TECHNICAL USER GUIDE

For

CAR'S ONLINE ANNUAL STATEMENT RECONCILIATION SYSTEM

Revised: May 9, 2016

GENERAL INFORMATION

The Massachusetts' Automobile Statistical Plans state that:

> "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 to CAR by approximately March 15th of the following year. CAR also requires that companies submit a hard copy of their Annual Statement. For each of the other three calendar quarters, CAR collects Statutory Page 14 data for Massachusetts from companies via CAR's online Annual Statement Reconciliation System."
>
> "On a quarterly basis, CAR reconciles each company's Massachusetts Annual Statement data to the statistical data reported by the company through the particular quarter. 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."

Accordingly, companies provide, for quarters 1, 2 and 3, their premium and paid loss dollars by annual statement line and for quarter 4 (year-end), they provide a copy of their NAIC filing from which CAR extracts the appropriate premium and paid loss dollars. In addition to the basic Page14 data, companies must also provide premium and paid loss dollars for Non-Reportable Coverages. Non-Reportable coverages are defined as those coverages that are not included in the statistical plans (such as excess/umbrella premium or lenders collateral protection).

The due date for Annual Statement Page 14 data is:

Page 14 Quarter/Year	Stat Shipments	Approximate Due Date
1st Q	Jan – Mar	June 15
2nd Q	Jan – June	September 15
3rd Q	Jan – Sept	December 15
4th Q	Jan – Dec	March 15

After incorporating the premium and loss data for Non-Reportable Coverages into the process, CAR reconciles the Page 14 data to the statistically reported data. CAR provides the results of the reconciliation to companies for review. If the statistically reported totals and the Annual Statement Page 14 totals vary by more than 5% for any premium or loss line of business, then the company is required to provide an explanation for that difference. Additionally, if the difference is due to missing statistical data, then the company is also expected to provide an action plan that details when the missing data will be reported to CAR, and how the situation that created that missing data will be rectified.

A Statistical Data Quality Penalty of $100 per CAR business day will be assessed for the late submission of Page 14 data, which includes the supplemental call for Non-Reportable Coverages. Furthermore, a $100 per CAR business day penalty is also assessed for a late Explanation response.

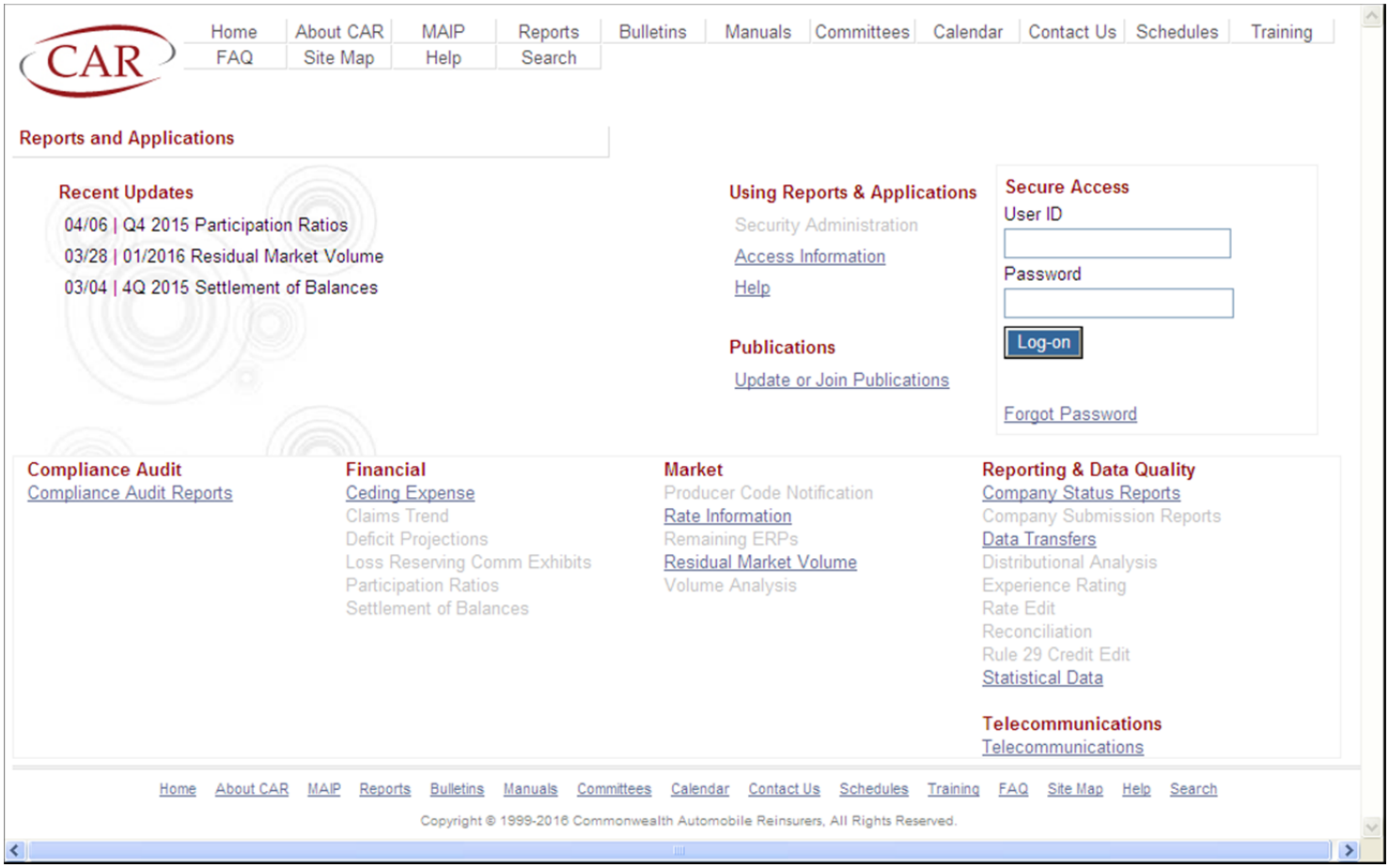
ACCESSING THE SYSTEM

The Annual Statement Reconciliation application is secure in that users must have a valid user-id and password to access an application. Furthermore, users are also limited to viewing/accessing data related to their specific company or group of companies.

To access this system:

- Select Reports from the Home Page
- Enter your User ID and Password
- Under the Reporting & Data Quality heading, select Reconciliation
- You will be brought to the Reconciliation Main Menu page

Exhibit 1



ACCESSING THE SYSTEM

If an invalid user-id or password is entered the following message will appear:

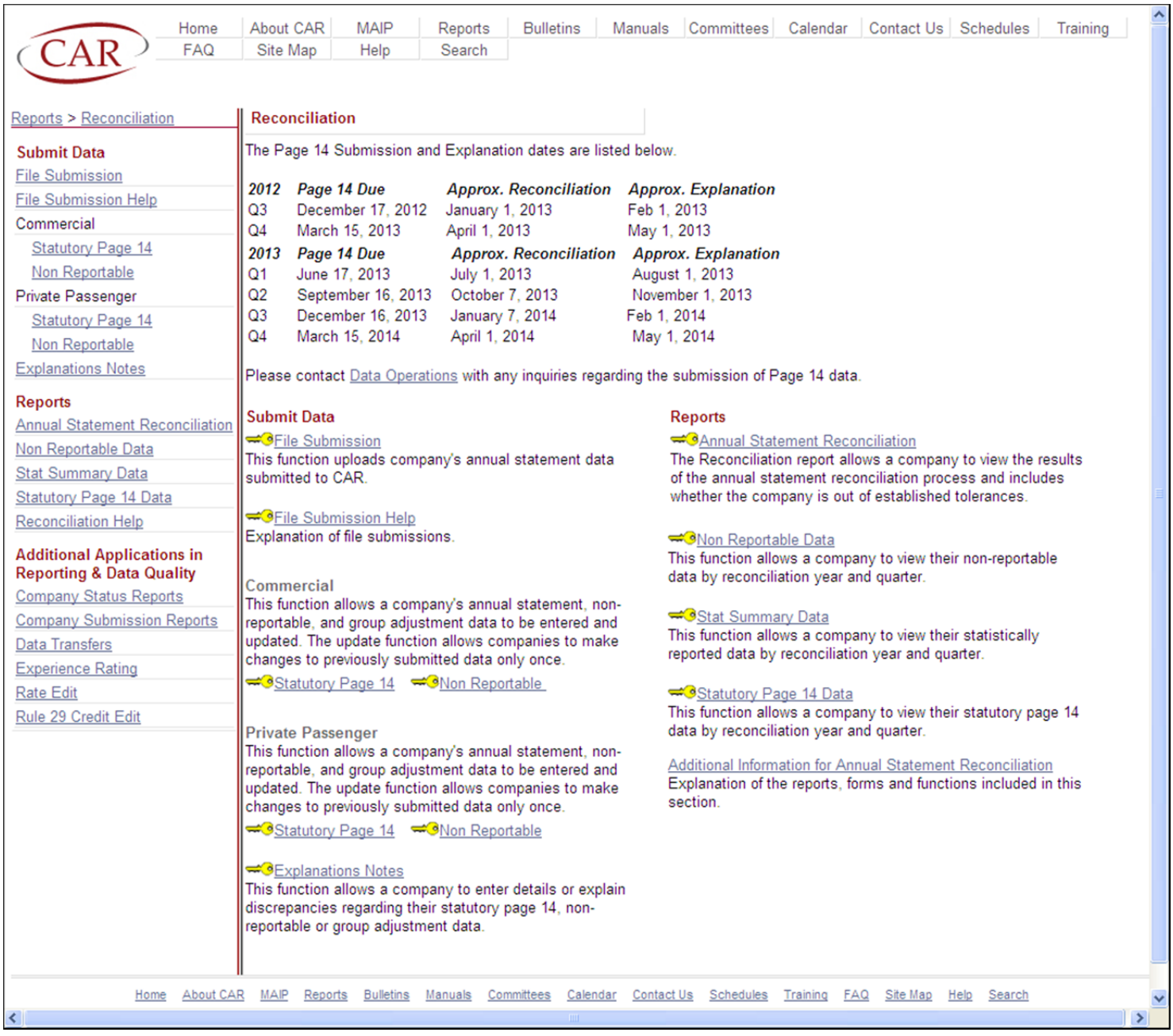
"Invalid User Id – Please Contact your Security Administrator."

Three unsuccessful attempts will result in your user-id becoming disabled. The following message will appear:

"Too many failed attempts (3) – Please contact your Security Administrator"

A valid user-id and password combination will bring you to the following screen:

Exhibit 2



Submit Data

As shown below, there are three functions involved in the submission of data

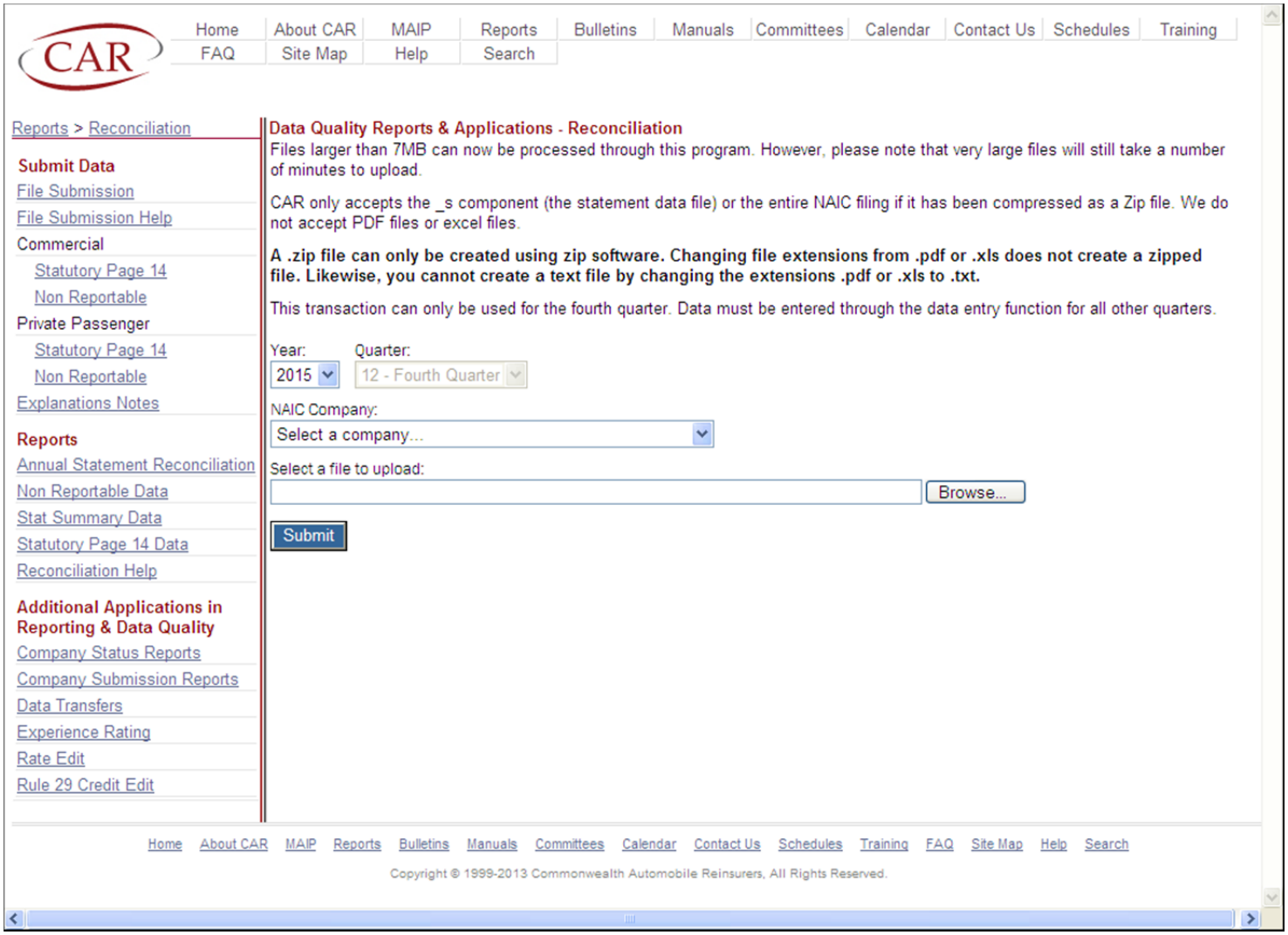
- File submission allows a company to upload their company's Annual Statement Data. **This option should only be used to submit 4th Quarter data (year-end).**
- Entry of data allows a company to report, via data entry, Page 14 data, and Non-Reportable data, all by market segment and coverage. Note that the Page 14 data entry functions should only be used for 1st, 2nd, and 3rd Quarter data, whereas the Non-Reportable data functions should be used for all quarters (if they are appropriate for your company's data).
- Explanation Notes allows a company to provide information about the cause of out-of- balance conditions, as well as any corrective actions that need to be taken to rectify the out-of-balance condition (for example, if missing data needs to be reported).

- File Submission (only to be used with 4th Quarter)

  To perform this function:

  - Select File Submission
  - Select the appropriate company. Note that if there is more than one company in your group, you will need to perform this process for each company.

Exhibit 3



SUBMIT DATA

- File Submission (continued)

1. Click the Browse button to select the file to upload.

   CAR's uses the NAIC-required naming convention:

   CCCC_VC_S_YYYY_F_D_VV_SA_SS_ZZ.ZIP

   CCCC indicates the five-digit NAIC Company Code corresponding to the data being submitted.

   VC indicates the Vendor Code.

   S indicates the Statement Type Code (will always be P-property and casualty for CAR submissions).

   YYYY indicates the Data Year.

   F indicates Filing Type (usually O for original, but A for amended and R for refile are acceptable as well).

   D indicates Filing Period. (CAR only accepts M-March Annual).

   VV indicates Version (the original version is 1 (one) and the number is incremented with each re-filling, up to 99).

   SA indicates Separate Accounts Versions (will always be 0 [zero] for CAR submissions).

   SS indicates State Supplemental Code (always NA for CAR submissions).

   ZZ indicates Zip Version number, with a file extension of "ZIP".
   or “zip” when several zip files are used in representing a single submission

   “S” or “s” with a file extension of “TXT” or “txt” when submitting just the Statement Data File.

   .ZIP or .TXT indicates the File Extension (determined by the Zip Version Number)

   Accordingly, the file name for out test company would be most likely be either 99999_01_P_2003_O_M_1_0_NA_5.ZIP or 99999_01_P_2003_O_M_1_NA_S.TXT (note that CAR’s program will accept a file regardless of whether lower or upper case letters are used).

   Please do not submit an excel spreadsheet or PDF file that has just had its name changed to meet the requirements.

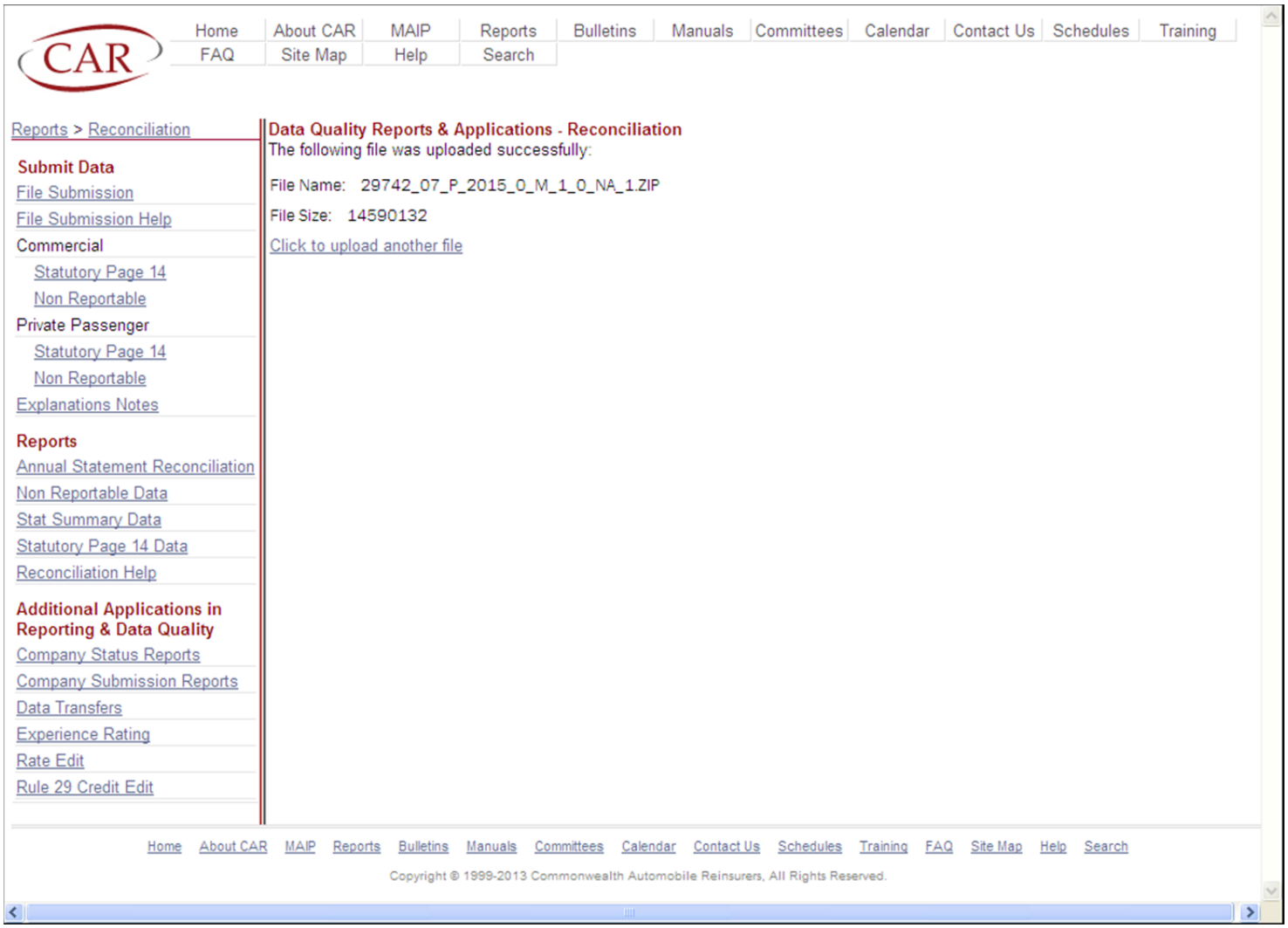
SUBMIT DATA

- File Submission (continued)

2. Click the SUBMIT FILE button.

Upon successful completion, the following message appears

Exhibit 4



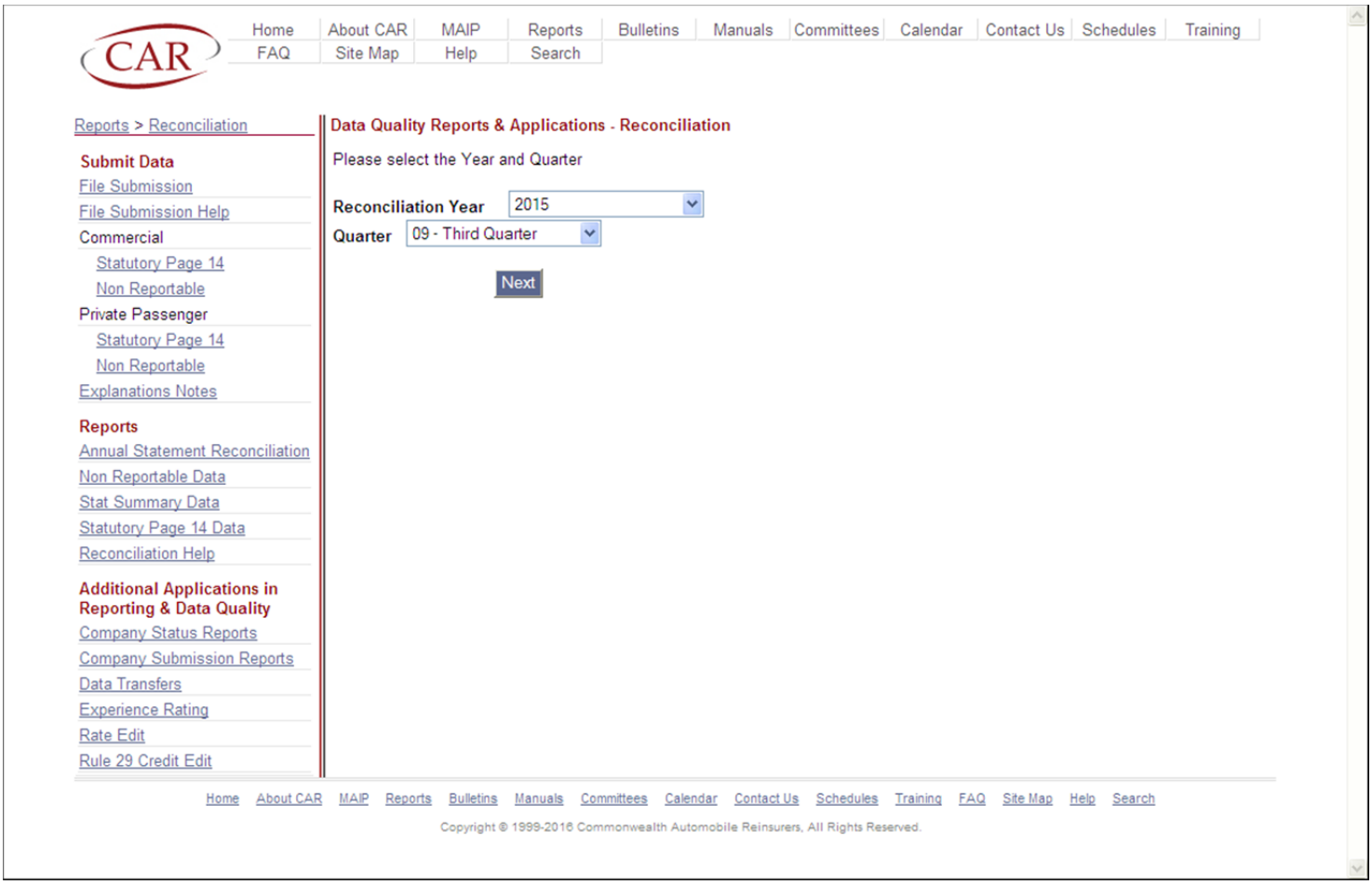
SUBMIT DATA

- Page 14 Data (Commercial or Private Passenger)

To perform this function:

- Select Page 14 Data (either Commercial or Private Passenger)
- Select the appropriate Reconciliation Year and Quarter

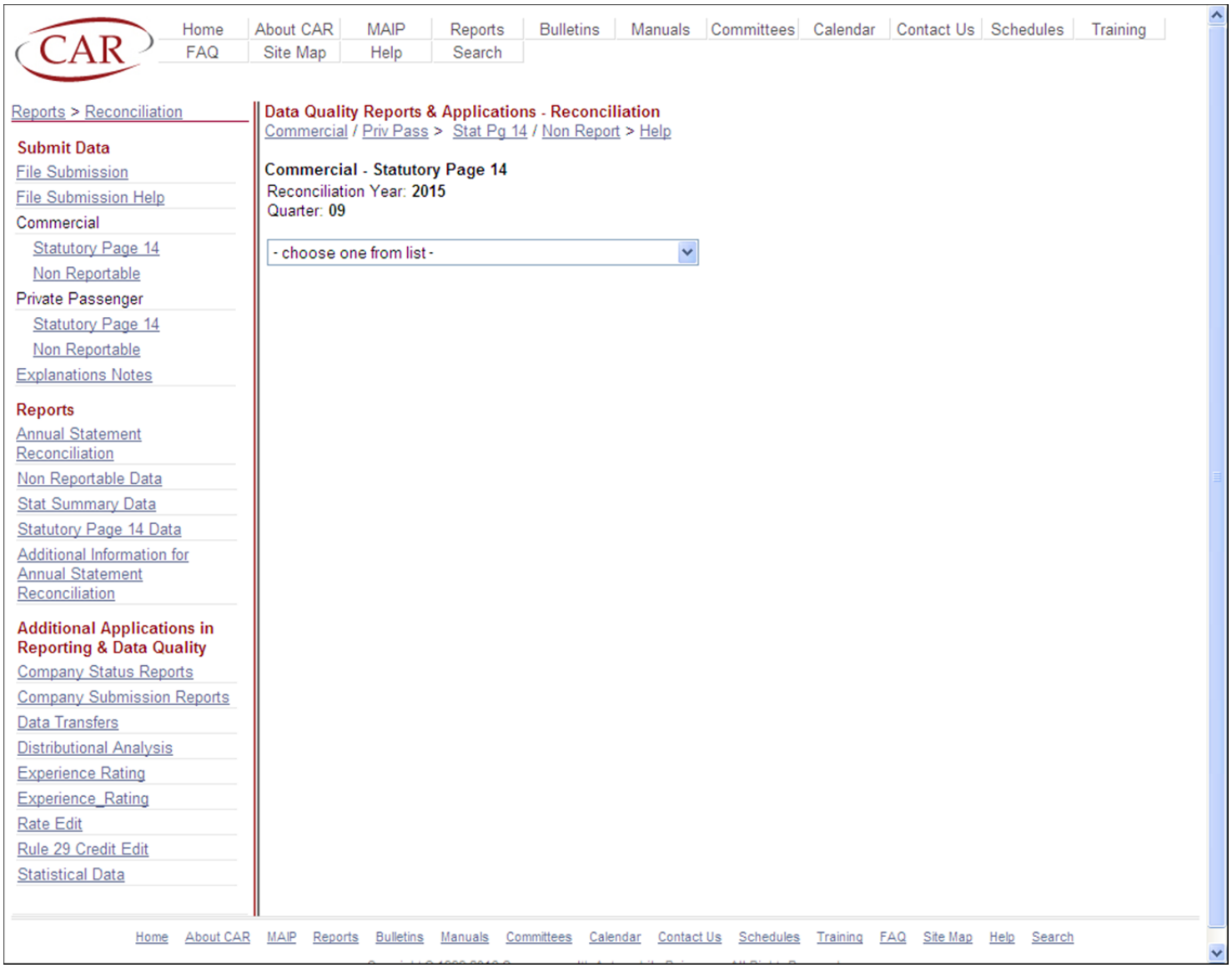
Exhibit 5



SUBMIT DATA

- Page14 Data (Commercial or Private Passenger) (continued)
    - Select the appropriate company

Exhibit 6

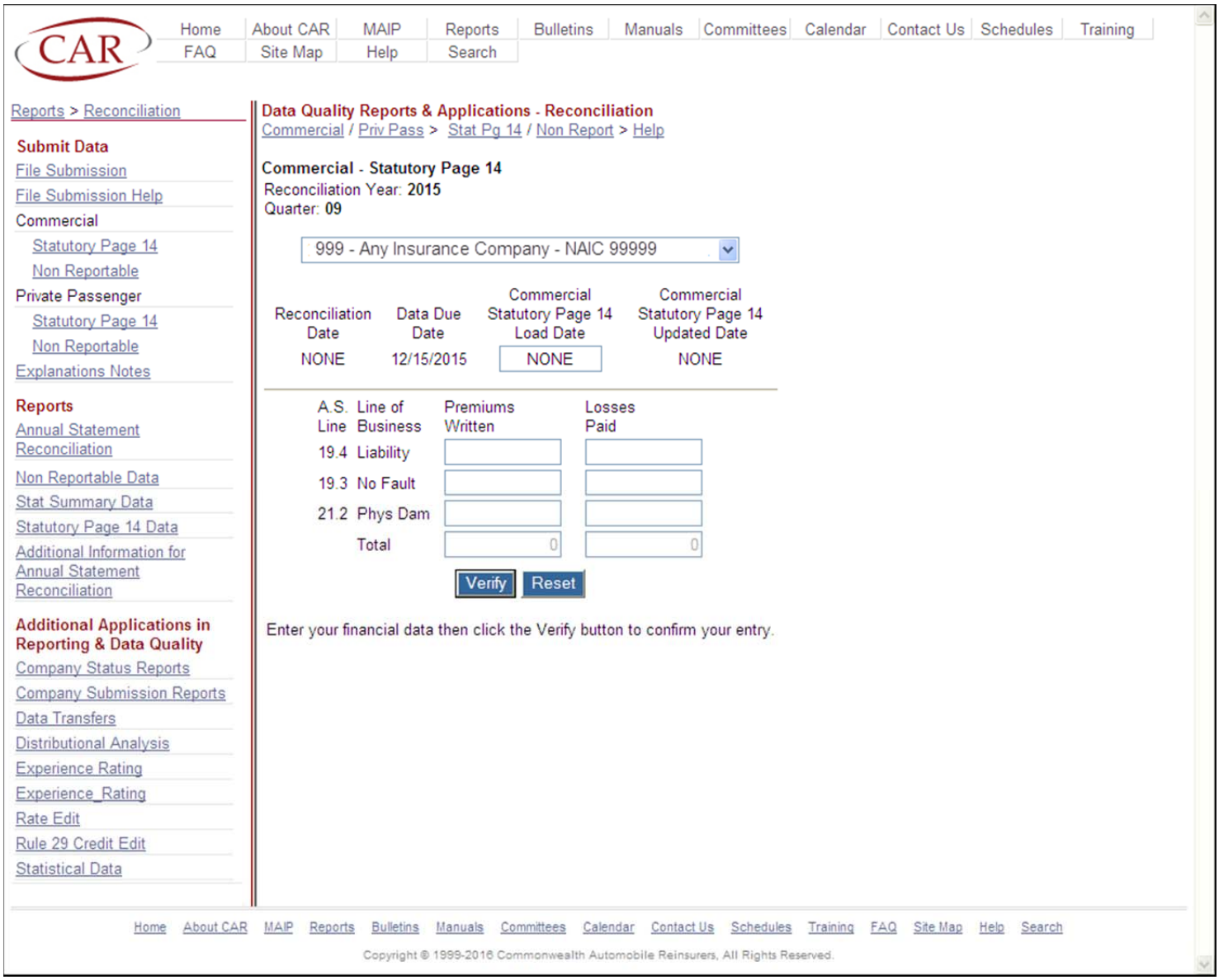


SUBMIT DATA

- Page 14 Data (Commercial or Private Passenger) (continued)

The following screen will appear:

Exhibit 7



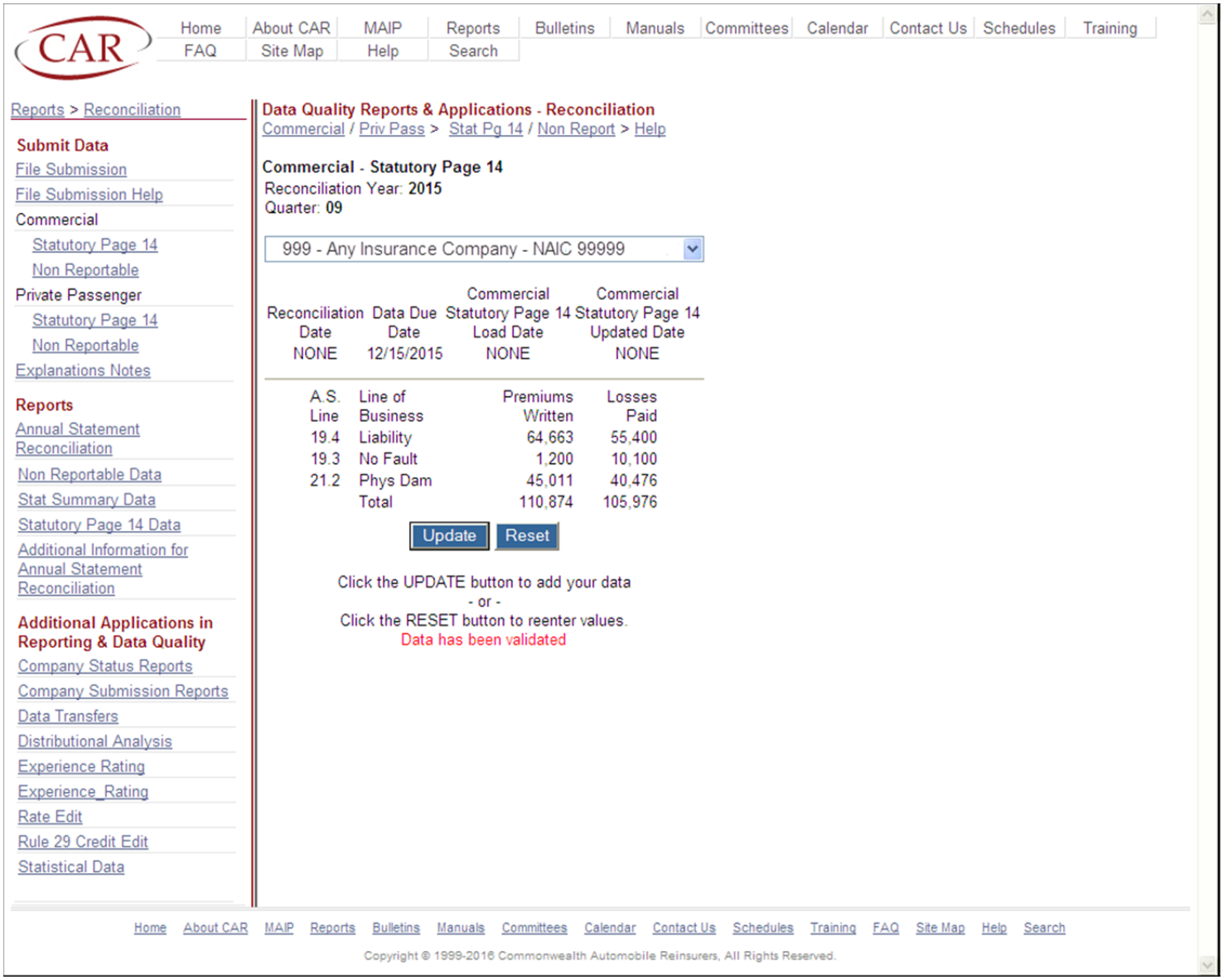
This is a common screen for the Page 14 Data, and Non-Reportable Data functions. The tertiary navigation (also known as the 'carrot path') functions as a menu, so that the user can easily select one data entry function after completing another. (For example, once the Commercial Page 14 data has been completed, you can click on Non-Reportable and provide that information. Similarly, once the Commercial information has been completed, you can click on Private Pass[enger] and provide that information.)

SUBMIT DATA

- Page 14 Data (Commercial or Private Passenger) (continued)

After entering data into the first box, (do not use commas in the numbers), you can use the Tab button to proceed to the Losses Paid box or move your cursor to a different box. The totals will automatically be updated as you enter information. Once you have completed entering data, click on the Verify button. The following screen will appear:

Exhibit 8



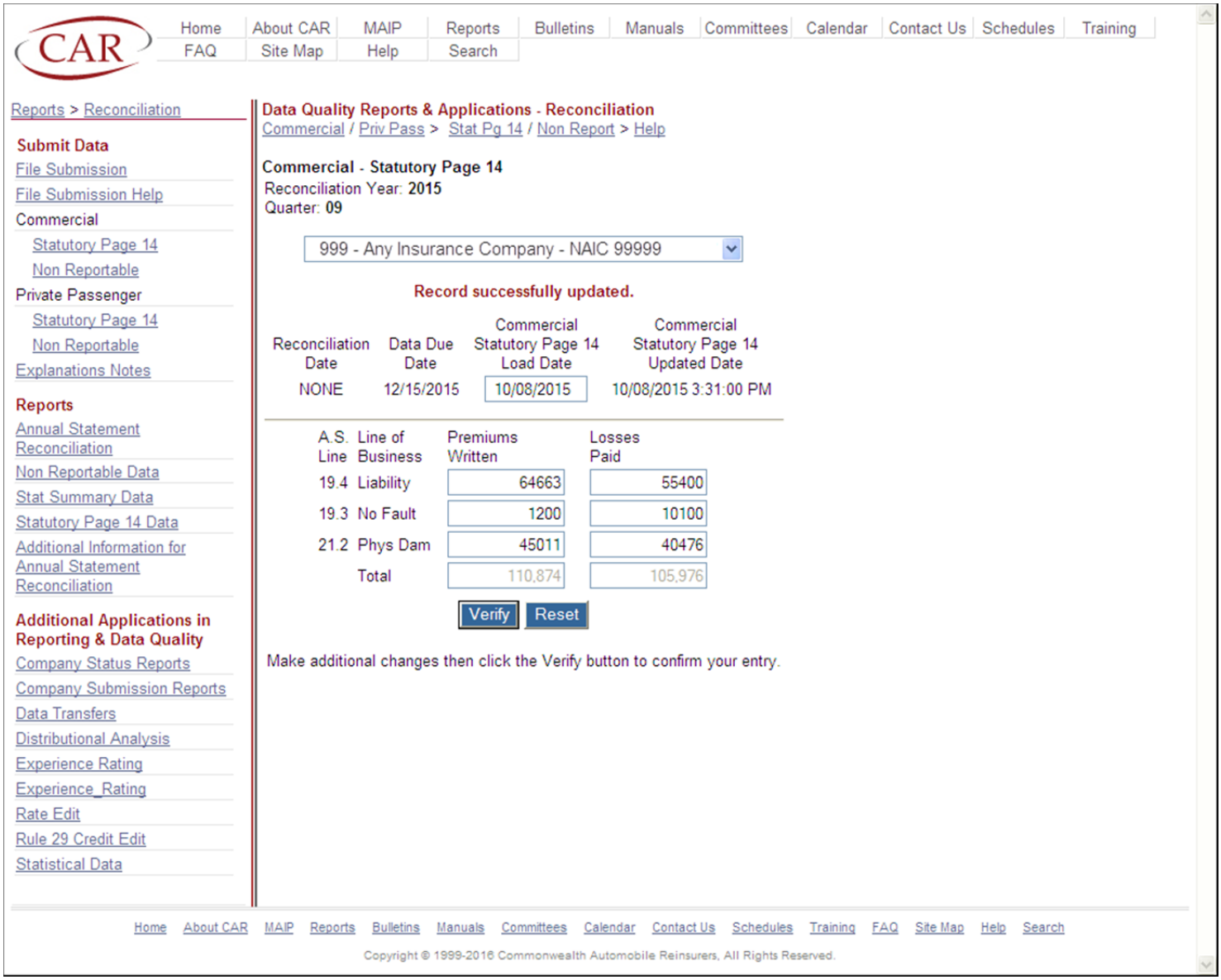
SUBMIT DATA

- Page 14 Data (Commercial or Private Passenger) (continued)

  This screen should be used to verify that the data entered is correct. After reviewing your data, click on the Update button to apply your update. The message "Record successfully updated" will appear. Additionally, the Page 14 Updated Date field will be updated to reflect the date of your activity (as shown on the screen below). If the data shown was not correct, then click on the Reset button to clear the numbers and begin again.

  Note: The collection of Page 14 data is a two-step process. You must click on Verify and then click on Update in order to successfully report the Page 14 data.

Exhibit 9



SUBMIT DATA

- Page 14 Data (Commercial or Private Passenger) (continued)

  Note that you cannot enter data beyond the end of the month of the due date. For example, the March quarter Page 14 data is generally due on June 15th, so the system will only allow update access until June 30th. If it is beyond the system allowable update date, the message "Past Data Due Date. Contact CAR personnel to make changes" will appear on the screen.

  Similarly, you cannot update data once it has already been accepted by the system. Accordingly, if data has already been accepted, the message "Contact CAR personnel to make changes" will appear on the screen.

- Non-Reportable Data (Commercial or Private Passenger)

  After completing the reporting of Page 14 data, Non-Reportable data should be entered in the system next. Note that not every company has non-reportable coverages, and thus this function may not be applicable for your company. Non-Reportable coverages are defined as those coverages that are not included in the statistical plans (such as excess premium or lenders collateral protection). Because statistical data for these coverages cannot be reported to CAR, the non-reportable data is subtracted from the Page 14 data prior to the reconciliation.

  To perform this function:

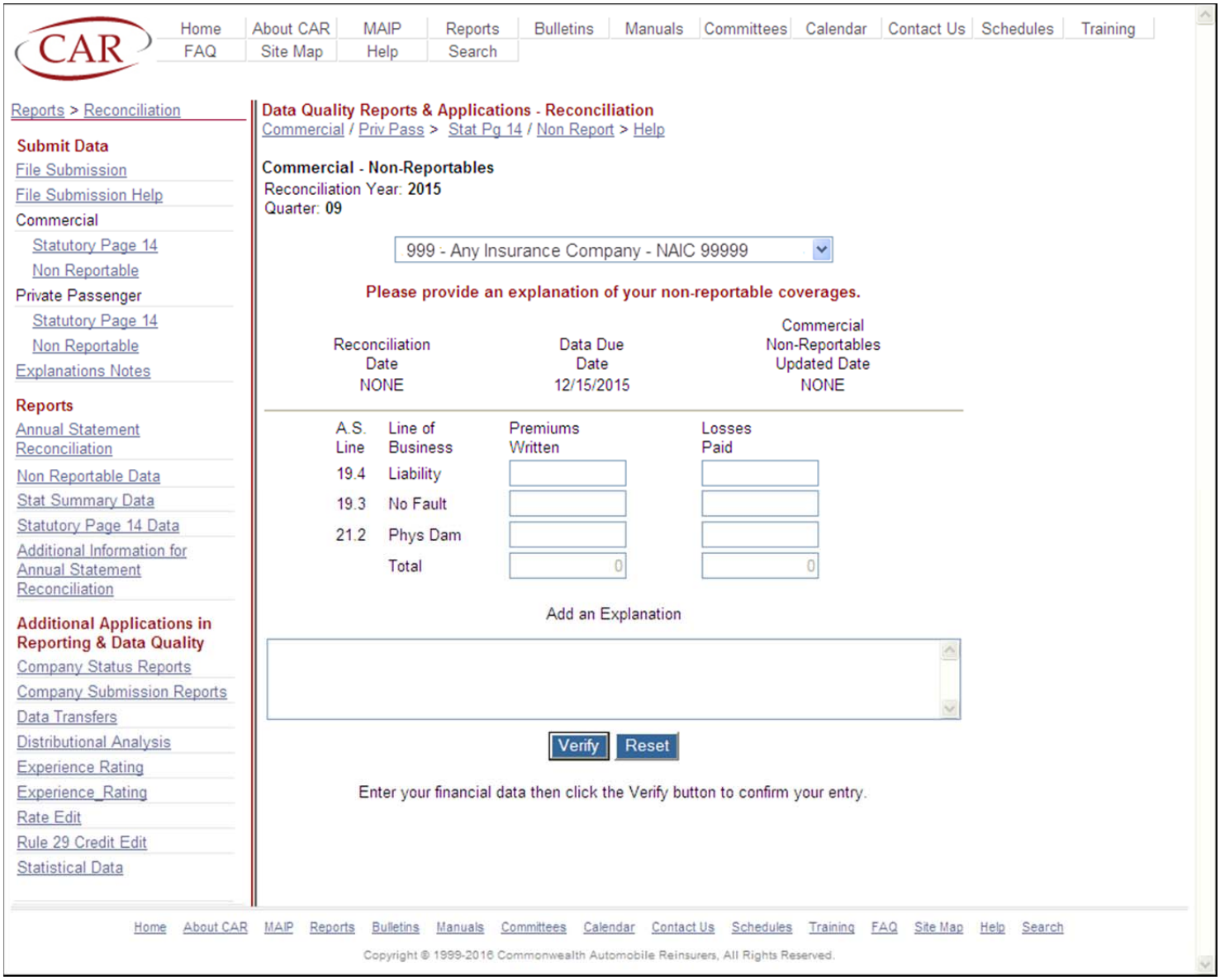
  - Select Non-Reportable Data (either Commercial or Private Passenger)
  - Select the appropriate Reconciliation Year and Quarter
  - Select the appropriate company

SUBMIT DATA

- Non-Reportable Data (Commercial or Private Passenger)

The following screen will appear

Exhibit 10



SUBMIT DATA

- Non-Reportable Data (Commercial or Private Passenger) (continued)

  You only need to enter non-zero data (as shown in the previous screen) and an explanation of what your non-reportable business is, including the coverage that the non-reportable premium and losses apply to. When you have completed entering your data, click on the Verify button. The review screen will appear, click Update and you will be returned to the entry screen. The Non- Reportables Updated Date will be updated to reflect the date of your activity.

- Explanations Notes

  Approximately two weeks after the due date for reporting Page 14 data, CAR performs the reconciliation of Page 14 data to the statistically reported data. Once the reconciliation has been reviewed for accuracy and has been accepted, email notices are sent to all the Annual Statement Liaisons informing them that the results of the reconciliation can be viewed. Companies are required to provide an explanation for any differences between the Page 14 and Statistical data that is greater than 5%.

  The Explanations Notes is the function that should be used for this requirement. Additionally, companies are also required to provide a short description in the Explanations Notes function of any non-reportable coverages.

  To perform this function:

  - Select Explanations Notes
  - Select the appropriate Reconciliation Year and Quarter
  - Select the appropriate company

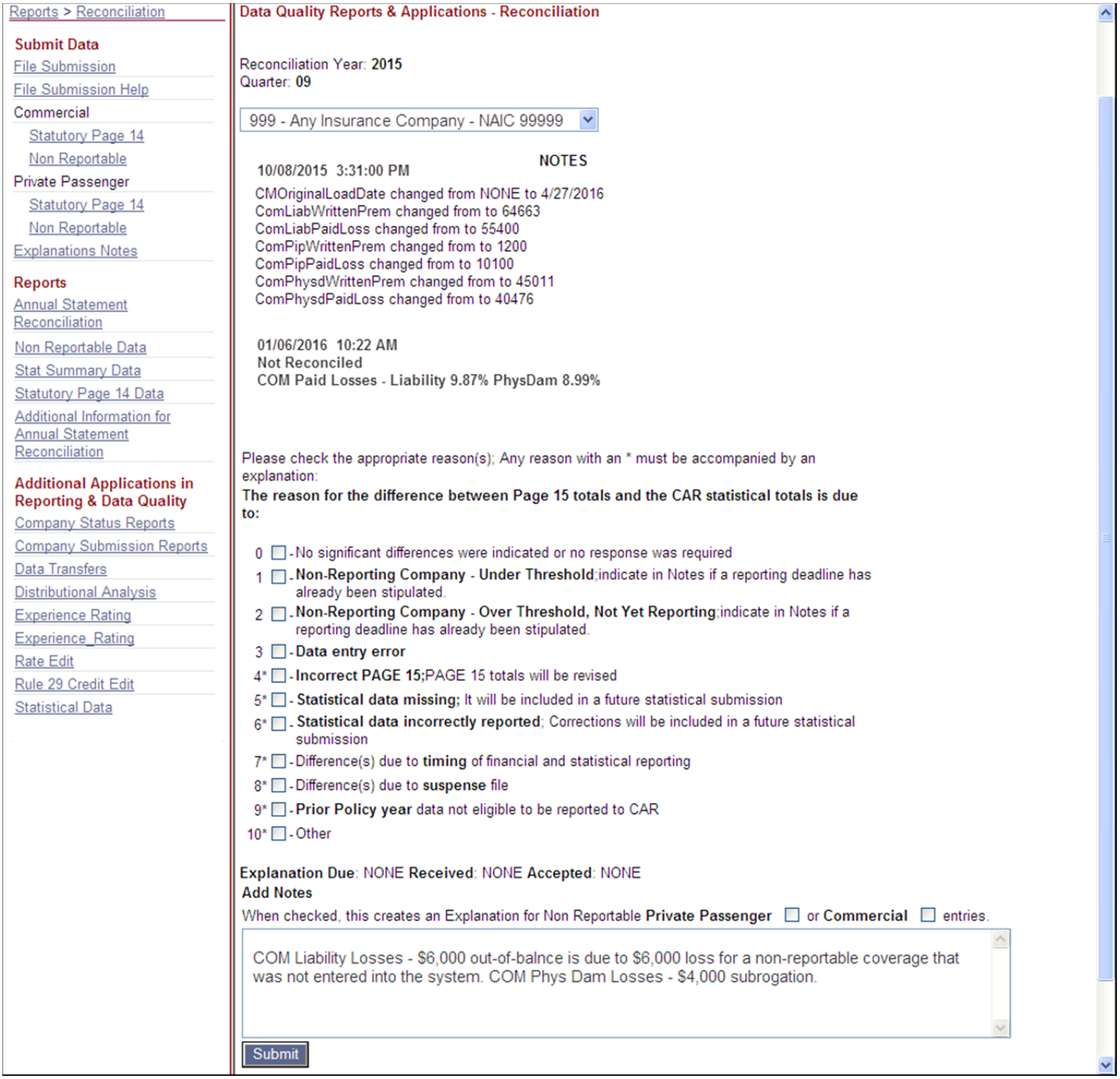
  The top part of the screen displays the Quarter/Year and the Company selection (note that there is drop-down box that will allow you to change the company code without leaving the Explanations Notes function). The Due Date for the Explanation is provided as well as all the previous notes, including system generated notes, and CAR and company notes.

  The bottom part of the screen displays the Reason Code section and a place for you to provide your explanation. You should click on as many boxes/reasons that are applicable for your out-of-balance situations and then use the Add Notes box to provide your explanation. When you have finished entering your explanation, click on the Submit button. Upon a successful completion, the Date Explanation will be updated to reflect the date of your activity.

SUBMIT DATA

- Explanations Notes (continued)

Exhibit 11



REPORTS

There are four reports available to view the results of the annual statement reconciliation and reported data.

Exhibit 12

REPORTS

- Annual Statement Reconciliation

The Annual Statement Reconciliation report allows a company to view the results of the annual/quarter statement reconciliation process and includes whether the company is out of established tolerances. The Page 14 and Statistical Summary totals shown on this report have already been updated for Non-Reportable entries. This report is only available after CAR has run the actual reconciliation (generally run the 1st week of the month after the Page 14 data is due).

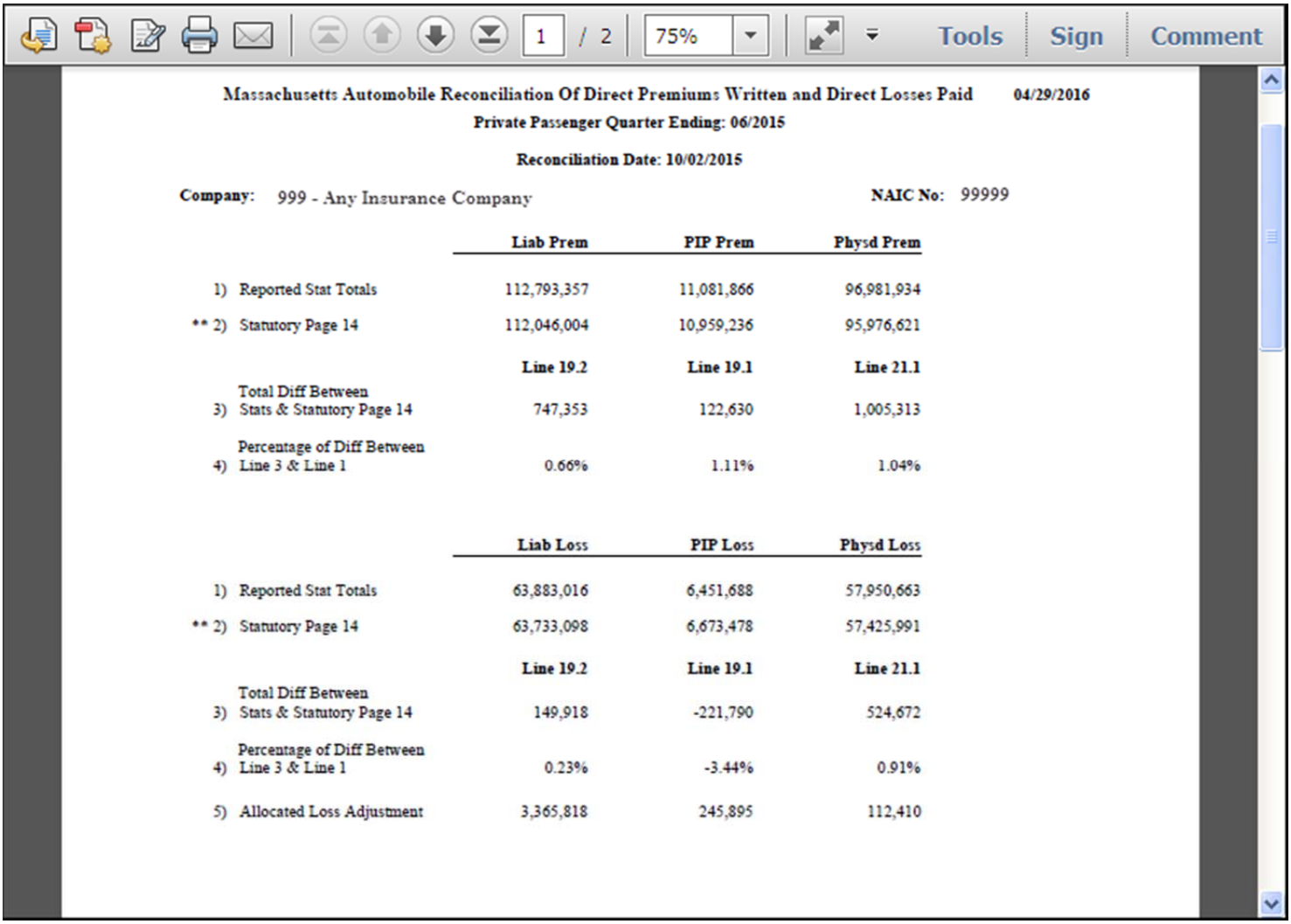
To perform this function:

- Select Annual Statement Reconciliation
- Select the appropriate Reconciliation Year and Quarter
- Select the appropriate company

The following screen will appear. Note that the reports will appear in the following order:

- Private Passenger Written Premium
- Private Passenger Direct Losses Paid
- Commercial Written Premium
- Commercial Direct Losses Paid

Exhibit 13



Massachusetts Automobile Reconciliation Of Direct Premiums Written and Direct Losses Paid **04/29/2016**

Private Passenger Quarter Ending: 06/2015

Reconciliation Date: 10/02/2015

Company: 999 - Any Insurance Company **NAIC No:** 99999

		Liab Prem	**PIP Prem**	**Physd Prem**
1)	Reported Stat Totals	112,793,357	11,081,866	96,981,934
** 2)	Statutory Page 14	112,046,004	10,959,236	95,976,621
		Line 19.2	**Line 19.1**	**Line 21.1**
3)	Total Diff Between Stats & Statutory Page 14	747,353	122,630	1,005,313
4)	Percentage of Diff Between Line 3 & Line 1	0.66%	1.11%	1.04%

		Liab Loss	**PIP Loss**	**Physd Loss**
1)	Reported Stat Totals	63,883,016	6,451,688	57,950,663
** 2)	Statutory Page 14	63,733,098	6,673,478	57,425,991
		Line 19.2	**Line 19.1**	**Line 21.1**
3)	Total Diff Between Stats & Statutory Page 14	149,918	-221,790	524,672
4)	Percentage of Diff Between Line 3 & Line 1	0.23%	-3.44%	0.91%
5)	Allocated Loss Adjustment	3,365,818	245,895	112,410

REPORTS

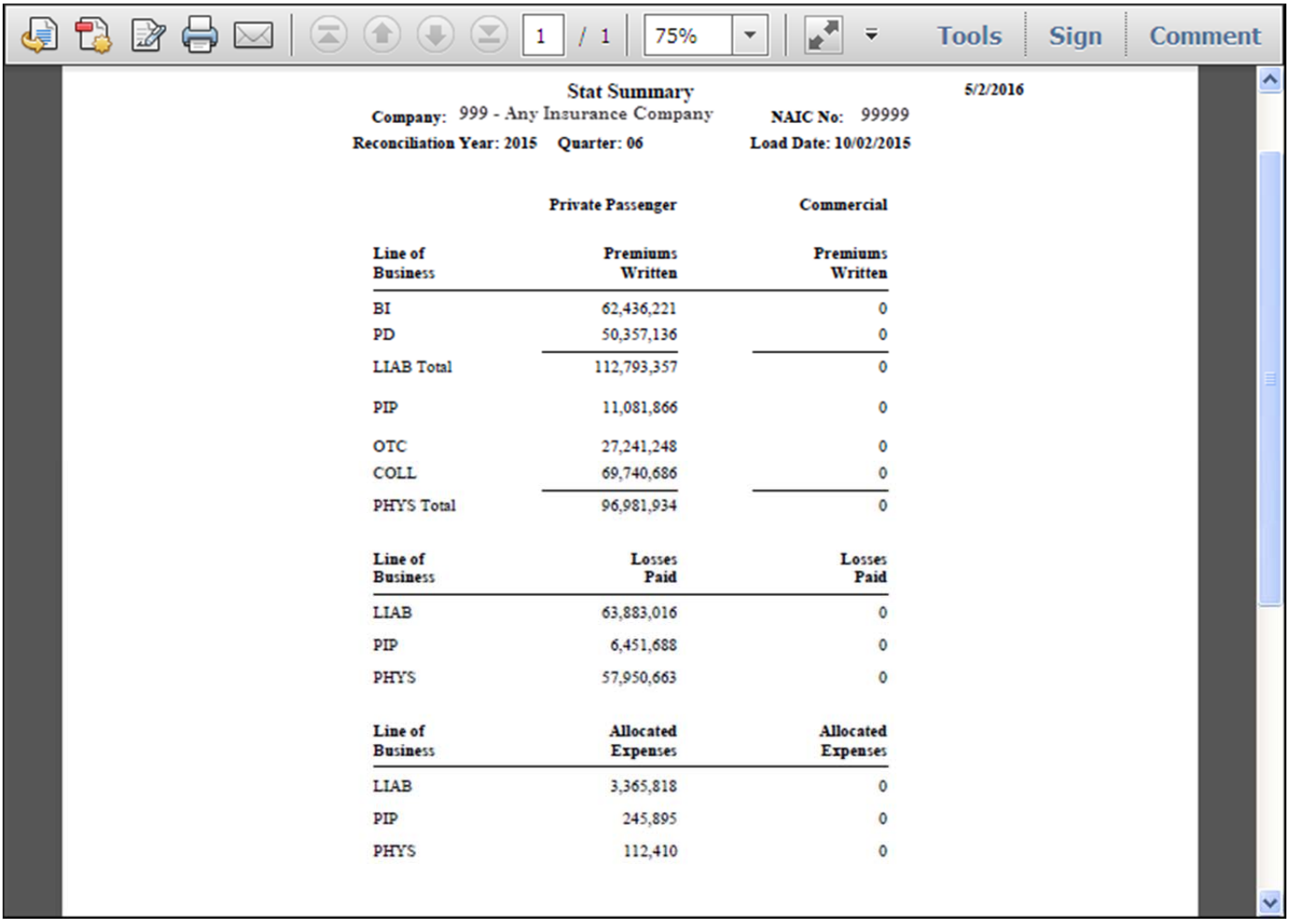
- Stat Summary Data

The Statistical Summary Data report allows a company to view their statistically reported data for a specific year and quarter. Note that this report is only available after CAR has summarized and downloaded the data from our mainframe (generally the first week of the month after the Page 14 data is due). Furthermore, only data that has been reported at the time that the summarization process has occurred will be included in the report.

To perform this function:

- Select Stat Summary Data
- Select the appropriate Reconciliation Year and Quarter
- Select the appropriate company

Exhibit 14



Stat Summary 5/2/2016

Company: 999 - Any Insurance Company **NAIC No:** 99999

Reconciliation Year: 2015 Quarter: 06 **Load Date: 10/02/2015**

	Private Passenger	Commercial
Line of Business	**Premiums Written**	**Premiums Written**
BI	62,436,221	0
PD	50,357,136	0
LIAB Total	112,793,357	0
PIP	11,081,866	0
OTC	27,241,248	0
COLL	69,740,686	0
PHYS Total	96,981,934	0

Line of Business	**Losses Paid**	**Losses Paid**
LIAB	63,883,016	0
PIP	6,451,688	0
PHYS	57,950,663	0

Line of Business	**Allocated Expenses**	**Allocated Expenses**
LIAB	3,365,818	0
PIP	245,895	0
PHYS	112,410	0

REPORTS

- Page 14 Data

The Page 14 Data report allows a company to view their Page 14 data for a specific year and quarter. Note that the data shown in this report is the original Page 14 data – it is not adjusted for non-reportable coverages (only the Reconciliation Report shows adjusted numbers).

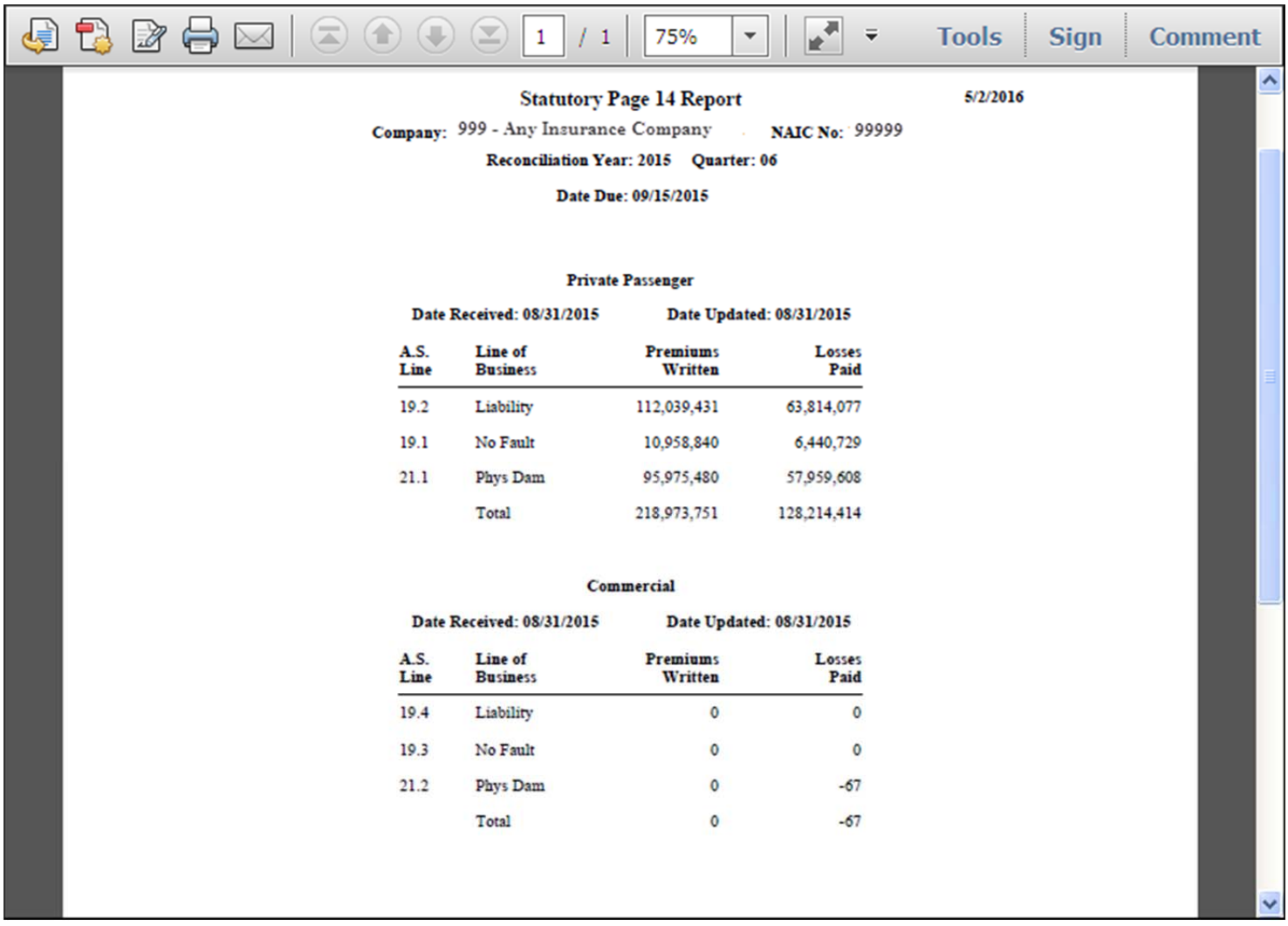
To perform this function:

- Select Page 14 Data
- Select the appropriate Reconciliation Year and Quarter
- Select the appropriate company

The following screen will appear. Note that the reports will appear in the following order:

- Private Passenger
- Commercial

Exhibit 15



Statutory Page 14 Report 5/2/2016

Company: 999 - Any Insurance Company **NAIC No:** 99999

Reconciliation Year: 2015 Quarter: 06

Date Due: 09/15/2015

Private Passenger

Date Received: 08/31/2015 Date Updated: 08/31/2015

A.S. Line	Line of Business	Premiums Written	Losses Paid
19.2	Liability	112,039,431	63,814,077
19.1	No Fault	10,958,840	6,440,729
21.1	Phys Dam	95,975,480	57,959,608
	Total	218,973,751	128,214,414

Commercial

Date Received: 08/31/2015 Date Updated: 08/31/2015

A.S. Line	Line of Business	Premiums Written	Losses Paid
19.4	Liability	0	0
19.3	No Fault	0	0
21.2	Phys Dam	0	-67
	Total	0	-67

REPORTS

- Non-Reportable Data report

The Non-Reportable Data report allows a company to view their non-reportable data for a specific year and quarter.

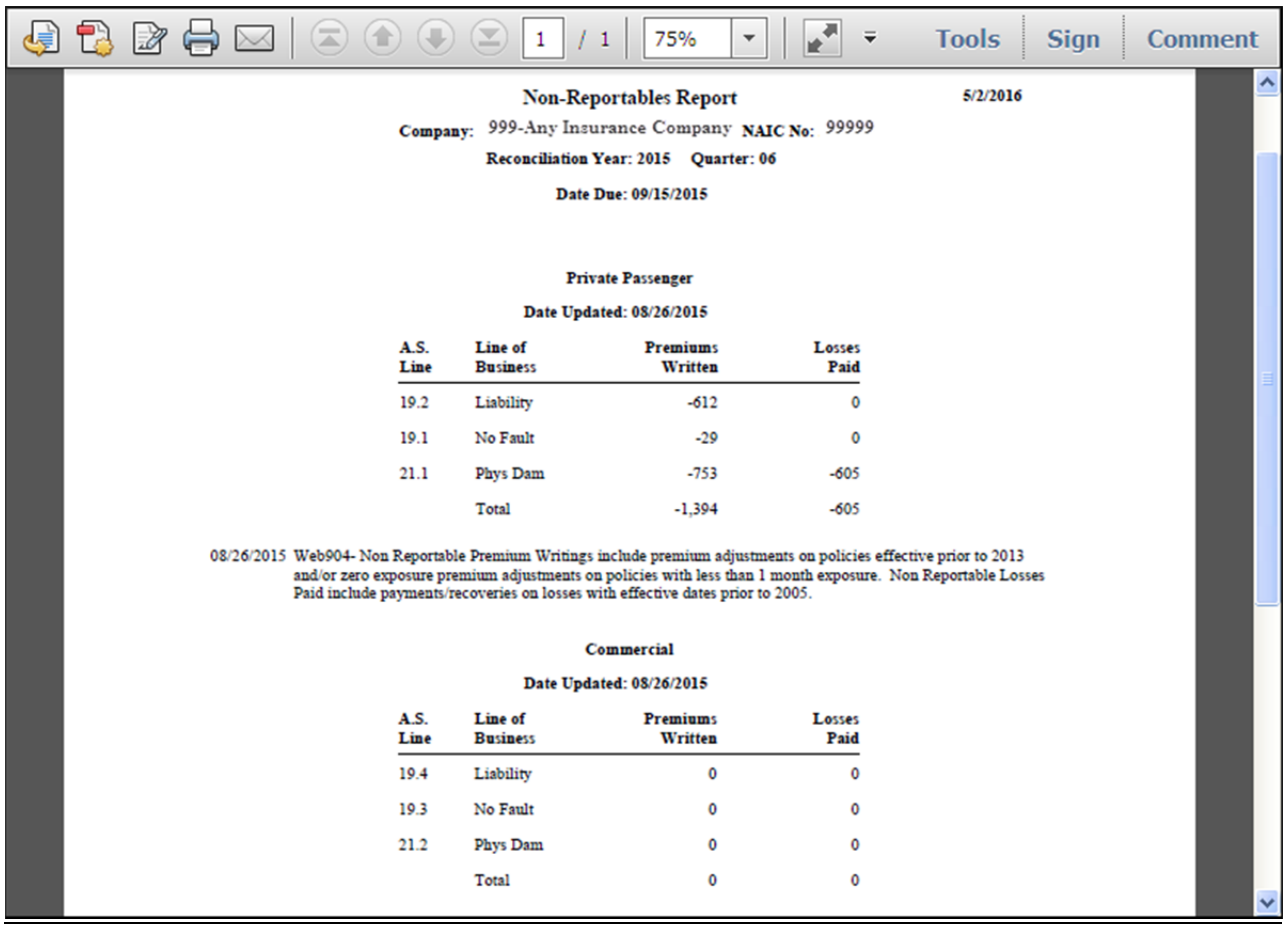
To perform this function:

- Select Non-Reportable Data
- Select the appropriate Reconciliation Year and Quarter
- Select the appropriate company

The following screen will appear. Note that the reports will appear in the following order:

- Private Passenger
- Commercial

Exhibit 16



Non-Reportables Report 5/2/2016

Company: 999-Any Insurance Company **NAIC No:** 99999

Reconciliation Year: 2015 Quarter: 06

Date Due: 09/15/2015

Private Passenger

Date Updated: 08/26/2015

A.S. Line	Line of Business	Premiums Written	Losses Paid
19.2	Liability	-612	0
19.1	No Fault	-29	0
21.1	Phys Dam	-753	-605
	Total	-1,394	-605

08/26/2015 Web904- Non Reportable Premium Writings include premium adjustments on policies effective prior to 2013 and/or zero exposure premium adjustments on policies with less than 1 month exposure. Non Reportable Losses Paid include payments/recoveries on losses with effective dates prior to 2005.

Commercial

Date Updated: 08/26/2015

A.S. Line	Line of Business	Premiums Written	Losses Paid
19.4	Liability	0	0
19.3	No Fault	0	0
21.2	Phys Dam	0	0
	Total	0	0

APPENDIX 1 - COMMON CAUSES OF OUT-OF-BALANCE SITUATIONS

Missing Statistical Data

- Late or Rejected Statistical Submissions
- Records that CAR has rejected because of invalid data in a critical field
- Records that CAR has rejected because the policy effective year is outside the window for reporting (i.e. an older policy effective year)
- Records that the company has not reported because they are still on a suspense file due to an error condition
- Records that the company has not reported because a systems problem has prevented them from being reported
- The company is a non-reporting company due to volumes being below the reporting thresholds or because the company was recently identified as having to report and the reporting deadline is still a year or two away

Extra Statistical Data

- Missing data from a prior year or correction data for a prior year is reported to CAR, but is not included in Page 14 data (because it was already included in that year's Page 14 data)

Issues with Page 14 Data

- Incorrect Page 14 Data
- Incorrect or Missing Non-Reportable Data

Inconsistencies between Statistical Data and Page 14 Data

- There is a timing difference between when the financial systems are closed and when the statistical systems are closed, such that data is included in one system but not the other
- There is a definition difference between market segment (commercial verses private passenger), such that the financial system includes the data in one market segment but the statistical system reports it in the other market segment