONSUMER AFFAIRS
AND BUSINESS REGULATION

JULIANNE M. BOWLER
COMMISSIONER OF INSURANCE

March 22, 2005

MEMORANDUM OF ORDER
RELATIVE TO MASSACHUSETTS AUTOMOBILE EXPENSE CALL

In accordance with Chapter 175 and Chapter 175A of the Massachusetts General Laws, companies are required to complete and return the enclosed Expense Call. The due date for submission is June 1, 2005.


Julianne M. Bowler
Commissioner of Insurance

MASSACHUSETTS AUTOMOBILE INSURANCE EXPENSE PLAN

INTRODUCTION

Included in this Plan are general information and instructions necessary to complete the 2004 Calendar Year Automobile Insurance Expense Call. This Plan is comprised of the following sections:

- Overview**
- Restrictions and Special Instructions**
- Book of Business Distribution**
- Reporting Instructions**
- Appendix**
- Sample Call**

In mid-April, when final 2004 earned exposures and the Statutory Page 14 for the state of Massachusetts totals from the 2004 Annual Statement have been compiled, your Contact Person will receive an email from the AIB containing the address of the AIB secure website and the 2004 User Name and Password. The website will be available at that time to print a partially completed call which should be used to verify the totals for the companies included in the call and also as a worksheet to collect the various totals required on the Call. Please notify the AIB immediately of any discrepancies between the AIB totals and your company totals. On **May 2, 2005** the secure website will be available to post your totals.

Highlights and Changes

- The official Commissioner's Expense Call will be completed on a secure AIB website to which the SRB and CAR will have viewing access. The location of the secure website and 2004 Logon IDs (User Name and Password) will be distributed by email in mid-April.
- A copy of the partially completed call can be printed from the secure website upon receipt of your 2004 Logon IDs.
- On **May 2, 2005** the website will officially open for company/group totals to be posted.
- Critical and Non-Critical validity checks will be performed on the totals posted on the Expense Call database and reasonability checks will be done comparing the Countrywide expense totals on the Massachusetts Expense Call to the corresponding totals contained on the 2004 Insurance Expense Exhibit.
- Questions regarding the Call should be directed to ExpenseAdministrator@aib.org.

OVERVIEW

This Plan contemplates that the portion of total company expenses assignable to Private Passenger and to All Classifications Other Than Private Passenger (Commercial) have already been determined separately for Liability and Physical Damage, in accordance with existing rules and regulations applicable to statutory financial statements. It is designed to provide for:

- The determination of the Massachusetts portion of the above expenses;
- A proper allocation of Liability Defense and Cost Containment Expense and Adjusting and Other Expenses between Bodily Injury and Property Damage.

It is important to note the following definitions:

Bodily Injury (abbreviated "BI" on the form) includes the following coverages:

Bodily Injury to Others;
Personal Injury Protection;
Optional Bodily Injury to Others including Increased Limits;
Medical Payments;
Bodily Injury Caused by an Uninsured or Underinsured Auto.

Property Damage (abbreviated "PDL" on the form) refers to Property Damage Liability including Increased Limits.

Liability refers to the combination of Bodily Injury and Property Damage Liability as defined above.

Physical Damage includes the following coverages:

Collision and Limited Collision coverages;
Fire, Theft, Comprehensive and allied coverages;
Substitute Transportation and Towing and Labor.

RESTRICTIONS AND SPECIAL INSTRUCTIONS

This Plan provides for the segregation of expenses into the following general categories which are described in the Reporting Instructions for the Lines shown after each category:

- Defense and Cost Containment Expenses (Lines 10-12)**
- Adjusting and Other Expenses (Lines 13-15)**
- Commission and Brokerage Expenses including Contingent Commissions (Lines 16-16.1)**
- Acquisition, Field Supervision and Collection Expenses (Line 17)**
- Taxes, Licenses & Fees including MA Premium Tax and MA Guaranty Fund (Lines 18-18.3)**
- General Expenses (Line 19)**

Incurred Expenses are to be reported. All unpaid expenses should be segregated and grouped according to the general divisions of expenses indicated above and should be distributed in accordance with the provisions of this Plan. All allocations and methods used in completing this return must be fully consistent with the accounting principles and rules that apply to statutory financial statements. No expense amounts may be allocated to Massachusetts and included in this return unless such amounts have been determined in accordance with such principles and rules.

The following may not be included on this return:

- Expenses related to investments
- Real estate investment expense and depreciation
- Uncollected Merit Rating or SDIP surcharges
- Uncollected premium
- Bad debt reserves

No expenditures may be included on this form unless fairly and reasonably attributable to the cost of transacting automobile insurance business in Massachusetts.

Report direct expenses only. Include expenses incurred on all business directly insured by the company, whether that business is written by Commonwealth Automobile Reinsurers (CAR) Exclusive Representative Producers or otherwise ceded to CAR (or other reinsurer) or the business is retained by the responding company. On policies that are ceded -

- Do not include as a credit to expenses any ceding expense allowance that is retained by the responding company.
- Do not include any expenses incurred in connection with reinsurance assumed.
- Do not include any amounts the responding company owes CAR on reinsurance it assumes as a participating member of CAR.

Full records must be kept so that normal audit procedures may be applied.

BOOK OF BUSINESS DISTRIBUTION

Book of Business Distribution Information must be completed on Sections 2-5 of the Call for Earned Exposures (Line 01), Written Premiums (Line 03), Commissions and Brokerage Expenses (Line 16) and Contingent Commissions (Line 16.1). Based on the following Book of Business Distribution Categories, report the actual Massachusetts exposures or dollars separately for Liability and Physical Damage. **Please note that the sum of the categories must equal the Total for Lines 01, 02 and 16.**

CAR Exclusive Representative Producer is business that is produced by an agent or broker who is designated by CAR to certify motor vehicle insurance policies for a CAR Servicing Carrier.

Standard Commission is business that is produced by agents or brokers who are paid commissions according to the provisions of G.L. c. 175 section 162D and such commissions are based on the commission allowance established each year by the Commissioner. Business on which a standard commission and any other commission payments are made (e.g., bonus commission or fees, overrides, contingent commissions) shall be categorized as standard commission business for the purposes of the expense call. This category includes business produced by independent agents or brokers of the American Agency System (excluding Exclusive Representative Producers) as well as any other independent agent or broker system in which a commission or co-brokering fee is paid based on the commission expense established by the Commissioner.

Other Commission is business that is produced by an agent or broker who is paid a commission or fee that is established by the insurance company and does not meet the definition for Standard Commission business. This category can include business produced by independent agents or brokers, exclusive agents, captive agents or company employees, as well as any other system in which an established commission is paid.

No Commission is business for which no commission is paid. This category can include business generated by mass marketing, mail order or other method that is written by company employees or other licensed agent or broker none of whom are paid any commission.

REPORTING INSTRUCTIONS

The following briefly describes each Section of the Call.

Section 1 - General Information including NAIC Company codes and Names for each company included in the Expense Call Group as well as contact information.

Section 2 - Private Passenger Liability Expense information.

Section 3 - Private Passenger Physical Damage Expense information.

Section 4 - Commercial Liability Expense information.

Section 5 - Commercial Physical Damage Expense information.

Sections 2 - 5 of the Call have been partially completed for your company with the information extracted from your group/company Statutory Page 14 Data for the state of Massachusetts contained on page 20 of the 2004 Annual Statement. Based on the information provided on the Call by your company, the AIB will calculate the Massachusetts portion of Incurred Adjusting and Other Expenses (AOE) (Lines 13, 14 & 15) using the Allocation by Claims/Losses Method. The Massachusetts Acquisition, Field Supervision & Collection Expenses (Line 17); and Massachusetts General Expenses (Line 19) will be calculated using the Exposure Allocation Method. It should be noted that although the Special Study methods have been eliminated from the Commissioner's Automobile Insurance Expense Plan for ratemaking purposes they are not precluded for other purposes.

Massachusetts Earned Exposures (Line 01), Massachusetts Written Premiums (Line 03), Massachusetts Commissions and Brokerage Expenses (Line 16) and Massachusetts Contingent Commissions (Line 16.1) must be broken down by Book of Business Distribution Information.

Sample pages for Sections 2-5 are included in this package. On all Sample pages, each Countrywide and Massachusetts field contains one of the following:

- ***To Be Completed*** - You must post an amount in this field. Report whole dollars only. If you have nothing to report, you must insert zero (0). Dashes and alphabetic characters are not acceptable.
- ***Prefilled*** - AIB has prefilled this field with totals from your Massachusetts Statutory Page 14 or exposures from your CAR statistical data. If you find an error in the Prefilled totals, contact ExpenseAdministrator@aib.org.
- ***Calculated*** - Calculated fields are the sum of two or more fields. Totals are calculated when a Section is saved as "Draft."
- ***Derived*** - Derived fields are calculated using the allocation methods described in the Appendix. These fields are calculated when a Section is saved as "Draft."
- ***Not Required*** - This field must be left blank.

Please review the Sample pages before you complete the Call and note the fields ***To Be Completed*** for each Section. The ***To Be Completed*** field requirements vary by Section.

REPORTING INSTRUCTIONS (Continued)

The following instructions cite the Statutory Page 14 Data for the state of Massachusetts contained on page 20 of the Annual Statement and the Countrywide Insurance Expense Exhibit (IEE). It should be noted that all references to the above contained in this Plan pertain to 2004 Calendar Year.

Line 01: EARNED EXPOSURES

Massachusetts Car Year Exposures for 2004 earned year extracted from your statistical data as reported to CAR are shown separately for Liability and Physical Damage. Exposures which are on a Non-Vehicle basis have been excluded from your totals. Massachusetts Private Passenger exposure totals provided on Sections 2 and 3 of the Call are for private passenger vehicle types only. These totals do not include exposures for motorcycles or miscellaneous vehicle types (e.g., snowmobiles, antique cars, golfmobiles, lawnmowers, electric vehicles, trailers or motor homes). Exposures for motorcycles and miscellaneous vehicle types are included in the Massachusetts Commercial exposure totals provided on Sections 4 and 5 of the Call. For Liability coverages, exposures are defined as the number of car-years for Property Damage Liability (PDL) Coverages. For Physical Damage coverages, exposures are the number of car-years for Fire, Theft, Comprehensive and allied coverages (excluding Collision, Limited Collision, Substitute Transportation and Towing and Labor coverages). Countrywide Earned Exposures should be provided on the same basis as defined for Massachusetts Earned Exposures. If you disagree with the earned exposures being provided to you on this Call or cannot develop the corresponding Countrywide Earned Exposures, please contact ExpenseAdministrator@aib.org.

Massachusetts Liability and Physical Damage Exposures provide for the further breakdown by Book of Business. The Massachusetts car year exposure shown on Line 01 must be distributed by CAR ERP, Standard Commission, Other Commission and No Commission. The sum of these components must equal the Massachusetts Liability and Physical Damage Car Year Exposures contained on Line 01.

Line 02: EARNED PREMIUM

Massachusetts Earned Premiums extracted from your Annual Statement are shown separately for Liability and Physical Damage. Report the corresponding Countrywide Earned Premiums.

Line 03: WRITTEN PREMIUM

Massachusetts Written Premiums extracted from your Annual Statement are shown separately for Liability and Physical Damage. Report the corresponding Countrywide Written Premiums.

Massachusetts Liability and Physical Damage Written Premiums provide for the further breakdown by Book of Business. The Massachusetts Written Premiums shown on Line 03 must be distributed by CAR ERP, Standard Commission, Other Commission and No Commission. The sum of these components must equal the Massachusetts Liability and Physical Damage Written Premiums contained on Line 03.

REPORTING INSTRUCTIONS (Continued)

Lines 04 - 06: REPORTED CLAIMS

Report Countrywide and Massachusetts Reported Claims separately for Liability and Physical Damage. Bodily Injury (BI) Reported Claims must be reported on Line 04 and Property Damage Liability (PDL) Reported Claims must be reported on Line 05. The Total Liability Reported Claims on Line 06 is a non-reportable field. Report Countrywide and Massachusetts Physical Damage Reported Claims on Line 06. Reported claims are defined as the number of claims first reported during the calendar year.

Lines 07 - 09: INCURRED LOSSES

Massachusetts Incurred Losses extracted from your Annual Statement are shown separately for Liability and Physical Damage on Line 09. Report Countrywide and Massachusetts Incurred Losses separately for Liability and Physical Damage. Bodily Injury (BI) Incurred Losses must be reported on Line 07 and Property Damage Liability (PDL) Incurred Losses must be reported on Line 08. The Countrywide Total Liability Incurred Losses on Line 09 is a non-reportable field.

Lines 10 - 12: INCURRED DEFENSE AND COST CONTAINMENT EXPENSE (DCCE)

Massachusetts Incurred DCCE extracted from your Annual Statement are shown separately for Liability and Physical Damage on Line 12. Report Countrywide and Massachusetts Incurred DCCE separately for Liability and Physical Damage. Bodily Injury (BI) Incurred DCCE must be reported on Line 10 and Property Damage Liability (PDL) Incurred DCCE must be reported on Line 11. The Countrywide Total Liability Incurred DCCE on Line 12 is a non-reportable field.

Lines 13 - 15: INCURRED ADJUSTING AND OTHER EXPENSE (AOE)

Report Countrywide Incurred AOE extracted from IEE Part III (Allocation to Lines of Direct Business Written) Column 11 separately for Liability and Physical Damage. The Countrywide Incurred AOE for Liability must be allocated to BI and PDL. Report Bodily Injury (BI) Incurred AOE on Line 13 and Property Damage Liability (PDL) Incurred AOE on Line 14. Report Countrywide Physical Damage Incurred AOE on Line 15. The Countrywide Total Liability Incurred DCCE on Line 15 is a non-reportable field. The Massachusetts portion will be determined separately for Liability (by BI and PDL) and Physical Damage, based on the Claim/Loss Allocations described in the Appendix.

REPORTING INSTRUCTIONS (Continued)

Line 16: COMMISSIONS & BROKERAGE EXPENSES

Massachusetts Commissions & Brokerage Expenses extracted from your Annual Statement are shown separately for Liability and Physical Damage. Report the corresponding Countrywide Commissions & Brokerage Expenses. Contingent Commissions are included in these totals but will also be separately stated in Line 16.1 of this Call.

Massachusetts Liability and Physical Damage Commissions and Brokerage Expenses provide for the further breakdown by Book of Business. The Massachusetts Commissions and Brokerage Expenses shown on Line 16 must be distributed by CAR ERP, Standard Commission, Other Commission and No Commission. The sum of these components must equal the Massachusetts Liability and Physical Damage Commissions and Brokerage Expenses contained on Line 16.

Line 16.1: CONTINGENT COMMISSIONS

Report both the Countrywide and Massachusetts Contingent Commissions as defined in the instructions for the IEE Part III (Allocation To Lines of Direct Business Written) Column 23 and further defined in Part I (Allocation to Expense Group) Line 2d. Contingent Commissions are also included in Line 16 (Commissions and Brokerage) of this Call.

Massachusetts Liability and Physical Damage Contingent Commissions provide for the further breakdown by Book of Business. The Massachusetts Contingent Commissions shown on Line 16.1 must be distributed by CAR ERP, Standard Commission, Other Commission and No Commission. The sum of these components must equal the Massachusetts Liability and Physical Damage Contingent Commissions contained on Line 16.1.

Line 17: ACQUISITION, FIELD SUPERVISION & COLLECTION EXPENSES

Report the Countrywide Acquisition, Field Supervision and Collection Expenses separately for Liability and Physical Damage as defined in the instructions for the IEE Part III (Allocation to Lines of Direct Business Written) Column 27. The Massachusetts portion will be determined, separately for Liability and Physical Damage, based on the Exposure Allocation described in the Appendix.

Line 18: TAXES, LICENSES & FEES

Massachusetts Taxes, Licenses & Fees extracted from your Annual Statement are shown separately for Liability and Physical Damage. Premium Tax and Guaranty Fund Credit and Assessment are also included in these totals but will be separately stated on Lines 18.1, 18.2 and 18.3 of this Call.

REPORTING INSTRUCTIONS (Continued)

Line 18.1: PREMIUM TAXES

Report the actual Massachusetts Premium Tax that is included in IEE Part I (Allocation to Expense Group) Line 20.1. Massachusetts Premium Tax is also included in Line 18 (Taxes, Licenses & Fees) of this Call.

Line 18.2: GUARANTY FUND CREDITS

Report the actual Massachusetts Guaranty Fund Credit that is included in IEE Part I (Allocation to Expense Groups) Line 20.1. Massachusetts Guaranty Fund Credit is also included in Line 18 (Taxes, Licenses & Fees) of this Call.

Line 18.3: GUARANTY FUND ASSESSMENTS

Report the actual Massachusetts Guaranty Fund Assessment that is included in IEE Part I (Allocation to Expense Groups) Lines 20.3. Massachusetts Guaranty Fund Assessment is also included in Line 18 (Taxes, Licenses & Fees) of this Call.

Line 19: GENERAL EXPENSES

Report the Countrywide General Expense extracted from the IEE Part III (Allocation to Lines of Direct Business Written) Column 29. The Massachusetts portion will be determined, separately for Liability and Physical Damage, based on the Exposure Allocation described in the Appendix.

APPENDIX

Allocation Methods

The following are brief descriptions of the allocation methods used to calculate the Massachusetts portion of Other Acquisition, Field Supervision and Collection Expense; All Other General Expenses; and Incurred Adjusting and Other Expenses (AOE).

EXPOSURE ALLOCATION

The allocation of expenses for Massachusetts Other Acquisition, Field Supervision & Collection Expense (Line 17) and Massachusetts General Expenses (Line 18) will be determined by prorating countrywide totals on the basis of earned car-year exposures.

ALLOCATION BY CLAIMS/LOSSES

The allocation of expenses for Massachusetts Incurred AOE (Lines 13 - 15) will be calculated separately for Bodily Injury, Property Damage Liability and Physical Damage by allocating 50% of the countrywide expenses on the basis of the ratio of the dollar amount of Massachusetts incurred losses to the dollar amount of countrywide incurred losses and the other 50% of countrywide expenses on the basis of the ratio of the number of Massachusetts reported claims to the number of countrywide reported claims.

The formula to be used is:

$$\begin{aligned} & 1/2 \text{ Countrywide AOE} \times \frac{\text{Mass Incurred Loss}}{\text{Countrywide Incurred Loss}} \\ & + 1/2 \text{ Countrywide AOE} \times \frac{\text{Mass Reported Claims}}{\text{Countrywide Reported Claims}} \end{aligned}$$

For Example:

Countrywide BI AOE \$10,000

Countrywide BI Incurred Loss \$200,000

Countrywide BI Reported Claims 100

Mass. BI Incurred Loss \$50,000

Mass. BI Reported Claims 50

$$\text{Mass. BI AOE} = (5,000 \times \frac{50,000}{200,000}) + (5,000 \times \frac{50}{100}) = \$3,750$$

APPENDIX

Expense Call Processing

Each company/group reporting totals on the Statutory Page 14 for Massachusetts will receive an email from the AIB ExpenseAdministrator@aib.org in mid-April containing the secure website address, User Name and Password. The person responsible for completing the Annual Expense Call will receive instructions for logging into the official Commissioner's Expense Call database which is located on a secure AIB website. Beginning in mid-April, the person responsible for completing the Call may logon to the website to print out the partially completed call for Sections 2 – 5. It is suggested that you use these prefilled forms as a worksheet for compiling your company/group totals. Please note that you may not post any totals until **May 2, 2005** when the website will be officially opened and you may begin to post your company/group Expense Call Totals. The website will contain five Sections which must be saved as "Final" before a submission is considered complete. Each Section of the Call is mutually exclusive. At any time a Section may be saved in "Draft" status. At the time a Section is saved as "Draft", Critical, Non-Critical validity checks and calculations will be performed. All fields containing errors will be identified. Critical errors must be corrected before a Section can be saved in "Final" status. Fields containing Non-Critical errors will be identified and you will be asked to explain the reason for the anomaly. Once a Section has been changed to "Final" status, no further changes may be made to your company/group totals for that Section. If corrections are required after the status has been changed to "Final", you must follow the instructions on the website and contact the AIB Expense Administrator. AIB staff does not have the authority to alter your company totals nor change status from "Initial" to "Draft" or "Draft" to "Final." The AIB Expense Administrator will reset your status back to "Draft" to enable you to make the necessary changes to your Call.

The AIB will perform a series of validity and reasonability checks on each Section. Each validity check will be categorized as Critical or Non-Critical. A Critical validity check must be corrected and will prevent the information contained in a Section from being saved in "Final" status. A Non-Critical validity check is merely pointing out a potential anomaly in the totals entered for that Section. A space will be provided for you to explain the reason for the anomaly.

In addition, the AIB will continue performing reasonability checks comparing the Countrywide totals reported in Sections 2 – 5 to the corresponding totals on the Insurance Expense Exhibit (IEE). In an effort to automate and simplify this process, you will be asked to provide an explanation of how the Countrywide totals contained on the Call were derived. This is particularly important if the Expense Call is for a group of companies and the Consolidated IEE is not the source of the Countrywide totals.

APPENDIX

Critical and Non-Critical Validity Checks

The Critical validity checks are as follows:

- A Massachusetts totals for Line are greater than Countrywide totals.**
This error condition applies to Lines 01, 02, 03, 04, 05, 07, 08, 10, 11, 16 and 16.1.
- Exception: Do not perform this validity check if the Countrywide total for a Line is equal to zero or if the Massachusetts total for a Line is less than zero.
- B Massachusetts Book of Business Total (CAR ERP + Standard Commission + Other Commission + No Commission) is not equal to the Statutory Page 14 Total.**
- This error condition applies to Lines 01, 03, and 16.
- C Massachusetts Liability BI + PDL is not equal to the Statutory Page 14 Total.**
- This error condition applies to Lines 09 and 12.

The Non-Critical validity checks are:

- AA Countrywide Contingent Commissions (Line 16.1) are greater than Countrywide Commissions and Brokerage Expenses (Line 16).**
- BB Massachusetts Contingent Commissions (Line 16.1) are greater than Massachusetts Commissions and Brokerage Expenses (Line 16).**
- CC Massachusetts Guaranty Fund Credit (Line 18.2) is greater than zero.**
- DD Massachusetts Guaranty Fund Assessment (Line 18.3) is less than zero.**
- EE Massachusetts Premium Tax (Line 18.1) + Massachusetts Guaranty Fund Credit (Line 18.2) + Massachusetts Guaranty Fund Assessment (Line 18.3) is greater than Taxes, Licenses and Fees (Line 18).**
- Exception: Do not perform this validity check if the Massachusetts Taxes, Licenses and Fees (Line 18) is less than zero.

CALENDAR YEAR 2004 MASSACHUSETTS INSURANCE EXPENSE CALL
12345 - Expense Insurance Group
Commercial Liability

<i>Line and Description</i>		<i>Countrywide</i>		<i>Massachusetts</i>
01	<i>Earned Exposures</i>	<i>To Be Completed</i>	<i>CAR ERP +</i>	<i>To Be Completed</i>
			<i>Standard Commission +</i>	<i>Prefilled</i>
			<i>Other Commission +</i>	<i>To Be Completed</i>
			<i>No Commission +</i>	<i>Prefilled</i>
			<i>= Total</i>	<i>Prefilled</i>
02	<i>Earned Premium</i>	<i>To Be Completed</i>		<i>Prefilled</i>
03	<i>Written Premium</i>	<i>To Be Completed</i>	<i>CAR ERP +</i>	<i>To Be Completed</i>
			<i>Standard Commission +</i>	<i>Prefilled</i>
			<i>Other Commission +</i>	<i>To Be Completed</i>
			<i>No Commission +</i>	<i>Prefilled</i>
			<i>= Total</i>	<i>Prefilled</i>
04	<i>Reported Claims</i>	<i>BI</i>	<i>To Be Completed</i>	<i>To Be Completed</i>
05		<i>PDL</i>	<i>To Be Completed</i>	<i>To Be Completed</i>
06		<i>Total</i>	<i>Calculated</i>	<i>Calculated</i>
07	<i>Incurred Losses</i>	<i>BI</i>	<i>To Be Completed</i>	<i>To Be Completed</i>
08		<i>PDL</i>	<i>To Be Completed</i>	<i>To Be Completed</i>
09		<i>Total</i>	<i>Calculated</i>	<i>Prefilled</i>
10	<i>Incurred DCCE</i>	<i>BI</i>	<i>To Be Completed</i>	<i>To Be Completed</i>
11		<i>PDL</i>	<i>To Be Completed</i>	<i>To Be Completed</i>
12		<i>Total</i>	<i>Calculated</i>	<i>Prefilled</i>
13	<i>Incurred AOE</i>	<i>BI</i>	<i>To Be Completed</i>	<i>Derived</i>
14		<i>PDL</i>	<i>To Be Completed</i>	<i>Derived</i>
15		<i>Total</i>	<i>Calculated</i>	<i>Calculated</i>
16	<i>Commission and Brokerage</i>	<i>To Be Completed</i>	<i>CAR ERP +</i>	<i>To Be Completed</i>
			<i>Standard Commission +</i>	<i>Prefilled</i>
			<i>Other Commission +</i>	<i>To Be Completed</i>
			<i>No Commission +</i>	<i>Prefilled</i>
			<i>= Total</i>	<i>Prefilled</i>
16.1	<i>Contribution to Commission and Brokerage from:</i>	<i>To Be Completed</i>	<i>CAR ERP +</i>	<i>To Be Completed</i>
			<i>Standard Commission +</i>	<i>Prefilled</i>
			<i>Other Commission +</i>	<i>To Be Completed</i>
			<i>No Commission +</i>	<i>Prefilled</i>
			<i>= Total</i>	<i>Calculated</i>
17	<i>Acquisition, Field Supervision and Collection Expenses</i>	<i>To Be Completed</i>		<i>Derived</i>
18	<i>Taxes, Licenses and Fees</i>	<i>Not Required</i>		<i>Prefilled</i>
18.1	<i>Contribution to Taxes, Licenses and Fees from:</i>		<i>MA Premium Tax</i>	<i>To Be Completed</i>
			<i>MA Guarantee Fund Credit</i>	<i>To Be Completed</i>
			<i>MA Guarantee Fund Assessment</i>	<i>To Be Completed</i>
19	<i>General Expenses</i>	<i>To Be Completed</i>		<i>Derived</i>

CALENDAR YEAR 2004 MASSACHUSETTS INSURANCE EXPENSE CALL
12345 - Expense Insurance Group
Private Passenger Liability

<i>Line and Description</i>		<i>Countrywide</i>		<i>Massachusetts</i>
<i>01</i>	<i>Earned Exposures</i>	<i>To Be Completed</i>	<i>CAR ERP +</i>	<i>To Be Completed</i>
			<i>Standard Commission +</i>	<i>To Be Completed</i>
			<i>Other Commission +</i>	<i>To Be Completed</i>
			<i>No Commission +</i>	<i>To Be Completed</i>
			<i>= Total</i>	<i>Prefilled</i>
<i>02</i>	<i>Earned Premium</i>	<i>To Be Completed</i>		<i>Prefilled</i>
<i>03</i>	<i>Written Premium</i>	<i>To Be Completed</i>	<i>CAR ERP +</i>	<i>To Be Completed</i>
			<i>Standard Commission +</i>	<i>To Be Completed</i>
			<i>Other Commission +</i>	<i>To Be Completed</i>
			<i>No Commission +</i>	<i>To Be Completed</i>
			<i>= Total</i>	<i>Prefilled</i>
<i>04</i>	<i>Reported Claims</i>	<i>BI</i>	<i>To Be Completed</i>	<i>To Be Completed</i>
<i>05</i>		<i>PDL</i>	<i>To Be Completed</i>	<i>To Be Completed</i>
<i>06</i>		<i>Total</i>	<i>Calculated</i>	<i>Calculated</i>
<i>07</i>	<i>Incurred Losses</i>	<i>BI</i>	<i>To Be Completed</i>	<i>To Be Completed</i>
<i>08</i>		<i>PDL</i>	<i>To Be Completed</i>	<i>To Be Completed</i>
<i>09</i>		<i>Total</i>	<i>Calculated</i>	<i>Prefilled</i>
<i>10</i>	<i>Incurred DCCE</i>	<i>BI</i>	<i>To Be Completed</i>	<i>To Be Completed</i>
<i>11</i>		<i>PDL</i>	<i>To Be Completed</i>	<i>To Be Completed</i>
<i>12</i>		<i>Total</i>	<i>Calculated</i>	<i>Prefilled</i>
<i>13</i>	<i>Incurred AOE</i>	<i>BI</i>	<i>To Be Completed</i>	<i>Derived</i>
<i>14</i>		<i>PDL</i>	<i>To Be Completed</i>	<i>Derived</i>
<i>15</i>		<i>Total</i>	<i>Calculated</i>	<i>Calculated</i>
<i>16</i>	<i>Commission and Brokerage</i>	<i>To Be Completed</i>	<i>CAR ERP +</i>	<i>To Be Completed</i>
			<i>Standard Commission +</i>	<i>To Be Completed</i>
			<i>Other Commission +</i>	<i>To Be Completed</i>
			<i>No Commission +</i>	<i>To Be Completed</i>
			<i>= Total</i>	<i>Prefilled</i>
<i>16.1</i>	<i>Contribution to Commission and Brokerage from:</i>	<i>To Be Completed</i>	<i>CAR ERP +</i>	<i>To Be Completed</i>
			<i>Standard Commission +</i>	<i>To Be Completed</i>
			<i>Other Commission +</i>	<i>To Be Completed</i>
			<i>No Commission +</i>	<i>To Be Completed</i>
			<i>= Total</i>	<i>Calculated</i>
<i>17</i>	<i>Acquisition, Field Supervision and Collection Expenses</i>	<i>To Be Completed</i>		<i>Derived</i>
<i>18</i>	<i>Taxes, Licenses and Fees</i>	<i>Not Required</i>		<i>Prefilled</i>
<i>18.1</i>	<i>Contribution to Taxes, Licenses and Fees from:</i>		<i>MA Premium Tax</i>	<i>To Be Completed</i>
			<i>MA Guarantee Fund Credit</i>	<i>To Be Completed</i>
			<i>MA Guarantee Fund Assessment</i>	<i>To Be Completed</i>
<i>19</i>	<i>General Expenses</i>	<i>To Be Completed</i>		<i>Derived</i>

CALENDAR YEAR 2004 MASSACHUSETTS INSURANCE EXPENSE CALL
12345 - Expense Insurance Group
Commercial Physical Damage

<i>Line and Description</i>		<i>Countrywide</i>		<i>Massachusetts</i>	
01	<i>Earned Exposures</i>	<i>To Be Completed</i>	<i>CAR ERP +</i>	<i>To Be Completed</i>	
			<i>Standard Commission +</i>	<i>Prefilled</i>	
			<i>Other Commission +</i>	<i>To Be Completed</i>	
			<i>No Commission +</i>	<i>Prefilled</i>	
			<i>= Total</i>	<i>Prefilled</i>	
02	<i>Earned Premium</i>	<i>To Be Completed</i>		<i>Prefilled</i>	
03	<i>Written Premium</i>	<i>To Be Completed</i>	<i>CAR ERP +</i>	<i>To Be Completed</i>	
			<i>Standard Commission +</i>	<i>Prefilled</i>	
			<i>Other Commission +</i>	<i>To Be Completed</i>	
			<i>No Commission +</i>	<i>Prefilled</i>	
			<i>= Total</i>	<i>Prefilled</i>	
04	<i>Reported Claims</i>	<i>Not Required</i>		<i>Not Required</i>	
05		<i>Not Required</i>		<i>Not Required</i>	
06	<i>Total</i>	<i>To Be Completed</i>		<i>To Be Completed</i>	
07	<i>Incurred Losses</i>	<i>Not Required</i>		<i>Not Required</i>	
		<i>Not Required</i>		<i>Not Required</i>	
		<i>Total</i>	<i>To Be Completed</i>	<i>Prefilled</i>	
10	<i>Incurred DCCE</i>	<i>Not Required</i>		<i>Not Required</i>	
		<i>Not Required</i>		<i>Not Required</i>	
		<i>Total</i>	<i>To Be Completed</i>	<i>Prefilled</i>	
13	<i>Incurred AOE</i>	<i>Not Required</i>		<i>Not Required</i>	
		<i>Not Required</i>		<i>Not Required</i>	
		<i>Total</i>	<i>To Be Completed</i>	<i>Derived</i>	
16	<i>Commission and Brokerage</i>	<i>To Be Completed</i>	<i>CAR ERP +</i>	<i>To Be Completed</i>	
			<i>Standard Commission +</i>	<i>Prefilled</i>	
			<i>Other Commission +</i>	<i>To Be Completed</i>	
			<i>No Commission +</i>	<i>Prefilled</i>	
			<i>= Total</i>	<i>Prefilled</i>	
16.1	<i>Contribution to Commission and Brokerage from:</i>	<i>To Be Completed</i>	<i>CAR ERP +</i>	<i>To Be Completed</i>	
			<i>Standard Commission +</i>	<i>Prefilled</i>	
			<i>Other Commission +</i>	<i>To Be Completed</i>	
			<i>No Commission +</i>	<i>Prefilled</i>	
16.1	<i>Contingent Commissions</i>	<i>To Be Completed</i>	<i>= Total</i>	<i>Calculated</i>	
17	<i>Acquisition, Field Supervision and Collection Expenses</i>	<i>To Be Completed</i>		<i>Derived</i>	
18	<i>Taxes, Licenses and Fees</i>	<i>Not Required</i>		<i>Prefilled</i>	
			<i>Contribution to Taxes, Licenses and Fees from:</i>		
			<i>MA Premium Tax</i>	<i>To Be Completed</i>	
			<i>MA Guarantee Fund Credit</i>	<i>To Be Completed</i>	
18.3	<i>MA Guarantee Fund Assessment</i>		<i>To Be Completed</i>		
19	<i>General Expenses</i>	<i>To Be Completed</i>		<i>Derived</i>	

CALENDAR YEAR 2004 MASSACHUSETTS INSURANCE EXPENSE CALL
12345 - Expense Insurance Group
Private Passenger Physical Damage

<i>Line and Description</i>		<i>Countrywide</i>		<i>Massachusetts</i>	
<i>01</i>	<i>Earned Exposures</i>	<i>To Be Completed</i>	<i>CAR ERP +</i>	<i>To Be Completed</i>	
			<i>Standard Commission +</i>	<i>To Be Completed</i>	
			<i>Other Commission +</i>	<i>To Be Completed</i>	
			<i>No Commission +</i>	<i>To Be Completed</i>	
			<i>= Total</i>	<i>Prefilled</i>	
<i>02</i>	<i>Earned Premium</i>	<i>To Be Completed</i>		<i>Prefilled</i>	
<i>03</i>	<i>Written Premium</i>	<i>To Be Completed</i>	<i>CAR ERP +</i>	<i>To Be Completed</i>	
			<i>Standard Commission +</i>	<i>To Be Completed</i>	
			<i>Other Commission +</i>	<i>To Be Completed</i>	
			<i>No Commission +</i>	<i>To Be Completed</i>	
			<i>= Total</i>	<i>Prefilled</i>	
<i>04</i>	<i>Reported Claims</i>	<i>Not Required</i>		<i>Not Required</i>	
<i>05</i>		<i>Not Required</i>		<i>Not Required</i>	
<i>06</i>	<i>Total</i>	<i>To Be Completed</i>		<i>To Be Completed</i>	
<i>07</i>	<i>Incurred Losses</i>	<i>Not Required</i>		<i>Not Required</i>	
		<i>Not Required</i>		<i>Not Required</i>	
		<i>Total</i>	<i>To Be Completed</i>	<i>Prefilled</i>	
<i>10</i>	<i>Incurred DCCE</i>	<i>Not Required</i>		<i>Not Required</i>	
		<i>Not Required</i>		<i>Not Required</i>	
		<i>Total</i>	<i>To Be Completed</i>	<i>Prefilled</i>	
<i>13</i>	<i>Incurred AOE</i>	<i>Not Required</i>		<i>Not Required</i>	
		<i>Not Required</i>		<i>Not Required</i>	
		<i>Total</i>	<i>To Be Completed</i>	<i>Derived</i>	
<i>16</i>	<i>Commission and Brokerage</i>	<i>To Be Completed</i>	<i>CAR ERP +</i>	<i>To Be Completed</i>	
			<i>Standard Commission +</i>	<i>To Be Completed</i>	
			<i>Other Commission +</i>	<i>To Be Completed</i>	
			<i>No Commission +</i>	<i>To Be Completed</i>	
			<i>= Total</i>	<i>Prefilled</i>	
<i>16.1</i>	<i>Contribution to Commission and Brokerage from:</i>	<i>To Be Completed</i>	<i>CAR ERP +</i>	<i>To Be Completed</i>	
			<i>Standard Commission +</i>	<i>To Be Completed</i>	
			<i>Other Commission +</i>	<i>To Be Completed</i>	
			<i>No Commission +</i>	<i>To Be Completed</i>	
	<i>Contingent Commissions</i>	<i>To Be Completed</i>	<i>= Total</i>	<i>Calculated</i>	
<i>17</i>	<i>Acquisition, Field Supervision and Collection Expenses</i>	<i>To Be Completed</i>		<i>Derived</i>	
<i>18</i>	<i>Taxes, Licenses and Fees</i>	<i>Not Required</i>		<i>Prefilled</i>	
			<i>Contribution to Taxes, Licenses and Fees from:</i>		
			<i>MA Premium Tax</i>	<i>To Be Completed</i>	
			<i>MA Guarantee Fund Credit</i>	<i>To Be Completed</i>	
<i>18.3</i>	<i>MA Guarantee Fund Assessment</i>		<i>To Be Completed</i>		
<i>19</i>	<i>General Expenses</i>	<i>To Be Completed</i>		<i>Derived</i>	