

- A. ARCs are required by G.L. c.175, §113H and Rule 30 to maintain a SIU to investigate suspicious or questionable motor vehicle insurance claims for the purpose of eliminating fraud. The SIU must have at least one full time employee whose responsibility is principally directed towards the recognition and investigation of fraud. ARCs are required to report SIU activity - assignments, denials, compromises, and savings to CAR using the standardized SIU Quarterly Activity Log.

During the Hybrid Audit, conducted once every five years, a sample of 25 voluntary and/or MAIP claims, or underwriting referrals selected from the SIU log will be reviewed to determine the effectiveness of the ARC's fraud screening and quality of the SIU investigations. The cases will be evaluated on the quality of investigation, timeliness of investigation, resolution, statutory requirements, and accuracy of savings.

The evaluation of savings is based on the Saved Amount reported in the claims activity log. The Saved Amount reported for physical damage losses should be based upon the appraisal. Property Damage savings should also be based on the appraisal. If there is no appraisal available, the current reserve should be reported as the Saved Amount. PIP savings should be based on the total amount of medical bills less any cost containment results and should be reported as the Saved Amount. If there were no medical bills submitted, the current reserve should be reported as the Saved Amount. Bodily Injury savings and the reported Saved Amount should be based on the settlement evaluation referenced in Section A.6.a.-f. of Standard II: Bodily Injury & Uninsured/Underinsured Motorist.

- B. Rule 32 requires that the ARC's SIU investigate suspicious claims on all policies whether issued through the MAIP or issued voluntarily. Also, Rule 32.C.1. requires that the SIU shall investigate suspicious circumstances surrounding underwriting, rating, and premium issues. Additionally, Rule 32.C.2. requires the ARC to conduct an audit of voluntary and MAIP policies to verify garaging and policy facts. The completed audit reports verifying garaging and policy facts conducted by the ARC's SIU shall be emailed to siulog@commauto.com at the end of each quarter and no later than the 15th of the following month using the template available on CAR's website. The SIU relevant components are included in the Hybrid Audit report and considered by the Compliance and Operations Committee upon completion.

Special Investigations may be performed by SIU personnel or other personnel trained to handle suspicious claims using activity checks, surveillance, accident reconstruction, statements, or examinations under oath. Special investigations also include third party expert analysis of

documents associated with suspicious claims. Liability investigations are not considered to be special investigations.