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ACCOUNTING AND STATISTICAL NOTICE NO. 727

Statistical Reporting of Refunds for Motorcycle Underinsured Motorists Coverage

AIB Private Passenger Notice No. PP-151 announced corrections to the private passenger advisory motorcycle underinsured motorist rates effective June 1, 2024 through June 1, 2025. AIB Commercial Auto Notice No. CA-081 announced corresponding corrections to the commercial advisory motorcycle underinsured motorist rates effective March 1, 2025. CAR Bulletin No. 1207 then advised Members of the resulting need to correct MAIP motorcycle underinsured motorist rates on file for policies effective July 1, 2025, and the corrective action needed under possible voluntary rate comparison outcomes.

Updated rate pages are available on the AIB and CAR websites. Some insurance carriers may need to return premium to certain policyholders due to errors in the calculation of these rates. Recognizing that insurance carriers may process refund transactions in different ways, CAR will provide as much flexibility as possible for statistically reporting this activity.

Report Offset/Reenter Correction Records:

Carriers that choose to report the refund of premium through the offset/reenter option, should offset the liability premium record to the policy inception, and report the reenter record with the updated premium amount. The combined exposure of the offset/reenter records should net to zero, however, the difference in premium should be equal to the refund.

Report a "Refund" Record:

Carriers that choose to report the refund of premium through a "refund" record should report liability correction records with class code 190000 – Commuter Discount for private passenger and 998900 – Retrospective Rating Plan for commercial. Only minimal statistical coding is required for either of these two classification codes, which should ensure that the refund records will bypass most of CAR's edits. The premium amount should reflect the refunded premium.

In order to assist carriers with their correction efforts, CAR is requesting that each carrier notify their Data Analyst of their selected correction option and the monthly submission that will include the correction data. This will allow staff to review the data as it is reported and provide feedback on a timely basis if any data quality problems are identified. Questions regarding the statistical reporting of refunds may be directed to the undersigned at lrosenburg@commauto.com or to your company's Data Analyst.

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