

Manual of Administrative Procedures

Chapter III - Premium

A. Rating

1. General

Each Servicing Carrier shall rate all policies reinsured through Commonwealth Automobile Reinsurers (CAR) in accordance with the manual of classifications, rules and rates, and rating plans filed by or on behalf of CAR.

2. Private Passenger

Each Servicing Carrier shall charge the policyholder a premium for the policy based on the coverage and limits provided at the rates promulgated by the Commissioner of Insurance. Additionally, each risk reinsured through CAR shall be subject to the provisions of the Safe Driver Insurance Plan (SDIP) established by the Commissioner of Insurance in the same manner as risks not reinsured through CAR.

3. Commercial

Each Servicing Carrier shall charge the policyholder a premium for the policy based on the coverage and limits provided at the rates filed by or on behalf of CAR and approved by the Commissioner of Insurance.

4. Experience Rating

Each Servicing Carrier must adjust the premium for each risk reinsured through CAR which qualifies for experience rating in accordance with the eligibility requirements set forth in the Experience Rating Plan filed by or on behalf of CAR and approved by the Commissioner of Insurance.

5. Verification of Proper Rating

CAR will verify that ceded policies have been properly rated. For private passenger policies, a computer edit will be performed to ensure that the proper premiums are reported for the rating factors identified on the statistical record. Servicing Carriers, which report private passenger submissions containing a substantive percentage of records with rating errors, are required to submit offset and re-enter correction records in a subsequent monthly accounting/statistical submission.

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Chapter III - Premium

A. Rating (continued)

5. Verification of Proper Rating (continued)

For commercial premiums, CAR will perform audits for a sampling of a Servicing Carrier's ceded commercial policies. For the policies audited, the Servicing Carrier is required to provide CAR with all the supporting information needed to rate the policy. CAR will rate the policy using all applicable commercial and experience rating plans, and verify that the premium statistically reported by the Servicing Carrier has been properly rated. All premium discrepancies identified must be corrected by the Servicing Carrier through the reporting of premium accounting/statistical records within two (2) accounting months from the date the Servicing Carrier is notified of the discrepancies.

6. Required Cedeable Limits and Coverages

Massachusetts Law requires that a Servicing Carrier must make available at least the following coverages and limits of liability to those risks, both private passenger and commercial, reinsured through CAR:

a. Liability Coverages

Personal Injury Protection

Bodily Injury - \$250,000/\$500,000

Medical Payments - \$5,000

Uninsured Motorist Coverage - \$250,000/\$500,000

Underinsured Motorist Coverage - \$250,000/\$500,000

Property Damage - \$50,000

b. Physical Damage Coverage

Collision - \$500 Deductible

Limited Collision

Comprehensive - \$500 Deductible

Fire and Theft - \$500 Deductible

Comprehensive or Fire and Theft - \$100 Glass Deductible

c. All coverages and limits required by any financial responsibility law or State or Federal regulation as defined in Rule 2 of CAR's Rules of Operation under the definition of an eligible risk.

Commonwealth Automobile Reinsurers

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Chapter III - Premium

A. Rating (continued)

7. Additional Cedeable Limits and Coverages

- a. In addition to the cedeable coverages and limits required by Law, CAR Rules of Operation allow a Servicing Carrier, at their discretion, to increase the cedeable limits for policies issued in accordance with the Private Passenger Manual as follows:

(1) Liability Coverages

Bodily Injury - \$500,000/\$500,000

Medical Payments - \$25,000

Uninsured Motorist Coverage - \$500,000/\$500,000

Underinsured Motorist Coverage - \$500,000/\$500,000

Property Damage - \$250,000

(2) Physical Damage

Collision - \$300 Deductible

Limited Collision

Comprehensive - \$300 Deductible

Fire and Theft - \$300 Deductible

Towing

Substitute Transportation

- b. In addition to the cedeable coverages and limits required by Law, CAR Rules require a Servicing Carrier, at the option of the insured, to increase the cedeable limits for policies issued in accordance with the CAR Commercial Automobile Manual as follows:

(1) Garage Insurance

Liability

Bodily Injury - \$1,000,000/\$1,000,000

Medical Payments - \$5,000

Uninsured Motorist Coverage - \$500,000/\$500,000

Underinsured Motorist Coverage - \$500,000/\$500,000

Property Damage - \$500,000

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Chapter III - Premium

A. Rating (continued)

7. Additional Cedeable Limits and Coverages (continued)

(1) Garage Insurance

Physical Damage

Collision - \$300 Deductible
Limited Collision
Fire, Theft and Combined Additional Coverage - \$300 Deductible
Automobile Dealer's Physical Damage - \$1,000,000 per location
Garagekeepers' Legal Liability \$1,000,000
Drive-Away-Collision
Direct Primary Garagekeepers' Liability - \$1,000,000

(2) Taxicabs

Liability

Bodily Injury - \$250,000/\$500,000
Medical Payments - \$5,000
Uninsured Motorist Coverage - \$250,000/\$500,000
Underinsured Motorist Coverage - \$250,000/\$500,000
Property Damage - \$50,000

Physical Damage

Collision - \$300 Deductible
Limited Collision
Comprehensive \$300 Deductible
Fire and Theft - \$300 Deductible

(3) All Other Commercial Classes Including Private Passenger Types

Liability

Bodily Injury - \$1,000,000/\$1,000,000
Medical Payments - \$10,000 (for Limousines and Car Service - \$5,000 and for Private Passenger Types - \$25,000)
Uninsured Motorist Coverage - \$500,000/\$500,000
Underinsured Motorist Coverage - \$500,000/\$500,000
Property Damage - \$500,000
Combined Single Limit - \$1,000,000

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Chapter III - Premium

A. Rating (continued)

7. Additional Cedeable Limits and Coverages (continued)

(3) All Other Commercial Classes Including Private Passenger Types

Physical Damage

Collision - \$300 Deductible

Limited Collision

Comprehensive - \$300 Deductible

Fire, Theft and Combined Additional Coverage - \$300 Deductible

Towing

Rental Reimbursement

(4) Miscellaneous Coverages and Limits

Policies on a Gross Receipts or Composite Rate Basis

Non-Ownership and Hired-Car (liability coverage only, either as a separate policy or endorsed onto an existing policy)

Trailer Interchange only when written in conjunction with motor vehicle liability coverages

Stated Amount or Agreed Value Physical Damage coverages

8. Non-Cedeable Limits and Coverages

Rule 6 of the Rules of Operation prohibits Servicing Carriers from ceding certain limits and coverages. Refer to Rule 6 for a description of the non-cedeable limits and coverages. Non-cedeable coverages include but are not limited to the following:

Physical Damage only policies

Physical Damage on Repossessed Autos

Physical Damage for Non-Owned or Hired Autos

Liability limits in excess of the limits as stated in Subsections 6 and 7 of this chapter

Refer to Section B of this chapter for instructions on how to report non-cedeable coverage.

Commonwealth Automobile Reinsurers

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Chapter III - Premium

A. Rating (continued)

9. Massachusetts Commercial Automobile Endorsements

In addition to the cedeable coverage and limits outlined in Subsections 6, 7, and 8 of this chapter, the following endorsements are also cedeable for a commercial policy:

a. Massachusetts Simplified Garage Policy Program

(1) Policy Forms

Form Title	Form Number
Garage Declarations – Massachusetts	MM 00 94 10 06
Massachusetts Garage Insurance Policy	MM 00 95 10 11

(2) Garage Endorsements

Endorsement Title	Endorsement Number
Additional Insured – Municipalities	MM 25 98 09 98
Automobile Dealers – “Drive-Away” Collision or Limited Collision	CA 25 02 12 93
False Pretense Coverage	CA 25 03 03 06
Franchise Products Endorsement	MM 25 97 09 98
Garage Coverage Form – Other Than Covered Autos Exposure – Total Pollution Exclusion With a Building Heating Equipment Exception and a Hostile Fire Exception	CA 25 36 03 06
Garage Locations and Operations Medical Payments Coverage	CA 25 05 03 06
Locations and Operations Not Covered	CA 25 07 12 93
Named Driver Collision Coverage	CA 25 11 12 93
Pollution Liability – Broadened Coverage For Covered Autos	MM 25 96 10 06

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Chapter III - Premium

A. Rating (continued)

9. Massachusetts Commercial Automobile Endorsements (continued)

b. Massachusetts Simplified Commercial Automobile Program

(1) Policy Forms

Form Title	Form Number
Business Auto Coverage Form	CA 00 01 03 06
Business Auto Declarations	CA DS 03 03 06
Common Policy Conditions	IL 00 17 11 98
Declarations – Massachusetts Business Auto Coverage Form	MM 00 97 10 06
Nuclear Energy Liability Exclusion Endorsement	IL 00 21 04 98
Truckers Coverage Form	CA 00 12 03 06
Truckers Declarations	CA DS 14 03 06
Truckers Declarations – Massachusetts	MM 00 96 10 06

(2) Special Types Endorsements

Endorsement Title	Endorsement Number
Additional Insured – Lessor of Leased Equipment	CA 20 47 07 97
Additional Insured – Owner of Leased Vehicle	MM 20 25 09 98
Driving Schools	CA 20 06 12 93
Emergency Vehicles – Volunteer Firefighters and Workers Injuries Excluded	CA 20 30 12 93
Farm Tractors and Farm Tractors Equipment	CA 20 08 12 93
Guest Occupants Exclusion	MM 20 06 09 98
Leasing or Rental Concerns – Contingent Coverage	CA 20 09 07 97

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Chapter III - Premium

A. Rating (continued)

9. Massachusetts Commercial Automobile Endorsements (continued)

(2) Special Types Endorsements (continued)

Endorsement Title	Endorsement Number
Leasing or Rental Concerns – Conversion, Embezzlement, or Secretion Coverage	CA 20 10 12 93
Leasing or Rental Concerns – Exclusion of Certain Leased Autos	CA 20 11 03 06
Leasing or Rental Concerns – Rent-it-There/Leave-it-Here Autos	CA 20 12 10 01
Leasing or Rental Concerns – Schedule of Limits for Owned Autos	CA 20 13 10 01
Leasing or Rental Concerns – Second Level Coverage	CA 20 14 07 97
Lessor – Additional Insured and Loss Payee - Massachusetts	MM 20 26 10 06
Mobile Equipment	MM 20 11 10 06
Mobile Home Contents Not Covered	CA 20 17 12 93
Physical Damage Coverage – Autos Held for Sale by Non-Dealers	MM 20 27 10 06
Professional Services Not Covered	CA 20 18 12 93
Registration Plates Not Issued for a Specific Auto	MM 20 10 01 04
Sound Receiving Equipment Coverage – Fire, Police and Emergency Vehicles	CA 20 02 12 93

(3) Truck, Tractor, Trailer Endorsements

Endorsement Title	Endorsement Number
Commercial Automobiles Equipped with Amusement Devices	MM 23 03 09 98
Coverage for Injury to Leased Workers	CA 23 25 07 97
Explosives	MM 23 04 09 98
Multi-Purpose Equipment	CA 23 03 12 93
Rolling Stores	CA 23 04 10 01
Trailer Interchange – Fire and Fire and Theft Coverage	CA 23 13 12 93
Truckers Endorsement	CA 23 20 03 06
Truckers – Excess Coverage for the Named Insured and Named Lessors for Leased Autos	CA 23 08 12 93

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A. Rating (continued)

9. Massachusetts Commercial Automobile Endorsements (continued)

(3) Truck, Tractor, Trailer Endorsements (continued)

Endorsement Title	Endorsement Number
Truckers – Insurance for Non-Trucking Use	MM 23 07 09 98
Truckers – Uniform Intermodal Interchange Endorsement (Form UIIE-1)	CA 23 17 03 06
Truckers – Named Lessee as Insured	CA 23 12 12 93
Wrong Delivery of Liquid Products	CA 23 05 12 93

(4) Public Transportation

Endorsement Title	Endorsement Number
Public Transportation Autos	CA 24 02 12 93

(5) Common Coverages

Endorsement Title	Endorsement Number
Additional Insured	MM 99 50 09 98
Agreed Value Insurance	MM 99 66 09 98
Auto Medical Payments Coverage	MM 99 13 10 06
Audio, Visual and Data Electronic Equipment Coverage	CA 99 60 03 06
Covered Auto Designation Symbol	CA 99 54 07 97
Drive Other Car Coverage – Broadened Coverage for Named Individuals	MM 99 22 09 98
Employees as Insureds	CA 99 33 02 99
Employee as Lessor	CA 99 47 07 97
Fire, Fire and Theft, Fire, Theft and Windstorm and Limited Specified Causes of Loss Coverages	MM 99 47 09 98

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Chapter III - Premium

A. Rating (continued)

9. Massachusetts Commercial Automobile Endorsements (continued)

(5) Common Coverages (continued)

Endorsement Title	Endorsement Number
Garagekeepers Coverage	CA 99 37 03 06
Garagekeepers Coverage – Customers’ Sound Receiving Equipment	CA 99 59 03 06
Glass Breakage – \$100 Deductible	MM 99 51 09 98
Hired Autos Specified as Covered Autos You Own	CA 99 16 12 93
Individual Named Insured	CA 99 17 10 01
Liability Insurance – Deductible	MM 99 19 09 98
Limited Collision Coverage	MM 99 16 09 98
Loss of Use / Rental Reimbursement Coverage	MM 99 39 09 98
Loss Payable Clause – Audio, Visual and Data Electronic Equipment	CA 99 61 12 93
Massachusetts Changes	MM 99 67 09 98
Massachusetts Mandatory Endorsement	MM 99 11 10 11
Personal Injury Protection Coverage	MM 99 35 09 98
Pollution Liability – Broadened Coverage for Covered Autos	MM 99 55 10 06
Premium Adjustment and Coverage Endorsement - Massachusetts	MM 99 68 09 98
Rate Modification	MM 99 23 09 98
Restriction of PIP for Employers Subject to the Massachusetts Workers’ Compensation Act	MM 99 20 09 98
Social Service Agencies – Volunteers as Insureds	CA 99 34 12 93
Split Liability Limits - Massachusetts	MM 99 18 09 98
Stated Amount Insurance - Massachusetts	MM 99 56 09 02
Underinsured Motorists Coverage - Massachusetts	MM 99 54 09 98
Uninsured Motorists Coverage - Massachusetts	MM 99 28 09 98
Waiver of Deductible	MM 99 17 09 98

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Chapter III - Premium

B. Reporting

1. General

Each Servicing Carrier shall report premiums on policies reinsured through CAR as a normal function of statistical reporting in accordance with the reporting instructions contained in the Massachusetts Automobile Statistical Plans.

2. Reporting Policies with Non-Cedeable Limits or Coverages

For premiums which exceed the cedeable limits or coverages, the portion of the premium which exceeds the limit and/or coverage must be reported on a separate record using the special non-cedeable classification codes listed in the Special Rating and Adjustment classification code tables of the Massachusetts Automobile Statistical Plans. The CAR ID code for these records should always be voluntary. Consult the decision tables of Special Rating and Adjustment classes for the codes to be used in the other data fields. The premium portion that falls within the cedeable limits or coverage must be reported in accordance with the normal statistical requirements.

3. Timely Reporting of Premium

CAR processes each Servicing Carrier's monthly detail ceded premium reportings against the cessions on the Master File to ensure that premium is reported on a timely basis for each policy for which a notice of cession has been reported. To ensure that premiums for ceded policies are reported to CAR in a timely manner, cession/no premium error listings and penalty procedures have been developed (see Section C of this Chapter).

4. Mid-term Cession of a Policy to CAR

Upon subsequent review, a policy originally retained by a Servicing Carrier as voluntary business can be ceded to CAR. The Servicing Carrier will relinquish its responsibility on losses which occur on or after the date the notification of cession is received by CAR. However, the premium for the entire policy term is due CAR.

Manual of Administrative Procedures

Chapter III - Premium

B. Reporting (continued)

5. Mid-term Removal of a Policy from CAR

Policies can be removed from CAR mid-term by canceling the ceded policy and re-writing a voluntary policy under a different policy number. This can be accomplished by following the procedures for mid-term removal of a cession outlined in Chapter II, Section C.

6. Mid-Term Cancellation of a Policy from CAR

Cancellation premium must be reported for the ceded policy number in the normal manner, up to and including the earliest of: (1) date of expiration, (2) statutory date of cancellation, or (3) date of cancellation/rewrite. Transactions of this type must be reported no later than two accounting months after the effective month of the removal (the transaction date will reflect the effective month of the removal) using premium transaction code "13."

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Chapter III - Premium

C. Cession No Premium and Net Negative Premium Error Listings and Penalty Procedures

1. Cession/No Premium Warning List

A detail list of cessions for which no corresponding positive premium exists is available via CAR's on-line accounting application (see Exhibit III-C-1). Cessions newly identified with a Cession/No Premium error are available for review as of the 28th of each month. Cessions with existing errors are available continuously until the error condition is eliminated or the Cession/No Premium Write-Off occurs. By selecting the "Latest Listing Date" function within the application, Servicing Carriers can identify all cessions appearing for the first time in a cession/no premium error.

Unless a special waiver is granted, the Servicing Carrier will have approximately five (5) monthly detail reportings to ensure that the premium is reported (or, if appropriate, to issue a transaction code "4" cession notice indicating a policy not taken, see Section 2:C After that time, the cession moves to the Cession/No Premium Penalty List and becomes eligible for a \$60 Cession/No Premium penalty.

EXAMPLE: Policy written effective 4/05/YR - Cession date 4/05/YR.

MONTHLY REPORT		
First Month's Premium Report	4/YR	Due in CAR's office 6/15.
Second Month's Premium Report	5/YR	Due in CAR's office 7/15. On approximately 7/28, the Servicing Carrier can view the on-line Warning List showing those cessions with unreported premium. There is a function within the application to view newly listed cessions.
Third Month's Premium Report	6/YR	Due in CAR's office 8/15. On approximately 8/28, the Servicing Carrier can view the on-line Warning List showing those cessions with unreported premium.
Fourth Month's Premium Report	7/YR	Due in CAR's office 9/15. On approximately 9/28, the Servicing Carrier can view the on line Warning List showing those cessions with unreported premium.

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Chapter III - Premium

C. Cession No Premium and Negative Premium Error Listings and Penalty Procedures (continued)

1. Cession/No Premium Warning List (continued)

MONTHLY REPORT		
Fifth Month's Premium Report	8/YR	Due in CAR's office 10/15. On approximately 10/28, the Servicing Carrier can view the on-line Warning List showing those cessions with unreported premium.
Sixth Month's Premium Report	9/YR	Due in CAR's office 11/15. On approximately 11/28, the Servicing Carrier can view the on-line Warning List showing those cession with unreported premium.
Seventh Month's Premium Report	10/YR	Due in CAR's office 12/15. On approximately 11/28, the Servicing Carrier can view the on line Penalty List showing those cession with unreported premium for longer than five (5) months.

1. Cession/No Premium Warning List (Continued)

Note that older policies with new activity causing a cession/no premium condition will move at an accelerated pace from the Warning List to the Penalty List than as described above. In fact, a policy may never appear on the Warning List, but rather become immediately eligible for the Penalty List. By selecting the "Latest Listing Date" function, Servicing Carriers can identify all cessions appearing for the first time (regardless of which section the cessions may appear).

2. Cession/No Premium Penalty List

If the unreported premium is not received by the due date of the seventh monthly detail premium shipment beginning with the cession date of the cession, the cessions move to the Penalty List (see Exhibit III-C-2). Servicing Carriers will be assessed a \$60 penalty for each policy appearing on the Penalty List, approximately June 1 and December 1 (i.e. after the processing of the March and September accounting shipments). The on-line application displays the current total penalty amount.

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Chapter III - Premium

C. Cession No Premium and Negative Premium Error Listings and Penalty Procedures (continued)

2. Cession/No Premium Penalty List (continued)

The total penalty amount appearing on the Penalty Lists on approximately June 1 and December 1 will be processed by CAR as bulk adjustments to the Settlement of Balances and Members' Participation Reports for the quarters ending June 30 and December 31, respectively. All members of CAR will share in the income resulting from these penalties based upon their percentage of the industry-wide total Massachusetts Annual Statement Page 15 direct automobile premium writings for the most current calendar year for which data is available. The \$60 penalty will be assessed semi-annually until the Cession/No Premium situation is resolved for each cession.

Servicing Carriers may appeal for the reversal of the \$60 Cession/No Premium penalties in cases for which a non-effective date canceled policy has a premium value of less than \$5. The Servicing Carrier should provide CAR, in writing, the policy number and effective year of each cession/no premium error being appealed, the Coverage Selections Page, and the Cancellation Notification Documentation. For those appeals previously approved, copies of CAR Staff correspondence demonstrating previous approval are sufficient documentation.

3. Cession/No Premium Write-Off Procedures

The reporting of ceded premium for a particular policy effective year will be discontinued two (2) years following the end of a policy effective year (e.g. reporting of ceded premiums for policy effective year 1997 will be discontinued following the December, 1999 monthly accounting shipment due date). If CAR has not received the premium for the cession by the time the reporting of ceded premium for a particular policy effective year has been discontinued, the cession will be subject to the cession/no premium "write-off" procedures for the particular policy effective year.

Under the write-off procedures, the Servicing Carrier will be assessed a penalty based upon the average statewide premium for each cession. Each year the write-off amount will be calculated separately, by risk indicator (0= private passenger, 1= taxicab/limousine, and 2= commercial), and will be based on a policy count (that excludes flat cancelled and cession/no premium policies) divided by the corresponding full premium (rather than deviated) at fifteen (15) months. Note the cession/no premium write-off penalties are in addition to any semi-annual \$60 cession/no premium penalties CAR may have assessed.

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Chapter III - Premium

C. Cession No Premium and Negative Premium Error Listings and Penalty Procedures
(continued)

3. Cession/No Premium Write-Off Procedures (continued)

The total Cession/No Premium Write-Off penalty for the Servicing Carrier will be processed by CAR as bulk adjustments to the Settlement of Balances and Members' Participation Reports for the quarters ending March 31. All members of CAR will share in the income resulting from these penalties based upon their percentage of the industry-wide total Massachusetts Annual Statement Page 15 direct automobile premium writings for the particular policy effective year being written-off.

Servicing Carriers may appeal for the reversal of the Cession/No Premium Write-Off in cases for which a non-effective date canceled policy has a premium value of less than \$5. The Servicing Carrier should provide CAR, in writing, the policy number and effective year of each cession/no premium write-off error being appealed, the Coverage Selections Page, and the Cancellation Notification Documentation. For those appeals for \$60 cession/no premium penalties which have been previously approved, copies of CAR correspondence demonstrating previous approval is sufficient documentation.

4. Net Negative Premium List

Available via the on-line accounting application, Servicing Carriers may view current policies containing net negative premium (see exhibit III-C-3). This listing displays the detail premium records creating the net negative premium condition. Corrections cannot be made to this list, rather must be made by submitting offset and re-enter records in a monthly accounting shipment.

5. Net Negative Premium Write-Off Procedures

After the reporting of ceded premium for a particular policy effective year has been discontinued, CAR will "write-off" the premium records for all policies for that particular policy effective year which contain a net negative premium amount.

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Chapter III - Premium

C. Cession No Premium and Negative Premium Error Listings and Penalty Procedures (continued)

5. Net Negative Premium Write-Off Procedures (Continued)

Any policy containing net negative premium will appear on the Net Negative Premium Listing (see exhibit III-C-3). However, these policies will also appear on other listings. Policies containing net negative premium which contain an active in-force cession appear on the Cession/No Premium Warning List (see Exhibit III-C-1) or on the Cession/No Premium Penalty List (see exhibit III-C-2). These listings display the net premium dollars contained on each policy. Policies containing net-negative premium which do not contain an active in-force cession appear on the Critical Accounting Error List (see Chapter X, page D:4). They will be flagged with accounting error codes 1 and 5 and may also contain other accounting errors.

Immediately following the Cession/No Premium Write-Off for a particular policy effective year (see Section C, Part 3 of this chapter), all policies for that effective year which contain net negative premium will be subject to the Net Negative Premium Write-Off process. Under this process, offsetting premium records will be added to the CAR master file and to the quarterly participation reports for all premium records on policies, which contain a net negative policy premium amount. Thus, the net premium amount for each of these policies will be brought to zero. This write-off will be made in addition to any other penalties or write-offs to which the policies may be subject. Servicing Carriers can view the detail premium records written-off by using the on-line accounting application as well as a summary of the premium records and dollars written-off, broken down by effective year. Annually, CAR will provide a detail listing of the premium records written-off (see Exhibit III-C-4) and a summary of the premium records and dollars written-off, broken down by line of business, accounting date, and class group (see Exhibit III-C-5). For Taxi/Limo Servicing Carriers, the summary will provide separate totals for the taxi and limousine business.

6. Monitoring for Trends of Late Premium Reporting

CAR's Staff is responsible for identifying and reporting to the Chairperson of the appropriate CAR committee trends of late premium or negative premium reporting from a Servicing Carrier so that further action may be undertaken if needed.

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EXHIBIT III-C-1
CESSION/NO PREMIUM WARNING LIST

SCREEN 1

COMPANY 999		COMMONWEALTH AUTOMOBILE REINSURERS				CO410SA	
		ACCOUNTING ONLINE ACCESS SYSTEM				07/14/1999	
		WARNING POLICIES - LIST DATE (06/99)				03:02 PM	
FROM 018440		CAR 1ST LIST COVERAGE POL EXP				POLICY	
YR	POLICY NUMBER	RSK	ID	MM/DD/YY	MM/DD/YY	MM/DD/YY	PREM DOLL MSG DATE
=====							
X 98	018440	0	4	06/28/99	07/08/98	02/24/99	-32
- 99	002321	0	5	06/28/99	03/26/99	03/26/00	0
- 99	002561	0	4	06/28/99	03/24/99	03/24/00	0
- 99	002822	0	4	06/28/99	03/23/99	03/23/00	0
- 99	007682	0	4	06/28/99	03/18/99	03/18/00	0
- 99	008542	0	4	06/28/99	03/24/99	03/24/00	0
- 99	010326	0	4	06/28/99	03/18/99	03/18/00	0
- 99	010420	0	4	06/28/99	03/29/99	03/29/00	0
- 99	010463	0	5	06/28/99	03/29/99	03/29/00	0
- 99	010529	0	4	06/28/99	03/29/99	03/29/00	0
=====							
TYPE STARTING POLICY NUMBER -OR- TYPE 'X' TO SELECT A POLICY							

SCREEN 2

CR600SA		COMMONWEALTH AUTOMOBILE REINSURERS				07/14/1999	
COMPANY: 999		CESSION RECORD - CORRECT				03:06:08	
		REC NO 002				RCPT DTE 06/02/1999	
CAR		POL EFF DT		POL EXP DT		PROD	
ID	POLICY NUMBER	MM/DD/YYYY	MM/DD/YYYY	RSK	TX	INSURED'S NAME	CODE
4	018440	02/24/1998	02/24/1999	0	2	ROSE, ERIC	9BA870
(.)							

Commonwealth Automobile Reinsurers

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EXHIBIT III-C-2 CESSION/NO PREMIUM PENALTY LIST

SCREEN 1

COMPANY 999		COMMONWEALTH AUTOMOBILE REINSURERS					CO410SA	
		ACCOUNTING ONLINE ACCESS SYSTEM					07/14/1999	
		PENALTY POLICIES - RISK TYPE (ALL)					03:17 PM	
FROM 016706		CAR 1ST LIST COVERAGE POL EXP					POLICY	
YR	POLICY NUMBER	RSK	ID	MM/DD/YY	MM/DD/YY	MM/DD/YY	PREM DOLL	MSG DATE
=====								
X 98	016706	0	4	01/28/99	10/09/98	10/31/98	0	
- 98	017209	0	5	01/28/99	10/24/98	10/31/98	0	
- 98	017348	0	5	01/28/99	10/29/98	10/31/98	0	
- 98	017649	0	5	01/28/99	10/06/98	10/31/98	0	
- 98	017661	0	4	01/28/99	10/17/98	10/31/98	0	
- 98	017726	0	5	01/28/99	10/25/98	10/31/98	0	
- 98	018480	0	5	01/28/99	10/18/98	10/31/98	0	
- 98	018484	0	5	01/28/99	09/30/98	09/30/98	0	
- 98	018585	0	5	01/28/99	10/04/98	10/31/98	0	
- 98	018685	0	5	01/28/99	10/20/98	10/31/98	0	
=====								
TYPE STARTING POLICY NUMBER -OR- TYPE 'X' TO SELECT A POLICY								

SCREEN 2

CR600SA		COMMONWEALTH AUTOMOBILE REINSURERS					07/14/1999	
COMPANY: 999		CESSION RECORD - CORRECT					03:21:55	
		REC NO 001					RCPT DTE 10/20/1998	
CAR		POL EFF DT		POL EXP DT		PROD		
ID	POLICY NUMBER	MM/DD/YYYY	MM/DD/YYYY	RSK	TX	INSURED'S NAME		CODE
4	016706	10/09/1998	10/09/1999	0	1	SHEEHAN,MEGHAN,F		000004
(.)

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EXHIBIT III-C-3

NET NEGATIVE PREMIUM POLICY LISTING

SCREEN 1

COMPANY 999		COMMONWEALTH AUTOMOBILE REINSURERS					CO510SA	
		ACCOUNTING ONLINE ACCESS SYSTEM					07/15/1999	
		NET NEGATIVE PREMIUM POLICIES - EFFECTIVE YEAR (ALL)					08:32 AM	

SCREEN 2

CO525SA		CAR ACCOUNTING ONLINE ACCESS SYSTEM						07/15/1999	
COMPANY 999		NET NEGATIVE PREMIUM POLICY CESSION LISTING						08:36 AM	
				COV EFF	COV EXP			MSG DATE	
POLICY NUMBER	YEAR	RSK	MM/DD/YY	MM/DD/YY	POLICY	PREM DOLL	MM/DD/YY		
015327	1998	0	99/99/99	00/00/00	\$	-127			
===== P R E M I U M S =====									
LI	EFF	ACTG	EXP	TRANS	RECEIPT	PRM	CLS	C	D P
TX	NE	MO	MM/YY	MM/YY	MM/YY	MM/DD/YY	TWN	CLASS	GRP
12	01	05	09/98	05/99	08/98	11/13/98	950	110100	1
12	01	05	09/98	05/99	08/98	11/13/98	950	110100	1
12	41	05	09/98	05/99	08/98	11/13/98	950	110100	1
12	41	05	09/98	05/99	08/98	11/13/98	950	110100	1
12	41	05	09/98	05/99	08/98	11/13/98	950	110110	1
12	41	05	09/98	05/99	08/98	11/13/98	950	110110	1
12	45	05	09/98	05/99	08/98	11/13/98	950	110100	1
PREM									
DOLLAR1									
DOLLAR2									
ERROR									
CODES									

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EXHIBIT III-C-4

DETAIL LISTING OF PREMIUM RECORDS WRITTEN-OFF

SCREEN 1

COMPANY	999	COMMONWEALTH AUTOMOBILE REINSURERS	CO810SA
NEXT WO	04/23/2000	ACCOUNTING ONLINE ACCESS SYSTEM	07/15/1999
EFF YR	1996	POLICIES WRITTEN OFF - PREMIUM	09:23 AM

YR	POLICY NUMBER	COV EFF MM/DD/YY	COV EFF MM/DD/YY	=== PREM WO === RECORDS	DOLLARS	=== LOSS WO === RECORDS	DOLLARS	MSG DT MMDDYY
X 96	010600	99/99/99	00/00/00	1	310	0	0	
_ 96	011565	99/99/99	00/00/00	34	13	0	0	
_ 96	011669	99/99/99	00/00/00	1	3	0	0	
_ 96	014482	10/11/96	09/17/97	68	120	0	0	
_ 96	016469	99/99/99	00/00/00	1	288	0	0	
_ 96	016629	99/99/99	00/00/00	1	80	0	0	
_ 96	016725	99/99/99	00/00/00	2	75	0	0	
_ 96	017303	99/99/99	00/00/00	5	9	0	0	
_ 96	017625	99/99/99	00/00/00	1	482	0	0	
_ 96	018528	99/99/99	00/00/00	1	64	0	0	

TYPE 'X' BESIDE YR OF CHOSEN POLICY

SCREEN 2

COMPANY	999	COMMONWEALTH AUTOMOBILE REINSURERS	CO825SA
NEXT WO	04/23/2000	ACCOUNTING ONLINE ACCESS SYSTEM	07/15/1999
EFF YR	96	PREMIUM WRITTEN OFF - LISTING	09:27 AM

POLICY NUMBER	COV EFF MM/DD/YY	COV EXP MM/DD/YY	=== PREMIUM === RECORDS	DOLLARS	== PAID LOSS == RECORDS	DOLLARS	MSG DATE MM/DD/YY
010600	99/99/99	00/00/00	1	310	0	0	02/16/99

===== P R E M I U M =====

LI	EFF	ACTG	EXP	TRANS	RECEIPT	PRM	CLS	D	P	PREMIUM	PREMIUM	ERROR
TX	NE	MO	MM/YY	MM/YY	MM/YY	MM/DD/YY	TWN	CLASS	GRP	C	S	D
12	41	10	11/97	10/97	10/96	04/24/99	603	110100	1	4	0	1
											310	0
												145

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EXHIBIT III-C-5

SUMMARY REPORT OF PREMIUMS WRITTEN-OFF

CA3250Y	COMMONWEALTH AUTOMOBILE REINSURERS				RUN DATE 04/24/1999			
SUMMARY OF PREMIUM RECORDS WRITTEM-OFF FOR POLICY YEAR 1996								
COMPANY 999 ANY INSURANCE COMPANY								
	CLASS GROUP 1 - PRIVATE PASSENGER				CLASS GROUP 2&3-ALL OTHER BUSINESS			
	RECORDS	DOLLARS	CED EXP PERCENT	CEDING EXPENSES	RECORDS	DOLLARS	CED EXP PERCENT	CEDING EXPENSES
ACCOUNTING YEAR 1996								
LIABILITY & NO-FAULT	138	\$1,216-	35.50	\$431-	58	\$3,724-	30.64	\$1,141-
PHYSICAL DAMAGE	45	\$2,562-	39.23	\$1,005-	31	\$820-	41.52	\$340-
GRAND TOTAL	183	\$3,778-		\$1,436-	89	\$4,544-		\$1,481-
ACCOUNTING YEAR 1997								
LIABILITY & NO-FAULT	18	\$3,129-	35.11	\$1,098-	0	\$0	28.51	
PHYSICAL DAMAGE	4	\$81-	39.31	\$31-	0	\$0	36.20	
GRAND TOTAL	22	\$3,210-		\$1,129-	0	\$0		\$0
ACCOUNTING YEAR 1998								
LIABILITY & NO-FAULT	13	\$1,352-	32.67	\$441-	10	\$2,018	32.85	\$662
PHYSICAL DAMAGE	7	\$238-	35.97	\$85-	0	\$0	37.97	
GRAND TOTAL	20	\$1,590-		\$526-	10	\$2,018		\$662
ALL YEARS								
LIABILITY & NO-FAULT	169	\$5,697-		\$1,970-	68	\$1,706-		\$479-
PHYSICAL DAMAGE	56	\$2,881-		\$1,121-	31	\$820-		\$340-
GRAND TOTAL	225	\$8,578-		\$3,091-	99	\$2,526-		\$819-

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D. Experience Rating Error Listing and Penalty Procedures

1. Reporting Requirements for Experience Rated Policies

For each ceded policy subject to experience rating, the Servicing Carrier must submit a Notification of Policy Subject to Experience Rating Form. Refer to Exhibit III-D-1. Through editing and comparison of this form with policies identified as eligible for experience rating from the Servicing Carriers' monthly detail premium reportings, CAR will produce listings to assure the proper rating and reporting of ceded experience rated policies.

The experience rating error and penalty listings will be produced five times at three month intervals for each policy year. In this manner, the final listing for a particular policy year will be produced by comparing a minimum of fifteen accounting months of statistical data to the Notification of Policy Subject to Experience Rating Forms received during the same fifteen month period.

Detail instructions on the completion of the form are as follows:

- a. Print or type all information as clearly and legibly as possible.
- b. Verify prior to submission to CAR that the policy number on the form matches exactly to the policy number reported on cession notices and premium statistical records. CAR compares the information on the notification form to statistically reported premium information. If the policy numbers do not match, unnecessary error listings are generated.
- c. If the form is an original submission, check the box next to Original and only complete Part II.

Company Number - The three digit company code number.

Policy Number - The policy number for the risk which must match exactly to the policy number reported on the cession notice and premium statistical records.

Name of Risk - The name appearing on the policy as the insured.

Effective Date - The effective date of the policy.

Tax Identification No. - The tax identification number for the insured. If a number does not exist as in the case of municipalities, indicate this to be the case on the form. If the insured does not have a tax identification number for any other reason, use the social security number of the policyholder.

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D. Experience Rating Error Listing and Penalty Procedures (continued)

1. Reporting Requirements for Experience Rated Policies (continued)

Liability Modification - The three digit modification factor. For example, a 5% credit should be reported as 0.95. Conversely a 5% debit should be reported as 1.05.

Physical Damage Modification - The three digit modification factor reported in the same manner as described for liability.

Garage Policy - This block should be checked if the form is being submitted for a garage policy.

GKLL/Dealer's Physical Damage Modification - The three digit modification factor for Garagekeepers' Legal Liability or Dealer's Physical Damage.

Status - Check the appropriate box. Please note that if (3) is indicated, the name of the former insurer and the date of the request for prior information must be completed.

- d. If the form is a correction notice, check the box next to Correction and complete Part 1 in its entirety. Also, complete the sections in Part II, which pertain to the information being corrected.

Be extremely certain that the company number, policy number, and effective date reported in Part 1 match exactly to the company number, policy number, and effective date on the original submission. If a corresponding entry does not exist on the CAR Experience Rating File, the correction form will be returned without being processed.

- e. The signature of the person completing the form must be included on each form submitted. This will enable CAR staff to contact the appropriate individual should the need arise.

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D. Experience Rating Error Listing and Penalty Procedures (continued)

2. Experience Rating Penalty Listing

The Notification of Policy Subject to Experience Rating Form must be received at CAR within 120 calendar days from the ceded policy's effective date. Penalties will be assessed for each form which is received later than the 120 calendar day time frame. For policies effective January 1, 1985 and subsequent, the following penalty amounts apply:

121 - 150 days from the policy effective date = \$ 25
151 - 180 days from the policy effective date = \$ 50
181 - 210 days from the policy effective date = \$ 75
211 or more days from the policy effective date = \$100

On a quarterly basis, Servicing Carriers will be provided an Experience Rating Penalty Listing (Exhibit III-D-2) of all policies eligible for the penalty.

All Servicing Carriers' penalty assessments will be processed by CAR as bulk adjustments and appear on the Settlement of Balances and Member's Participation Reports. The monies generated from these penalty assessments will be shared by all members of CAR based upon their percentage of the industry-wide total Massachusetts Annual Statement Page 14 direct automobile written premiums used for determining the sharing of CAR' administrative expense accounts in the Other Than Private Passenger Pools for the most recent calendar year for which data is available.

3. Policies Eligible for Experience Rating - Experience Rating Notification Forms Not Reported Listing

This report (see Exhibit III-D-3) lists, in policy number order, those ceded policies found to be eligible for experience rating for which a notification form has not been received. Eligibility for experience rating is determined based upon the statistical data submitted for each policy. A ceded policy is considered eligible if the liability exposure is greater than or equal to 60 car months, or if the physical damage exposure is greater than or equal to 60 car months and the total physical damage premium is greater than or equal to \$500. For taxis, a ceded policy is considered eligible if the liability exposure is greater than or equal to 12 car months or if the physical damage premium is greater than or equal to \$1,000.

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D. Experience Rating Error Listing and Penalty Procedures (continued)

3. Policies Eligible for Experience Rating - Experience Rating Notification Forms Not Reported Listing (continued)

The match between the notification forms and the statistical data is based upon company number, policy number, and policy effective month and year. Policy numbers contained on the notification forms must match exactly to the policy numbers reported in the statistical records.

Servicing Carriers are required to research each policy listed and note on the report the corrective action taken. If it is found that a policy is not eligible for experience rating, the Servicing Carrier is required to submit documentation which will support the Servicing Carrier's belief that the policy is not eligible. Such documentation must include a copy of the declaration page for the policy. The report, with the "Corrective Action Taken" section completed, must be returned to CAR within 60 calendar days from the date the listing is mailed to the Servicing Carrier.

In order to ensure that all eligible policies have been experience rated, and the proper notification submitted to CAR, a penalty of \$100 will be assessed for each policy for which successful corrective action was not taken and which appears on the final Experience Rating Notification Forms Not Reported Listing for the particular policy year.

4. Experience Rating Notification Forms - Statistical Data Not Reported Listing

This report (Exhibit III-D-4) lists in policy number order those ceded policies for which a notification form has been submitted, but for which the statistical data for the policy has not been reported.

The match between the notification forms and statistical data is based upon company number, policy number, and policy effective month and year. The policy number contained on the notification forms must match exactly to the policy numbers reported in the statistical records.

Servicing Carriers are required to research each policy listed and note on the report the corrective action to be taken by the Servicing Carrier. If the policy was non-renewed or canceled flat, documentation to support the non-renewal or flat cancellation must be submitted to CAR. The report, with the "Corrective Action Taken" section completed, must be returned to CAR within 60 calendar days from the date the listing is mailed to the Servicing Carrier.

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Chapter III - Premium

D. Experience Rating Error Listing and Penalty Procedures (continued)

5. Exchange of Experience Rating Information

All members of CAR must provide to a Servicing Carrier upon request the information necessary to determine the proper experience rating modification for any policy eligible for experience rating which is to be ceded to CAR. If a Servicing Carrier has been unable to obtain this information from another member of CAR, it will notify CAR of the situation. CAR will then request the member to provide the information to the Servicing Carrier within ten business days. Failure of any member to provide experience rating information for a ceded policy within ten business days of receiving a request from CAR will result in a penalty of \$500.

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EXHIBIT III-D-1

COMMONWEALTH AUTOMOBILE REINSURERS
NOTIFICATION OF POLICY SUBJECT TO EXPERIENCE RATING

[] Original - Complete Part II Only Date:

Servicing Carrier Name:

[] Correction - Complete Parts I and II Address:

Part I

Company No. _____ (as originally submitted)
Effective Date _____ (as originally submitted)
Policy No. _____ (as originally submitted)

Part II (for corrections only complete the information to be corrected)

Company Number
Policy Number
Name of Risk
Effective Date
Tax Identification No.
Liability Modification
Physical Damage Modification

Garage Policy []

GKLL/Dealer's Physical Damage Modification

Status: Complete only if no modification has been applied.

- (1) ___ Insured New in Business
(2) ___ Change of Ownership
(3) ___ Unable to Obtain Prior Year Experience

a) Requested From

Insurance Co. Date

I understand this notification should agree with the company number, policy number, and insured's name as submitted on the cession notice and statistical records.

Submitted By

Commonwealth Automobile Reinsurers

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**EXHIBIT III-D-2
EXPERIENCE RATING PENALTY LISTING**

Commonwealth Automobile Reinsurers

ER685Q

Experience Rating Penalty Listing

Company

Policy Number	Insured Name	Eff. Date	Date Rec.	Days Elapsed	Penalty
803608	J.W. Brad	01/01/2001	12/13/2000	329	\$100
816273	Dietz Cons	01/01/2001	12/13/2000	133	\$25
832261	Malone, E.A.	01/01/2001	12/13/2000	195	\$75

Total Policies Listed	3
Total Penalties Assessed	\$200

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EXHIBIT III-D-3

**LISTING OF POLICIES ELIGIBLE FOR EXPERIENCE RATING -
EXPERIENCE RATING FORMS NOT REPORTED**

Commonwealth Automobile Reinsurers
Policies Eligible For Experience Rating
Experience Rating Notification Forms Not Reported

ER685Q

Company

Policy Number	Effective Date	Corrective Action
454002	01/2001	
999001	01/2001	
999002	01/2001	
999003	01/2001	
999004	01/2001	
999005	01/2001	
Total Policies Listed	6	

Commonwealth Automobile Reinsurers

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EXHIBIT III-D-4

**LISTING OF EXPERIENCE RATING NOTIFICATION FORMS -
STATISTICAL DATA NOT REPORTED**

Commonwealth Automobile Reinsurers
Experience Rating Notification Forms
Statistical Data Not Reported

ER685Q

Company

Policy Number	Insured Name	Effective Date	Date Received
Q3K08007601	Handy Crane	01/01/2001	12/13/2001
Q3K08016001	Lite Contractors	01/01/2001	12/13/2001
Q3K08016101	Metropolitan	01/01/2001	12/13/2001
Q3K08017401	Charles ZA	01/01/2001	12/13/2001
Q3K08018001	Itam Realty	01/01/2001	12/13/2001

Total Policies Listed 5

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