CAR COMMONWEALTH AUTOMOBILE REINSURERS
101 Arch Street, Suite 400 Boston, Massachusetts 02110
www.commauto.com 617-338-4000
NATALIE A. HUBLEY
PRESIDENT

NOTICE OF MEETING

COMPLIANCE AND OPERATIONS COMMITTEE

A meeting of the Compliance and Operations Committee will be held virtually via Zoom video conferencing software on

WEDNESDAY, SEPTEMBER 2, 2026, AT 10:00 A.M.

If you plan to attend this meeting and are not a member of this Committee, please RSVP by completing the Visitor Security Form located in the Contact Us/Visitor Information section of CAR's website. CAR will then forward to you, via email, meeting access information. Please do not share access information provided by CAR, but refer others wishing to attend the meeting to CAR's Visitor Security Form.

MEMBERS OF THE COMMITTEE

Ms. Erin Cummings– Chair
Norfolk and Dedham Group

Mr. Cory Hanson	The Hanover Insurance Group
Ms. Annmarie Hassan	Arbella Insurance Group
Ms. Nicole Martorana	Patriot Growth Insurance Services, LLC
Ms. Sharon Murphy	Acadia Insurance Company
Mr. Henry Risman	Risman Insurance Agency, Inc.
Mr. Barry Tagen	Pilgrim Insurance Company
Ms. Brenda Williams	MAPFRE U.S.A. Corporation

AGENDA

COPC
26.01 Records of Previous Meeting

The Records of the Compliance and Operations Committee meeting of June 3, 2026 should be read and approved.

COPC
26.03 CAR Conflict of Interest Policy

The Chair will read a statement relating to CAR's Conflict of Interest Policy.

COPC
26.04 Informational Items

The Chair will report on any Governing Committee actions that impact the Compliance and Operations Committee.

COPC
26.05 Compliance Audit Program

Staff will present a status report regarding ongoing audits conducted in accordance with the Compliance Audit Program, as well as an update on company reporting problems being monitored due to issues identified through CAR's data quality program.

COPC
26.06 Operational Reports

The 1st Quarter 2026 Operational Reports were posted to CAR's website in June 2026. Questions or comments regarding these reports will be discussed at the meeting.

COPC
22.09 Merit Rating Reporting

Staff will present results of the follow-up audit on the remaining company identified in the 2022 merit rating audits as having a higher-than-average error rate.

COPC
26.11 Proposed Amendments to CAR Manuals – SIU Reporting

Staff will present proposed modifications to the Assigned Risk Company Procedures Manual and the Manual of Administrative Procedures related to SIU reporting (Docket #COPC26.11, Exhibit #1).

Other Business

To transact any other business that may properly come before this Committee.

Executive Session

The Compliance and Operations Committee may convene in Executive Session in accordance with the provisions of G.L. c. 30A, § 21.

MATTHEW HIRSH
Compliance Audit Supervisor

Attachments

Boston, Massachusetts
August 18, 2026

Compliance and Operations Committee – September 2, 2026 Procedures Manual Amendments – SIU Referrals

Assigned Risk Company Procedures Manual
Chapter XI – Compliance Audit
And
Manual of Administrative Procedures
Chapter IX – Compliance Audit

Memorandum of Changes

Modifications

Language is added to the ARC Procedures Manual and the Manual of Administrative Procedures to clarify requirements for valid SIU referrals pursuant to the Claims Performance Standards. Specifically:

- The Private Passenger and Commercial SIU data uploaded into CAR's SIU System for inclusion in audit samples to evaluate the effectiveness of the ARC or SC's fraud screening and quality of investigation should include only SIU referrals investigated by the SIU that exceed normal claims handling.

b) Rate Making Data Quality

Statistical data elements impacting rate making will be audited to identify recurring errors and evaluate accuracy within relevant exposures. In addition, any loss dollars (Indemnity or Allocated Loss Adjustment Expenses) reported in association with those errors will be identified.

c) Adherence to Statutory Requirements and CAR's Rules of Operation

(1) Lane-Bolling and Rate Verification

(2) Claims Performance Standards

For specific information relative to the Claims Performance Standards component of the Hybrid Audit Plan, refer to Appendix I – CAR Compliance Audit Claim Review Process of the Private Passenger Performance Standards which is available on CAR's website under the Manuals tab.

(3) Special Investigative Unit

In accordance with G.L. c. 175, § 113H, every Servicing Carrier is required to maintain a SIU to investigate suspicious claims and underwriting concerns on both voluntary policies and policies assigned through the MAIP. CAR, under the authority of Article III – Special Investigative Unit of CAR's Plan of Operation, monitors a Servicing Carrier's fraud control efforts and adherence to the established Claims Performance Standards and provides assistance to Members upon request. The Claims Performance Standards and CAR Rule 32 include requirements that encourage each Servicing Carrier to strongly support the activities of its own SIU department to resist the payment of fraudulent claims, establish fraud deterrents, and reduce losses. The SIU also must investigate suspicious circumstances surrounding underwriting, rating, and premium issues, and to annually conduct an audit of voluntary and MAIP policies to verify garaging and policy facts. An example of the completed audit report shall be annually emailed as an attachment to siulog@commauto.com.

ARC's are also required to maintain SIU Quarterly Activity Logs documenting ~~of~~ claims and underwriting cases referred to the ARC's SIU department for investigation. The ARC shall upload all ~~the~~ referral activity into CAR's SIU System on a quarterly basis. SIU Quarterly Activity Log submissions should include investigative work that extends beyond routine claim handling functions typically performed by an adjustor. Referrals should exclude activity that did not result in a valid investigation. The SIU audit sample should be limited to investigations that support an evaluation of the effectiveness of the ARC's fraud screening process and quality of SIU investigations.

For additional information, refer to Appendix A – SIU Standards and Appendix J – CAR SIU File Review Process – MAIP Policies of the Private Passenger Performance Standards which are available on CAR's website under the Manuals tab.

5. Audit Conclusion Procedures

   At various intervals during the Hybrid Audit Plan process, CAR provides the Member or ARC with a Status Report that details the audit exceptions identified. Once the audit is complete, the audited company and CAR will review the issues identified and when possible, reach agreement on the results. The Status Report is modified as needed, based upon additional source documentation provided and communication between the company and CAR. All unresolved issues will be clearly identified. Every error identified will be included in the company's final Status Report.

6. Hybrid Audit Plan Report

   A report detailing Hybrid Audit Plan findings will be provided to the audited Member or ARC. Note that an abbreviated report will be issued when staff has determined that an expedited red-light assessment is appropriate as outlined in section 8 – Traffic Light Assessment Rating System. Remedial action required will be identified. CAR will provide the audited company with a period of time to review the report and to provide a response letter. In order to improve future reporting or claim handling practices, the response letter must outline the company's prospective plan of action to correct any identified irregularities. In addition, the response letter should address recurring errors resulting from a corporate decision not in agreement with the Massachusetts rating procedures detailed in the Massachusetts Commercial Automobile Insurance Manual.

Using the audited company's source documentation and premium underwriting reporting system, CAR calculates the appropriate policy premium. All reported premium dollar amounts are audited and all ceded policies in error require mandatory correction.

(c) Commercial Claims Performance Standards

G.L. c. 175, § 113H requires CAR to develop performance standards for the handling and payment of claims. As required by Rule 10 – Claim Practices of CAR's Rules of Operation, CAR conducts periodic audits of voluntary and ceded claims to evaluate a Member or Servicing Carrier's claim handling effectiveness, measure compliance with the Claims Performance Standards and identify potential differences in the claims handling of policies insured voluntarily and those ceded to CAR.

For additional details relative to the scope of the Commercial Claims Performance Standards compliance audit, including sample selection criteria and CAR audit procedures, refer to Appendix I – CAR Compliance Audit Claim Review Process of the Commercial Claims Performance Standards which is available on CAR's website under the Manuals tab.

(d) Special Investigative Unit (SIU) Evaluation

In accordance with G.L. c. 175, § 113H, every Member or Servicing Carrier is required to maintain a SIU to investigate suspicious claims on both voluntary and ceded policies. CAR, under the authority of Article III –Special Investigative Unit of CAR's Plan of Operation, monitors a Servicing Carrier's fraud control efforts and adherence to the established SIU Claims Performance Standards and provides assistance to Members and Servicing Carriers upon request. The SIU standards include requirements that encourage each Servicing Carrier to strongly support the activities of its own SIU department so as to resist the payment of fraudulent claims, establish fraud deterrents and reduce losses.

Servicing Carriers are also required to maintain SIU Quarterly Activity Logs documenting claims and underwriting cases referred to the SC's SIU department for investigation. The SC shall upload all referral activity into CAR's SIU System on a quarterly basis. SIU Quarterly Activity Log submissions should include investigative work that extends beyond routine claim handling functions typically performed by an adjustor. Referrals should exclude activity that did not result in a valid investigation. The SIU audit sample should be limited to investigations that support an evaluation of the effectiveness of the SC's fraud screening process and quality of SIU investigations.

CAR's SIU evaluation provides measured audit results of suspected fraudulent claims, as outlined in G.L. c. 175, § 113H and identifies differences in claim handling of voluntary policies and those ceded to CAR.

For additional information relative to SIU standards, refer to Appendix A – CAR Special Investigative Standards of the Commercial Claims Performance Standards which is available on CAR's website under the Manuals tab.

For additional information relative to the scope of the SIU evaluation, sample selection criteria and CAR audit procedures, refer to Appendix J – CAR SIU File Review Process of the Commercial Claims Performance Standards which is available on CAR's website under the Manuals tab.

(e) Duplicate Ceded Payment Identification (Servicing Carriers only)

CAR identifies potential ceded duplicate payments and produces listings, grouped as follows:

- Allocated Expenses
- Indemnity Subrogation Analysis
- Payments for PIP
- Payments Other Than PIP
- Negative Claim Balances

CAR uses payment history information and claim file documentation to research each payment identified on the listings. CAR will determine whether each ceded payment was incorrectly reported to CAR and whether any of the loss amounts are duplicate payments, are a duplicate reporting or have been statistically reported incorrectly. The Servicing Carrier is required to offset all incorrectly paid losses.

(f) Enhanced Procedures (Servicing Carriers only)

A minimum of ten policies are selected for Enhanced Procedures to evaluate the Servicing Carrier's determination of commercial residual market eligibility. Audit procedures include documenting and cataloguing the supports used by the Servicing Carrier in its eligibility determination. Audit considerations include but not limited to:

- Documentation pertaining to Principal Place of Business and the nerve center of the risk, Non-Fleet Private Passenger Type vehicles, use of the Massachusetts Registry, the use of exclusion forms, and the required use of the Ineligible Risk Database.