

*Performance Standards for the Handling and Payment
of Commercial Claims by Servicing Carriers
Summary of Changes*

Introduction

Pg. Commercial PS 1 – 3

- Inserts that the Performance Standards, approved by the Commissioner of Insurance in her Decision of April 6, 2007, apply to the Commercial Limited Servicing Carrier Program for policies effective January 1, 2006 and subsequent.

Measurements & Penalties Pg. Commercial PS 19 – 24

- Changes the benchmarks for compliance from the NAIC guidelines of 90% and 93% to the 80% that was in effect when the Limited Servicing Carriers were selected.
- Explains that only ceded files will be measured for non-compliance in the following areas:
 - I. AUTO PHYSICAL DAMAGE & PROPERTY DAMAGE LIABILITY CLAIMS
 - II. BODILY INJURY & UNINSURED/UNDERINSURED MOTORIST
 - III. NO FAULT PERSONAL INJURY PROTECTION BENEFITS
 - V. EXPENSES
- Inserts the previous explanation of Minor and Major non-compliance and Type I and Type II penalties.
- Introduces the penalty schedule that was in place when the Servicing Carriers were appointed based on a carrier with a total commercial market share greater than 2% and less than 5%.

Appendix K - CAR Claim Department File Review Process Section 2. Commercial Policies

Appendix K 1 – 4

- Explains that the sample of ceded claims will be larger than that of voluntary claims in order to evaluate the success of the Commercial Limited Servicing Carrier Program.
- Explains that statistical testing will be performed to determine if there is any statistically significant difference in the handling of voluntary and ceded claims. If CAR determines that the company is in non-compliance with the Voluntary/Ceded Standard a penalty will be assessed.
- Adds the definition of Major and Minor Non-compliance and Type I and Type II Penalty in the Definition Section.