Section A - Statistical Data Quality Components

★ **4.** <u>**DISTRIBUTIONAL ANALYSIS PROGRAM**</u>

The Distributional Analysis Program is run on a semi-annual basis. Various reports are made available to companies on CAR's website which focus on the reporting of critical data elements used in a number of different processes such as quota share and ratemaking. Those data elements are used in comparing a company's distribution of statistically reported data to like distributions of industry-wide data. The edits are designed to determine whether significant variances are due to a company's unique book of business or reflective of a systemic reporting problem.

a. Due Date

Twice per year following the processing of the June and December monthly accounting/statistical shipments, CAR runs its Distributional Analysis program, posts results to its website for company review, and establishes a due date for the input of company explanations of any identified over tolerance conditions. The established due date for the entry of company explanations is approximately 60 calendar days from the date the Distributional Analysis reports are available.

b. Acceptability

In those instances where CAR identifies a potential reporting issue, it will formally notify those companies identified as having the potential reporting issue and provide a specific due date for the reporting issue to be resolved. In those instances where a company identifies a reporting issue, as a result of an over tolerance condition, the company should provide an action plan for fixing those issues going forward within a one year time period.

Section B – Statistical Data Quality Penalties

★ **4.** **DISTRIBUTIONAL ANALYSIS PROGRAM**

This section details the Statistical Data Quality Penalty amounts that companies will be assessed if a company does not respond to an over tolerance condition by the established due date and/or does not correct its statistical reporting issue, on a going forward basis, within one year of having been identified. Since each company that is affiliated with a group is required to provide a response on an individual company level, the penalties are also assessed on an individual company basis. Furthermore, the penalty is also assessed separately for premium and loss reporting.

Distributional Analysis Reports Meeting the Following Criteria	Penalty Amount
The initial due date has expired and the company has not responded to at least 75% of the cited over tolerance conditions	$150
The company was notified of its missing explanation, the second due date has expired (60 days after the first due date), and the company has not responded to at least 75% of the cited over tolerance conditions	$150
The one year due date for resolving an identified reporting issue has passed and the issue is not yet resolved	$3,000
Each additional calendar month that the reporting issue is not resolved.	$3,000

Example: June release of Distributional Analysis Reports approximately September 1		
Due Date For Response	Calculation of Penalty	Penalty Dollars
11/1	$150	$150
1/1	$150 + $150	$300

Due Date For Resolved Reporting Issue	Calculation of Penalty	Penalty Dollars
June Monthly Submission of following year: approx. 8/15	$3,000	$3,000
July Monthly Submission of following year: approx. 9/15	$3,000 + $3,000	$6,000
August Monthly Submission of following year: approx. 10/15	$3,000 + $3,000 + $3,000	$9,000

TERRITORY CODE

ALPHABETICAL LISTING

1. Cities and Towns are printed in Capital Letters.

2. Villages, Sections of Cities and Towns, and Local Designations are printed in Small Type with the name of the corresponding City or Town in the adjacent column.

3. Sections of Cities and Towns designated "North", "East", "South" and "West" or with a prefix or suffix that is merely supplemental to the principal name (such as West Newton or Arlington Heights) are not separately listed (see principal designation). In some instances there are two distinct townships, such as Reading and North Reading, in which case both towns are listed.

4. Counties are indicated by code, using the first position of the Territory Code as follows:

First Position	County	First Position	County
0	Barnstable	4	Franklin
	Dukes		Hampden
	Nantucket	5	Hampshire
	Plymouth	6	Middlesex
1	Berkshire	7	Norfolk
2	Bristol	8	Suffolk
3	Essex	9	Worcester

5. The City of Boston is divided into sections as follows:

City of Boston		
Definition	**ZIP Code**	**Statistical Code**
BOSTON CENTRAL	02108-02111, 02113-02116, 02118, 02133, 02199, 02203, 02210, 02215, 02222	821
BRIGHTON	02134, 02135, 02163	822
CHARLESTOWN-EAST BOSTON	02128, 02129	824
DORCHESTER	02122, 02124, 02125, 02126	819
HYDE PARK	02136	818
JAMAICA PLAIN	02130	817
ROSLINDALE	02131	816
ROXBURY	02119, 02120, 02121	820
SOUTH BOSTON	02127	823
WEST ROXBURY	02132	815

6. The appropriate Out of State Territory Codes are as follows:

Location	Code
Connecticut	991
Maine	992
New Hampshire	993
New York	994
Rhode Island	995
Vermont	996
★ New Jersey	997
★ Pennsylvania	998
Other	999

TERRITORY CODE

NUMERICAL LISTING

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