

**Summary of Approved Changes to Performance Standards
For the Handling and Payment of Claims**

2007

The administrative changes approved in the *Measurements Section* and *Appendix K - CAR Claim Department PP File Review Process* are intended to provide consistency with the Performance Standards Section.

- A *Coverage Measurement* has been added to the No Fault and Bodily Injury Sections on page 22.
- In the No Fault section on page 22 *Loss Management/Special Investigation* was renamed *Special Investigation* as the Medical Management measurement incorporates loss management under PIP.
- In the Bodily Injury section on page 23, *Loss Management/Special Investigation* was split into two separate measurements, *Loss Management* and *Special Investigation*.
- These *Measurements* and *Benchmarks* have been included in the aggregate score calculation on pages 5 and 6 in Appendix K.

A copy of these pages with the changes is attached.

Best Practices/ NAIC Standards	Measurement	Benchmarks
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No Fault Personal Injury Protection Claims

Contact NAIC 1,9	• Injured party – 2 days	90%
	• Uninjured insured/operator – 3 days	90%
	• PIP form mailing – 5 days	90%
Coverage NAIC 3,7	• Coverage affirmed as appropriate	93%
Reserving NAIC 10	• Initial & subsequent reserves timely & appropriate, follow documented company policy.	90%
Medical Management NAIC 4,5,6,11	• Claims warranting IME referred for IME. • Appropriate utilization of IME results to cut off claim, reduce bills. • Appropriate utilization of Medical Bill Review program	93%
Special Investigation NAIC 4,11	• Claims warranting special investigation referred for special investigation.	93%
Subrogation NAIC 8	• Subrogation recognized & pursued. • Reimbursement of deductible timely & accurate when and where appropriate.	93%

Bodily Injury/Uninsured Motorist Claims

Contact NAIC 1	• Injured party – 2 days	90%
	• Uninjured insured/operator – 3 days	90%
Coverage NAIC 3,7	• Coverage verified & coverage issues resolved	93%
Reserves NAIC 10	• Initial & subsequent reserves timely & appropriate, follow documented company policy.	90%
Loss Management NAIC 4,11	• Loss management, assessment, & verification tools used when appropriate	93%

Best Practices/ NAIC Standards	Measurements	Benchmarks
Special Investigation NAIC 4,11	<ul style="list-style-type: none"> • Claims warranting special investigation referred for special investigation 	93%
Litigation Management NAIC 7,13	<ul style="list-style-type: none"> • Evaluation & case strategy documented. • Timely referral to counsel. • Reservation of Rights & Excess letters used when & where appropriate. 	93%
Settlement NAIC 3,5,6	<ul style="list-style-type: none"> • Evaluation range documented & appropriate. • Settlement within range or documented why exceeded. 	93%
Recovery NAIC 3	<ul style="list-style-type: none"> • Recovery potential recognized and pursued. • Contribution from joint tortfeasors obtained. 	93%

Voluntary/Ceded Claim Handling Differential

Claim Handling NAIC 6	<ul style="list-style-type: none"> • A comparison of the compliance results for each of the resolution standards measured at 93% in the Ceded and Voluntary claims will be calculated. • Statistical testing will be performed on the aggregate results of each of the three applicable sections, Physical Damage /Property Damage, PIP, and BI. If the difference is statistically significant the carrier will be required to address the reasons in their response. Following the response CAR will make a determination on whether the Voluntary/Ceded Standard was in compliance. 	
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Expenses

Allocated Expenses NAIC 14	<ul style="list-style-type: none"> • Reported properly as defined in Statistical Plan 	90%
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Appendix K – CAR Claim Department PP File Review Process

II. Bodily Injury

Procedures – 90%	# Claims	# Compliant	Resolution – 93%	# Claims	# Compliant
			Coverage		
Injured Party Contact			Loss Management		
			Special Investigation		
Uninjured Contact			Litigation Management		
Reserving			Settlement		
			Recovery		
Total					
% BI Procedure Score	< 90% = Penalty		% BI Resolution Score	< 93% = Penalty	

III. No Fault Personal Protection

Procedures – 90%	# Claims	# Compliant	Resolution – 93%	# Claims	# Compliant
			Coverage		
Injured Party Contact			Medical Management		
Uninjured Contact			Special Investigation		
PIP Mailing			Subrogation		
Reserving					
Total					
% PIP Procedure Score	< 90% = Penalty		% PIP Resolution Score	< 93% = Penalty	

V. Expenses

Procedures – 90%	# Claims	# Compliant
Allocated Expenses		
Total		
% Expenses Procedure Score	< 90% = Penalty	

Appendix K – CAR Claim Department PP File Review Process

Section IV. Voluntary/Ceded Claims Differential

Physical Damage – 93%	# Ceded	# Compliant	# Voluntary	# Compliant
Coverage				
Appraisal				
Screening & Investigation				
Settlement				
Subrogation				
Litigation Management				
PHY DAM Sub-Total				

Property Damage – 93%	# Ceded	# Compliant	# Voluntary	# Compliant
Coverage				
Comparative Negligence				
Loss Management/Special Inv				
Settlement				
Recovery				
Litigation Management				
PD Sub-Total				
PHY DAM/PD Aggregate Total				
Chi Square Test				

Bodily Injury – 93%	# Ceded	# Compliant	# Voluntary	# Compliant
Coverage				
Loss Management				
Special Investigation				
Litigation Management				
Settlement				
Recovery				
Aggregate Total				
Chi Square Test				

No Fault PIP – 93%	# Ceded	# Compliant	# Voluntary	# Compliant
Coverage				
Medical Management				
Special Investigation				
Subrogation				
Aggregate Total				
Chi Square Test				