

# **Massachusetts Private Passenger Automobile Statistical Plan Part II - General Rules**

## **A. DATA REQUIREMENTS**

All premium, paid loss and outstanding loss transactions (both ceded to CAR and voluntarily written) must be reported with the accounting month that corresponds to the month in which the transaction was booked by the company. Submissions for a particular accounting month must be received in statistically acceptable condition at the offices of CAR by the close of business on the established due date. Refer to the Statistical Data Quality Program Section of the Plan for additional information and potential penalties associated with this requirement.

### **1. Reporting Thresholds**

When the Massachusetts automobile writings of a company or company group which currently does not report statistical data to CAR exceeds the established reporting thresholds for statistically reportable coverages, statistical data beginning with that policy effective year must be reported to CAR on a monthly basis. Although the determination of whether a company exceeds the established thresholds is based upon the writings of an affiliated company group, statistical data must be reported to CAR on an individual company basis. Refer to item B. of this section. The thresholds for private passenger business are \$100,000 in written premiums or \$50,000 in paid losses. Statistically reportable coverages are those coverages specified in the Massachusetts Private Passenger Automobile Statistical Plan. CAR verifies this data via the information recorded on the Exhibit of Premiums and Losses for the state of Massachusetts, which is contained on Page 15 of a company's Annual Statement for that calendar year. The reporting thresholds may be subject to yearly adjustments to reflect rate revisions and inflation. Refer to the Statistical Data Quality Components Section of the Statistical Data Quality Program for specific information on shipment reporting dates.

However, if a company cedes any business to CAR (refer to item C. of this section), then statistical data for all of the company's business, both ceded and voluntarily written, must be reported to CAR. This data must be reported regardless of whether the company's writings are below the reporting thresholds noted above.

### **★ ~~2. Nil Submission~~**

~~If no premium, paid loss and/or outstanding loss transactions were booked by the company during the accounting month being reported, the company must submit a Nil Submission Form to CAR. This form may be obtained from the company's Data Analyst at CAR. Refer to the Statistical Data Quality Penalty Section of the Statistical Data Quality Program for the penalties that will be assessed if a nil shipment is reported for any month in which premium, paid loss and/or outstanding loss transactions should have been reported to CAR.~~

### **3. Low Volume Companies**

Subject to CAR's approval, small companies may be permitted to report statistical data to CAR on a quarterly basis, rather than monthly. Companies or company groups that write less than \$500,000 in written premiums and less than \$500,000 in paid losses for statistically reportable coverages will be considered eligible for quarterly statistical reporting and are referred to as low volume companies. CAR verifies a company's volume of writings via the data recorded on the company's Massachusetts Annual Statement Page 15 for the most recent calendar year. Refer to the Statistical Data Quality Program Section of this Plan for additional information and potential reporting penalties applicable to low volume companies.

# Massachusetts Private Passenger Automobile Statistical Plan Part II - General Rules

## A. DATA REQUIREMENTS (Continued)

### 4. Companies in a Run-Off Position

Companies in a run-off position that have stopped writing Massachusetts automobile business must continue to statistically report run-off premium, paid loss and outstanding loss activity on all ceded policies. Statistical data must continue to be reported until all ceded premium has been reported and all ceded losses have been paid or closed without payment or CAR has closed-out the ceded premium and/or loss statistical reporting for the particular policy effective year. Additionally, companies in a run-off position must continue to report statistical data for voluntarily written business, but only until their total written premiums and paid losses (both voluntary and ceded combined) are less than the reporting thresholds noted above.

### ★ 5. Reconciliation of Massachusetts Annual Statement Data Page 15

In addition to the above statistical reporting requirements, all companies that are licensed to write automobile insurance in the state of Massachusetts are required to submit an electronic copy of their NAIC Annual Statement filings to CAR on a yearly basis. Additionally, for each of the other three calendar quarters, companies must submit Massachusetts Annual Statement Page 15 data via CAR's on-line Annual Statement Reconciliation System. This data must be submitted to CAR even if the company has ~~they have~~ no actual writings. On a quarterly basis, CAR reconciles ~~the data recorded on~~ a company's Massachusetts Annual Statement data Page 15 to the data that the company has statistically reported to CAR. The reconciliation process is performed to verify the accuracy and completeness of the database utilized for statistical, ratemaking and reinsurance purposes. Specific information regarding the submission of Massachusetts Annual Statement data Page 15 is detailed in a quarterly Accounting and Statistical Notice distributed by CAR and in the Technical User Guide for CAR's Online Annual Statement Reconciliation System. Refer to the Statistical Data Quality Program Section of this Plan for additional information and potential reporting penalties associated with the Massachusetts Annual Statement Page 15 process.

### 6. Filing of Massachusetts Automobile Insurance Expense Call

Additionally, on an annual basis, each member of CAR is required to file a calendar year Massachusetts Automobile Insurance Expense Call. The Expense Call identifies expenses for the following general categories: Loss Adjustment Expenses, Commissions, Acquisition, Field Supervision and Collection Expenses, Taxes, Licenses and Fees and General Expenses. The Expense Call identifies the portion of total company expenses that are attributable to the cost of transacting automobile insurance business in Massachusetts. On a yearly basis, CAR distributes an Accounting and Statistical Notice that contains specific instructions relative to the Massachusetts Automobile Insurance Expense Call. Refer to the Statistical Data Quality Program Section of the Plan for additional information and potential reporting penalties associated with the Expense Call process.

## B. REPORTING METHOD

The instructions that are set forth in the Reporting Instructions – Premiums and Reporting Instructions – Losses Sections of this Plan refer to records reported to CAR on magnetic tape or tape cartridge. To obtain complete and detailed reporting instructions, refer to the CAR Statistical Edit Package that contains Accounting/Statistical Submission Reporting Instructions.

# Massachusetts Private Passenger Automobile Statistical Plan Part VI - Coding Section

## CLASSIFICATION CODE

### PRIVATE PASSENGER DEFINITION

Description: First Three Positions (Statistical Class)		Code
For single vehicle policies, there is no operator of the automobile under 25 years of age residing in the same household as the applicant or employed as a chauffeur for the automobile or who customarily operates the automobile and the automobile is not customarily used in business. Refer to the General Reporting Requirement section for information regarding multi-vehicle policies.		110
★ Qualifies for Class 110 except the principal operator of the automobile is <del>65 years of</del> age <u>65 through 74 or</u> <del>over</del> .		115
★ Qualifies for Class 110 except the principal operator of the automobile is age 75 or over.		<u>116</u>
There is a male operator under 25 years of age that is not principal operator of the automobile.		120
There is a male operator under 25 years of age that is principal operator of the automobile.		122
There is a female operator of the automobile under 25 years of age.		124
Qualifies for Class 124 except all female operators of the automobile who are under 25 years of age have completed a satisfactory Driver Training Program as defined in the Massachusetts Private Passenger Automobile Insurance Manual.		126
The automobile is owned by an individual and is used in business		130
Qualifies for Class 120 except all male operators of the automobile who are under 25 years of age have completed a satisfactory Driver Training Program as defined in the Massachusetts Private Passenger Automobile Insurance Manual.		140
Qualifies for Class 122 except all male operators of the automobile who are under 25 years of age have completed a satisfactory Driver Training Program as defined in the Massachusetts Private Passenger Automobile Insurance Manual.		142

Description: Fourth Position (Rating Class)		Code
Rate Class 10: Experienced Operator - licensed at least 6 years		1
Rate Class 15: Experienced Operator - Licensed at least 6 years - Age sixty-five (65) or more		2
Rate Class 17: Inexperienced Principal Operator – Licensed at least 3 years and less than 6 years		3
Rate Class 18: Inexperienced Occasional Operator - Licensed at least 3 years and less than 6 years		4
Rate Class 30: Business Use		5
Rate Class 20: Inexperienced Principal Operator – Licensed less than 3 years - No Driver Training		6
Rate Class 21: Inexperienced Occasional Operator - Licensed less than 3 years - No Driver Training		7
Rate Class 25: Inexperienced Principal Operator – Licensed less than 3 years - Driver Training		8
Rate Class 26: Inexperienced Occasional Operator - Licensed less than 3 years - Driver Training		9

Description: Fifth and Sixth Positions (SDIP Status) *		Code
Regular Premium, Loss and Outstanding Loss Records		00
Safe Driver Insurance Plan Credit Records (Premium Only)		09 - 14
Safe Driver Insurance Plan Surcharge Records (Premium Only)		16 - 35

\* Do not report records with SDIP Step 15.

**Massachusetts Private Passenger Automobile  
Statistical Plan  
Part VI - Coding Section**

**CLASSIFICATION CODE**

**PRIVATE PASSENGER DEFINITION (continued)**

**Valid Statistical Class Code Reporting Table**

<b>Stat Class</b>	<b>Rate Class (Fourth position of Class Code)</b>								
	<b>10 (1)</b>	<b>15 (2)</b>	<b>17 (3)</b>	<b>18 (4)</b>	<b>30 (5)</b>	<b>20 (6)</b>	<b>21 (7)</b>	<b>25 (8)</b>	<b>26 (9)</b>
<b>110</b>	1101		1103	1104		1106	1107	1108	1109
<b>115</b>		1152	1153			1156		1158	
<b><u>116</u></b>		<u>1162</u>	<u>1163</u>			<u>1166</u>		<u>1168</u>	
<b>120</b>	1201			1204			1207		
<b>122</b>	1221		1223			1226			
<b>124</b>	1241		1243	1244		1246	1247		
<b>126</b>	1261		1263	1264				1268	1269
<b>130</b>					1305				
<b>140</b>	1401			1404					1409
<b>142</b>	1421		1423					1428	

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**Massachusetts Private Passenger Automobile  
Statistical Plan  
Part VII – Statistical Data Quality Program**

**Section A - Statistical Data Quality Components**

**1. STATISTICAL SUBMISSIONS (continued)**

★ **~~b. Nil Submissions~~**

~~Notification of a nil submission will be accepted by CAR only if there were no premium, paid loss and/or outstanding loss transactions booked by the company during the accounting month being reported. A Nil Submission Form, which is available at CAR from the Data Analyst assigned to your company, must be submitted for this purpose.~~

**c. Low Volume Company**

A company or company group that has written less than \$500,000 in premium and \$500,000 in paid losses for reportable coverages during the prior calendar year, based on the information contained on their Massachusetts Annual Statement Page 15, is referred to as a low volume company. A low volume company may request the option of reporting data to CAR on a quarterly, rather than monthly, basis.

**d. Due Date**

The due date is generally the first CAR business day 45 days after the close of each accounting month. CAR will notify the industry on a yearly basis of the specific submission due dates that will be in effect for the upcoming calendar year via the Call Schedule, which is issued as an Accounting and Statistical Notice. All premium, paid loss and outstanding loss submissions for a particular accounting month must be received in processable and statistically acceptable condition at the offices of CAR by the close of business on the established due date.

**e. Turnaround Time Commitment**

CAR provides companies with a turnaround time commitment relative to the receipt and processing of monthly submissions. The turnaround time commitment guarantees that all shipments received at CAR prior to the first business day of each month will be processed such that the company will be notified of any reporting problems or rejections no later than the fifth business day of that calendar month. In addition, if required by the company, these rejected tapes will be sent back to the company via Federal Express, no later than the fifth business day of the month, for the receipt by the company no later than the sixth business day of the month. The turnaround time commitment is subject to modification by CAR's Operations Committee.

If the established turnaround time commitment cannot be met by CAR, and as a result, a company's shipment is rejected and cannot be resubmitted by the shipment due date, the key dates used to calculate Statistical Data Quality Penalties for the affected shipments would be adjusted accordingly. However, the cut-off dates for monthly accounting/statistical shipments to be included in CAR's processing cycles would not be adjusted. For those companies that are financially impacted due to the exclusion of their monthly accounting/statistical shipment from a processing cycle because CAR did not meet its turnaround time commitment, CAR will reimburse the company for loss of investment income or provide another appropriate financial remedy.

**Massachusetts Private Passenger Automobile  
Statistical Plan  
Part VII – Statistical Data Quality Program**

**Section A - Statistical Data Quality Components**

★ 4. **MASSACHUSETTS ANNUAL STATEMENT PAGE 15**

For each calendar year, all companies licensed to write automobile insurance in Massachusetts are required to submit an electronic copy of their NAIC Annual Statement filings ~~Massachusetts Annual Statement Page 15~~ to CAR by approximately March 15th of the following year. CAR also requires that companies ~~complete and return special forms with the Page 15~~ submit a hard copy of their Annual Statement. For each of the other three calendar quarters, CAR ~~also~~ collects Massachusetts' statutory Page 14 data (also known as Page 15 or Page 24 data) from companies. ~~on a quarterly basis~~. Note that for all quarters, Annual Statement data must be submitted for each individual company within a group must submit its own Annual Statement Page 15 via CAR's on-line Annual Statement Reconciliation System. ~~These forms are distributed to the industry as an attachment to the Accounting and Statistical Notice containing the specific due date for each quarter.~~ CAR will also inform the industry on an annual basis, via the Annual Call Schedule, of the exact quarterly and final Annual Statement Page 15 due dates on a calendar year basis.

On a quarterly basis, CAR reconciles each company's Massachusetts Annual Statement data ~~Page 15~~ to the statistical data reported by the company through the particular quarter. The reconciliation is performed at the individual company level, not on a group company basis. The reconciliation is performed each quarter in an effort to identify, as soon as possible, reporting problems that may impact the quality of CAR's statistical database. Companies are provided with the results of their reconciliation. If it is determined that a company's statistically reported totals for a given quarter and their quarterly Annual Statement ~~Page 15~~ totals vary by more than 5% for any premium or loss line of business, CAR requests that the company provide a satisfactory written response explaining the difference(s). Additionally, if the difference is due to missing statistical data, then the company will be expected to provide an action plan that details when the missing data will be reported to CAR and how the situation that created the missing data will be rectified. Company responses must be provided to ~~are due at CAR approximately forty-five within thirty (30) calendar days from the date that after the reconciliation results reports are were initially provided mailed to the company.~~

5. **MASSACHUSETTS AUTOMOBILE INSURANCE EXPENSE CALL**

The Massachusetts Automobile Insurance Expense Call pertaining to a particular calendar year will be due at CAR by approximately June 1 of the following year. CAR will notify the industry each year via an Accounting and Statistical Notice of the exact due date of the Massachusetts Automobile Insurance Expense Call for the particular calendar year.

# **Massachusetts Private Passenger Automobile Statistical Plan**

## **Part VII – Statistical Data Quality Program**

### **Section B – Statistical Data Quality Penalties**

In order to encourage companies to report complete and accurate statistical data on a timely basis, CAR has established the Statistical Data Quality Penalties described below. The Statistical Data Quality Program only establishes those penalties that will apply for statistical purposes. Additional penalties may result due to accounting errors on ceded data, and these penalty provisions are contained in the CAR Manual of Administrative Procedures.

Mandated legislative changes and other contingencies that would delay the reporting or processing of data or require substantial operational changes will be reviewed as to their impact on the Statistical Data Quality Program. If sufficient lead time is not available to the companies to submit any of the required reportings to CAR, the Operations Committee will consider the potential need for temporary revisions or suspensions to the provisions of the Statistical Data Quality Program and its associated penalties.

#### **1. STATISTICAL SUBMISSIONS**

This section details the Statistical Data Quality Penalty amounts assessed for late or unreported statistical submissions.

##### **a. Compliance for Newly Reporting Companies**

Companies that fail to report statistical submissions to CAR, after being identified as exceeding the established private passenger reporting thresholds for written premiums and/or paid losses, will be assessed a \$10,000 Statistical Data Quality Penalty the first calendar year. If non-compliance continues, a \$25,000 penalty will be assessed after the second calendar year, and a \$50,000 penalty will be assessed each calendar year thereafter until statistical data reporting begins. Although the determination of whether a company exceeds the established thresholds is based upon the writings of the entire group, this penalty will be assessed on an individual company basis. It will be applied to each company within the identified group, regardless of whether the company on an individual basis has exceeded the reporting thresholds. In addition, the Division of Insurance will be notified of the company's non-compliance.

Example: The 2000 Massachusetts Annual Statement Page 15 indicates that a company has exceeded the reporting thresholds. The company must begin reporting to CAR no later than the December 2002 submission. If a submission is not reported to CAR on or before this deadline, the company will be assessed a \$10,000 Statistical Data Quality Penalty. If the company again fails to report by the December 2003 submission, the company will be assessed a \$25,000 penalty. If the company fails to report by December 2004 submission, the company will be assessed a \$50,000 penalty, and the Division of Insurance will be notified of the company's non-compliance.

##### **★ b. Nil Submissions**

~~If a nil shipment is reported for any month in which written premium, paid loss and/or outstanding loss transactions should have been reported to CAR, a penalty of \$2,000 will be assessed per occurrence.~~

**Massachusetts Private Passenger Automobile  
Statistical Plan  
Part VII – Statistical Data Quality Program**

**Section B – Statistical Data Quality Penalties**

★ 4. **MASSACHUSETTS ANNUAL STATEMENT PAGE 15**

A Statistical Data Quality Penalty of \$50 per CAR business day will be assessed for the late submission of Fourth Quarter NAIC Annual Statement filings and corresponding copy of the Massachusetts Annual Statement. Page 15 and corresponding forms. Also, a Statistical Data Quality Penalty of \$50 per CAR business day will be assessed for a late Fourth Quarter Massachusetts Annual Statement Reconciliation response until CAR receives the response. Since each company that is affiliated with a group is required to report their statistical data on an individual company number level and is required to report a separate Massachusetts Annual Statement data Page 15, the Annual Statement Page 15 penalties will also be assessed on an individual company basis.

5. **MASSACHUSETTS AUTOMOBILE INSURANCE EXPENSE CALL**

A Statistical Data Quality Penalty of \$50 per CAR business day will be assessed for the late submission of the Massachusetts Automobile Insurance Expense Call.

6. **DISPUTED PENALTY FEES**

CAR shall maintain its own records for the purpose of determining whether or not a company has submitted all required data. In case of a disagreement regarding whether a company is delinquent in submitting data, the records of CAR shall become the deciding factor. Statistical Data Quality Penalties may be appealed to CAR's Operations Committee. However, it is necessary for the company to pay the penalty amount before such an appeal can be considered. Any company aggrieved by the findings of the Operations Committee may appeal the decision to CAR's Governing Committee. All decisions of the Governing Committee shall be final.