

A. Introduction

The Manual of Administrative Procedures provides Servicing Carriers with information needed to assure the successful operation of the commercial residual market. As authorized by the Commonwealth Automobile Reinsurers' (CAR's) Plan and Rules of Operation, Members are appointed by CAR's Governing Committee to serve as commercial automobile or taxi and limousine Servicing Carriers for a specified term. Appointments are based upon responses to the Request for Proposal (RFP) for the Massachusetts Residual Market Commercial Automobile Program and the RFP for the Massachusetts Residual Market Taxi and Limousine Program. For further information relative to the appointment of a Member as a Servicing Carrier, refer to Chapter II – Servicing Carrier Appointment of this Manual.

The Manual of Administrative Procedures supplements CAR's Plan and Rules of Operation but does not add any requirements beyond those contained in the Plan and Rules. Although the information contained in the Manual of Administrative Procedures is most pertinent to Servicing Carriers, it may also be used by other Members of CAR to obtain information relative to the reporting and processing of commercial automobile policies which are ceded to CAR.

The Manual of Administrative Procedures provides Servicing Carriers with information needed to perform all required responsibilities relative to policies ceded to the Commonwealth Automobile Reinsurers, including; cession reporting requirements, identification of limits, coverages and endorsements applicable to ceded policies, Servicing Carrier responsibilities relative to the investigation of fraudulent claim activity, CAR's audit procedures for monitoring compliance with statistical reporting requirements for ceded premium and loss data, established claim practices and the Performance Standards, and the policy level edit and error correction procedures for reported ceded data. Additionally, the Manual provides information relative to the reimbursement of ceding expense allowances to Servicing Carriers for the servicing of ceded business and the determination of a Member's share in CAR's administrative expenses and underwriting results. The Manual also identifies established standards that must be used by Servicing Carriers and Exclusive Representative Producers for validating an applicant's or risk's eligibility for placement in the commercial residual market.

Specific responsibilities and requirements for appointed Servicing Carriers are contained in Rule 13 – Servicing Carrier Requirements of CAR's Rules of Operation and in Chapter III – Servicing Carrier Responsibilities of this Manual. CAR's Plan and Rules of Operation and Manual of Administrative Procedures are available on CAR's website under the Manuals tab.

B. Organization of the Manual of Administrative Procedures

The Manual of Administrative Procedures is organized into Chapters that deal with specific subjects that are applicable to the various operations of CAR. The Chapters included are as follows:

Chapter I – Overview
Chapter II – Servicing Carrier Appointment
Chapter III – Servicing Carrier Responsibilities
Chapter IV – Cession Rules and Procedures
Chapter V – Premium
Chapter VI – Allowances to Servicing Carriers
Chapter VII – Participation
Chapter VIII – Data Reporting, Accounting Edit and Correction Procedures
Chapter IX – Compliance Audit
Chapter X – Servicing Carrier and Exclusive Representative Producer Standards and Forms

The Manual is prepared by CAR in conjunction with its advisory committees and with the approval of CAR's Governing Committee.

C. Definition of Fiscal Year

CAR's fiscal year runs from October 1 through September 30. This enables CAR to distribute fiscal year end results to its Members prior to the end of the calendar year, and allows participating Members to include experience elements (i.e., written and earned premium, claims paid, claims reserves, salvage/subrogation recoveries, CAR expenses, etc.) in their respective Annual Statements.

D. Other Useful Information

In conjunction with the instructions set forth in this Manual, there are several other manuals and informational guides that Servicing Carriers may reference for additional information. The Massachusetts Automobile Commercial Statistical Plan provides the details necessary to statistically code and report commercial premium and loss records to CAR, the Commercial Automobile Insurance Manual provides information relative to the classification and premium rating of commercial vehicles, the Experience Rating Manual provides information needed to rate those risks that are eligible for experience rating, and the Commercial Claims Performance Standards provides information relative to claims handling, specifically for containing costs, ensuring prompt customer service and timely payment of legitimate claims, and preventing the payment of inflated, fraudulent, and unwarranted claims. These documents are available on CAR's website under the Manuals tab.