

Private Passenger Claim Performance Standards – August 29, 2023
Memorandum of Changes

General Modifications

The Performance Standards for The Handling and Payment of Claims (the Standards), including its appendices, are reviewed every two years in accordance with Massachusetts G.L. c. 175 §113H. The ‘redlined’ formatting is used to identify only proposed modifications to the Standards.

Modifications to the Private Passenger Standards:

Standard II: Bodily Injury & Uninsured/Underinsured Motorist

- The Normal Claim Handling section that begins Standard II addresses requirements applicable to the initial screening of accident and loss reports. Part of the initial screening process includes the expectation to review policy information, accident history, and the Central Index Bureau (CIB) to determine if any possible red flags exist.
- The Central Index Bureau database was previously sold to a different vendor and no longer exists.
 - The Standards do not typically identify a specific vendor in any section. Therefore, staff recommends removing the CIB reference and replace without naming a specific database.

Standard III: No-Fault Personal Injury Protection (PIP) Benefits Handling

- Appendix N: Division of Insurance (DOI), Bulletin 2017–06 addresses proper coordination of PIP and MedPay claims with health plans. However, Standard III applicable to the handling of PIP claims does not reference Appendix N nor the DOI Bulletin.
 - Staff suggests including in the Evaluation and Settlement section of Standard III, a direct reference to Appendix N and the requirements that pertain to the coordination of benefits.

Appendix H: Chapter 175, Section 24D

- Appendix H: Chapter 175, Section 24D is included in the Standards to ensure that companies research pending claims to prevent payments to claimants that owe past due child support or are subject to a child support lien. This appendix outlines required steps prior to a company issuing payments.
- Chapter 175 was amended in 2003 by adding Section 24E after Section 24D. The adopted language placed additional responsibility on insurers to check with the Division of Medical Assistance and the Department of Transitional assistance for liens prior to issuing 3rd party settlement payments.
 - Staff suggests modifying Appendix H to also include §24E.
 - Chapter 175, Section 24E language is included in the draft redlined material for the Subcommittee’s review.

Appendix J: CAR Special Investigative Unit (SIU) File Review Process – MAIP Policies

- Staff is proposing modifications to Appendix J to reflect recent changes to the ARC Procedures Manual and to CAR Rule 32 - Claim Practices, as well as to require ARC use of a template to report SIU referrals.
 - The ARC Procedures Manual was recently updated to adjust the frequency of the Hybrid Audit for all ARCs writing private passenger business from once every three years to once every five years. This change occurred to address the significant increase in the number of companies writing private passenger business since the onset of competitive rates and the MAIP, and the increased need to conduct focus audits of companies with statistical reporting issues and quota share audits of new entrants as required in the ARC Procedures Manual.
 - Staff recommends updating the reference in Appendix J relative to the frequency of the Hybrid Audits from triennial to once every five years.

Private Passenger and Commercial Claim Performance Standards – August 29, 2023

Memorandum of Changes

- Rule 32 – Claim Practices applicable to private passenger business was corrected to now reference the ARC Procedures Manual. Section 32.C. was also reformatted for consistency with Rule 10.C. applicable to commercial business. Both Rule 10.C. and 32.C. pertain to SIU responsibilities.
 - Staff proposes to update Appendix J to reflect the formatting changes made to Rule 32.C.
- Reporting of SIU completed audits of voluntary and MAIP policies to verify garaging and policy facts.
 - The prior two biennial reviews of the Standards included changes to improve the quality and consistency of SIU industry data. Part of those approved changes resulted in the requirement for the industry to use templates, as prescribed by staff, to submit SIU claims and underwriting referral data into CAR's SIU System.
 - Staff proposes the required use of the template developed by staff to report the 32.C.2. SIU completed audits to CAR to continue industry SIU data improvements.

Appendix M: NAIC Standards:

- Appendix M details each of the NAIC Claims Standards included in the Market Regulation Handbook. These Standards have been amended from 14 to 11 standards.
 - Staff proposes modifications to Appendix M to reflect the current NAIC Standards, and to update applicable references for each NAIC Standard to the Performance Standards or Rules of Operation where necessary.