



COMMONWEALTH AUTOMOBILE REINSURERS

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RALPH A. IANNACO  
PRESIDENT

## *Questionnaire*

### *Performance Standards for the Handling and Payment Of Private Passenger Claims by Servicing Carriers*

Massachusetts General Laws Chapter 175, Section 113H requires Commonwealth Automobile Reinsurers (CAR) to establish Performance Standards designed to contain costs, ensure prompt customer service and payment of legitimate claims, and resist inflated, fraudulent, and unwarranted claims.

The Performance Standards which C.A.R. has developed require Servicing Carriers to establish various plans and programs. In many instances, this only required formalizing and/or enhancing current practices and procedures. In other instances, detailed plans and programs needed to be developed by the Servicing Carriers to comply with the Standards.

This Questionnaire will be sent to the Servicing Carrier approximately 30 days prior to the commencement of its periodic review and will be used by CAR Claims to provide background information on claims handling programs established by Servicing Carrier.

Effective April 1, 2008 Commissioner of Insurance Nonnie S. Burnes approved competitive rating for Massachusetts Automobile Insurance. Servicing Carriers should identify any additional coverages and services they are offering that may exceed specific approved Performance Standards. In the event that a difference exists between the Standard and a coverage offered by the Servicing Carrier the policy coverage will supersede the Standard.

Company Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Name & Title: \_\_\_\_\_

**I. Auto Physical Damage & Property Damage Liability Claims**

**A. Auto Body Payments**

2. Direct Payment Plan

a. Do you have a Direct Payment Plan?    **YES**        **NO**

5. Total Loss Payments

a. What procedures do you use to determine the actual cash value of a vehicle?

**B. Normal Claims Handling**

1. Initial Screening of Reports of Accidents & Losses

- Briefly describe your procedures for the initial screening of accidents and losses to identify warning signs requiring special investigation and the assignment of these losses to a person with sufficient experience and training.

2. Initial Investigation

- a. What procedures does your company utilize for the review of policy information to resolve coverage issues including garaging and operators, and to notify Underwriting where appropriate?
- f. What is your company's documented policy for establishing initial reserves on physical damage claims?

**C. Fraud Handling**

- 1. Briefly describe the operation of your Special Investigative Unit. Include staff level and number, types of cases handled, screening process, and procedures for referrals to the SIU.

**D. Glass**

- 3. What is your percentage of glass claims repaired to total paid glass claims?

*Please list any additional coverages and/or services you offer that may conflict with the Auto Physical Damage & Property Damage Liability Claims, i.e. deductible forgiveness, OEM parts replacement. Indicate how this coverage is identified in the claim documentation.*

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## **II. Bodily Injury and Uninsured/Underinsured Motorist**

### **A. Normal Claims Handling**

1. Initial Screening of Reports of Accidents & Losses
  - Briefly describe your procedures for the initial screening of accidents and losses to identify warning signs requiring special investigation and the assignment of these losses to a person with sufficient experience and training.
2. Initial Investigation
  - a. What procedures does your company utilize for the review of policy information to resolve coverage issues including garaging and operators, and to notify Underwriting where appropriate?
  - c. What is your company's documented policy for establishing initial reserves on bodily injury claims? What is your policy for changing reserves to insure they are timely and reasonable?
4. Loss Management
  - What procedures has your company established to determine whether the disability claimed, medical treatment, and medical expenses are reasonable, necessary, and related to the auto accident?
5. Follow Up & Continuing Investigation
  - What diary systems do you employ for bodily injury claims?

- How do you determine that authority levels are followed?
6. Settlement Negotiations or Denial
- What procedure does your company use to evaluate bodily injury and UM claims? Do you use any third party evaluation tool?
7. Cases in Suit
- a. Briefly describe your Litigation Management Program designed to bring cases to the earliest conclusion at a reasonable value.

## **B. Fraud Handling**

1. Screening Process for Suspected Fraudulent Claims
- Briefly describe your process for referring suspicious bodily injury claims for special investigation.
3. Evaluation and Settlement
- Describe your procedure for resolving cases that have been referred for special investigation.

## **III. No Fault Personal Injury Protection Benefits Handling**

### **A. Screening Reports and Initial Investigation**

1. Briefly describe your procedures for the initial screening of accidents and losses to identify warning signs requiring special investigation and the assignment of these losses to a person with sufficient experience and training

### **C. Medical Management**

1. What procedures has your company established to determine whether medical treatment and expenses are reasonable, necessary, and related to the auto accident?
2. What procedures has your company established for consideration of Independent Medical Exams, Medical Bill Reviews including but not limited to

a determination of usual and customary charges, use of Preferred Provider Organizations, Managed Care Programs, and/or Expert Medical Systems?

**F. Claim Payment**

1. Describe your Litigation Management Program on PIP claims designed to bring cases to the earliest conclusion at a reasonable value.

**IV. Voluntary/Ceded Claim Handling Differential**

- How do you insure that involuntary claims are processed with the same degree of diligence as are voluntary claims?

**V. Expenses**

- What procedures has your company established for controlling legal defense costs, including reviewing legal bills for accuracy and reasonableness and utilizing alternative dispute resolution programs?
- What procedures has your company established to insure that allocated expenses are reported properly as defined in the statistical plan and that extra-contractual and unallocated expenses are not reported as allocated?