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- M E M O R A N D U M -

TO: All Recipients of the CAR Operational Reports

FROM: Lisa Traynham, Data Analyst

DATE: June 22, 2022

RE: Operational Reports

The 1st quarter 2022 Operational Reports follow this memorandum. This report includes data reported February 16, 2022, through May 15, 2022 for the accounting month period of January 2022 through March 2022. If you have any comments or suggestions to improve the usefulness of these reports, please contact me.

Section I – Accounting/Statistical Shipments:

There have been no proposed or approved updates to the Private Passenger Statistical Plan since the last publication of the Operational Reports.

There have been no proposed or approved updates to the Commercial Statistical Plan since the last publication of the Operational Reports.

CAR assessed a total of \$106,500 in the Statistical Data Quality Penalty Program in the 1st Quarter 2022 Settlement of Balances.

Section II – Cession/MAIP Placement Record Reporting:

This section includes the MAIP Placement Record Reporting Analysis, which highlights valid and invalid activity related to MAIP Placement Record reporting. These reports can be found on the MAIP website. Please contact your company's designated Security Administrator for access to these reports.

The 2019 Cession/No Premium Write-off penalties were assessed in the 1Q 2022 Settlement of Balances.

The 2020 annual Cession/No Premium Write-Off amounts have been calculated and the penalty amounts have been set at \$10,600 for Commercial and \$8,600 for Taxi/Limousine/Car Service business. Please reference Bulletin Notice No. 1129 distributed on November 23, 2021 for more information.

**OPERATIONAL REPORTS
1ST QUARTER 2022**

Section III – Residual Market Information:

This section includes various status reports related to Private Passenger – MAIP Residual Market, Commercial Residual Market, participation ratios, and quota share.

CAR ran the CA5010 - Flat Cancellation Audit report on February 3, 2022 using CAR's online system. The documentation was due on April 1, 2022.

As of March 2022, the commercial residual market rate equaled 17.5%.

CAR posted the March 31, 2022 Quarterly Member Participation Reports to its website on June 3, 2022.

CAR ran the 1st Quarter 2022 Rule 29 credit edit download reports on May 16, 2022.

Section IV – Accounting System Processing:

CAR produced 1st Quarter 2022 Critical Error Loss Write-Offs and 10% Loss of Investment Fees. There were no policies eligible for write-off during the quarter.

With the implementation of the CAR Accounting System to the website, the Audit Review program has been discontinued. Accordingly, all references to the program have been eliminated.

The Penalty Forecasting exhibits were made available on CAR's website on June 15, 2022.

Section V - Statistical Agent Functions:

Fourth Quarter 2021 Statutory Page 14 data was due at CAR on March 15, 2022. Reconciliation Responses for Fourth Quarter 2021 ran on April 1, 2022 and were due back on May 3, 2022. Company assessments were included in First Quarter 2022 Settlement of Balances. First Quarter 2022 Statutory Page 14 data entry submissions were due at CAR on June 15, 2022. First Quarter 2022 Reconciliation is anticipated to run on July 1, 2022.

All companies that exceed the commercial rate edit tolerances are listed on page 22.

Section VI – Communications:

To assist Servicing Carriers in evaluating their assigned ERPs relative to CAR Rule 14, C – Production Criteria, CAR developed an application that provides commercial automobile written premium totals for each agency assigned to each Servicing Carrier. The written premiums reflected are the total of both ceded and voluntary commercial auto premiums for all reporting companies for each assigned agency. The data is updated monthly and reflects the most recent 12 months of reported data.

**OPERATIONAL REPORTS
1ST QUARTER 2022**

I. STATISTICAL SYSTEM

A. Reporting of Company Shipments

The monthly submission of statistical data is due at CAR according to the Call Schedule contained in the table below. The timeliness exhibit on the following page reflects the timeliness status of all companies for 2022 as of the first quarter. That is, it reflects those companies whose submissions were not complete by the due date indicated below.

2022 CALL SCHEDULE		
Submission	Due Date	Quarter
January 2022	March 15, 2022	1 st Quarter
February 2022	April 15, 2022	
March 2022	May 16, 2022	
April 2022	June 15, 2022	2 nd Quarter
May 2022	July 15, 2022	
June 2022	August 15, 2022	
July 2022	September 15, 2022	3 rd Quarter
August 2022	October 18, 2022	
September 2022	November 15, 2022	
October 2022	December 15, 2022	4 th Quarter
November 2022	January 17, 2023	
December 2022	February 15, 2023	

In instances where a company's ceded loss dollars are complete by quarter's end but its ceded premium dollars are not, CAR will assess "loss of investment income" penalties to reimburse the pool for the missing premium dollars. CAR did not assess any "loss of investment income" penalties in first quarter, 2022.

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I. STATISTICAL SYSTEM (continued)

2022 Timeliness Report

<i>CO NO</i>	<i>Jan 3/16</i>	<i>Feb 4/15</i>	<i>Mar 5/16</i>	<i>Apr 6/15</i>	<i>May 7/15</i>	<i>Jun 8/15</i>	<i>July 9/15</i>	<i>Aug 10/17</i>	<i>Sep 11/15</i>	<i>Oct 12/15</i>	<i>Nov 1/17</i>	<i>Dec 2/15</i>
030			PP									
238		COM										
320			PP									

*There were no late or rejected shipments for the January 2022 MAS.

**OPERATIONAL REPORTS
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I. STATISTICAL SYSTEM (continued)

B. Statistical Plan Penalty Fee Program

CAR assesses various statistical penalties as outlined in the Data Quality Penalty Section of the Private Passenger and Commercial Statistical Plans. These penalties include items such as incomplete monthly submissions, late submission of page 15 data, reconciliation responses, distributional analysis response and failure to reduce a statistical shipment's error percent to below 5%.

For 1st Quarter 2022, CAR assessed a total penalty amount of \$106,500. The table below shows the detail penalties for each company.

Penalty Assessments
1st Quarter 2022

Co #	Company Name	Assessment	Assessment Amount
30	American Family Home Ins. Co	FINAL Stat Err > 5% - 10/2021	\$150
43	AMEX Assurance Company	Late Page 14 Data – 12/2021	\$300
45	American Automobile Ins Co	Late Expln – 12/2021	\$200
109	Pennsylvania Lumbersmens Mutual	FINAL Stat Err > 5% - 11/2021	\$300
109	Pennsylvania Lumbersmens Mutual	FINAL Stat Err > 5% - 12/2021	\$300
109	Pennsylvania Lumbersmens Mutual	Late DA Response – 12/2021	\$300
114	Berkley Casualty Company	Late Page 14 Data – 12/2021	\$400
116	Security National Insurance	FINAL Stat Err > 5% - 12/2021	\$150
116	Security National Insurance	Late MAS 12/2021	\$500
122	Kookmin Best Insurance Company	Late Page 14 Data – 12/2021	\$200
129	Ascot Insurance Company	Late Page 14 Data – 12/2021	\$1,000
130	American Agricultural Ins Co.	Late Page 14 Data – 12/2021	\$200
136	Hospitality Insurance Company	Late Page 14 Data – 12/2021	\$4,600
144	Wesco Insurance Company	FINAL Stat Err > 5% - 12/2021	\$600
144	Wesco Insurance Company	Late MAS 12/2021	\$500
148	Hospitality Mutual Insurance Co	Late Page 14 Data – 12/2021	\$200
149	Kingstone Insurance Company	Late Page 14 Data – 12/2021	\$600
158	Technology Insurance Co. (TIC)	Late MAS 12/2021	\$500
173	Stonington Insurance Company	Late Page 14 Data – 12/2021	\$500
217	21st Century Premier Ins Co	Late Page 14 Data – 12/2021	\$300
219	Safety National Casualty Corp	FINAL Stat Err > 5% - 05/2021	\$5,000
219	Safety National Casualty Corp	FINAL Stat Err > 5% - 06/2021	\$2,500
219	Safety National Casualty Corp	FINAL Stat Err > 5% - 07/2021	\$2,500
219	Safety National Casualty Corp	FINAL Stat Err > 5% - 08/2021	\$3,750
219	Safety National Casualty Corp	FINAL Stat Err > 5% - 09/2021	\$1,200
219	Safety National Casualty Corp	FINAL Stat Err > 5% - 10/2021	\$750
219	Safety National Casualty Corp	FINAL Stat Err > 5% - 11/2021	\$150
219	Safety National Casualty Corp	FINAL Stat Err > 5% - 12/2021	\$300
219	Safety National Casualty Corp	Stat Err > 5% - 01/2022	\$150

**OPERATIONAL REPORTS
1ST QUARTER 2022**

I. STATISTICAL SYSTEM (continued)

B. Statistical Plan Penalty Fee Program (continued)

Penalty Assessments
1st Quarter 2022

<u>Co #</u>	<u>Company Name</u>	<u>Assessment</u>	<u>Assessment Amount</u>
230	Praetorian Insurance Company	Late MAS 12/2021	\$500
238	Central Mutual Insurance Co	Late MAS 02/2022	\$500
247	National Casualty Company	FINAL Stat Err > 5% - 03/2021	\$3,750
257	Berkley Insurance Co	FINAL Stat Err > 5% - 12/2021	\$450
301	Incline Casualty Company	Late Page 14 Data – 12/2021	\$400
301	Incline Casualty Company	Late Expln – 12/2021	\$100
313	Essentia Insurance Company	FINAL Stat Err > 5% - 03/2021	\$3,750
313	Essentia Insurance Company	FINAL Stat Err > 5% - 05/2021	\$2,500
313	Essentia Insurance Company	FINAL Stat Err > 5% - 07/2021	\$1,250
313	Essentia Insurance Company	FINAL Stat Err > 5% - 10/2021	\$300
316	Empire Fire and Marine Insurance	Late DA Response – 12/2021	\$150
318	EmPro Insurance Company	Late Page 14 Data – 12/2021	\$4,600
320	American Modern Prop & Casualty	Late DA Response – 12/2021	\$150
323	Esurance Insurance Company	FINAL Stat Err > 5% - 04/2021	\$2,650
323	Esurance Insurance Company	FINAL Stat Err > 5% - 12/2021	\$300
324	Digital Affect Insurance Company	Late Page 14 Data – 12/2021	\$100
336	Employers Mutual Casualty Co	Stat Err > 5% - 04/2021	\$5,000
336	Employers Mutual Casualty Co	Stat Err > 5% - 01/2022	\$150
337	Mid-Continental Insurance Co	Late Page 14 Data – 12/2021	\$200
352	Mid-Continental Assurance Co	Late Page 14 Data – 12/2021	\$200
359	GEICO Indemnity Company	Late MAS 12/2021	\$500
361	GEICO Casualty Company	Late Page 14 Data – 12/2021	\$200
370	Mid-Century Insurance Company	Late Page 14 Data – 12/2021	\$300
410	Jefferson Insurance Company	Late Page 14 Data – 12/2021	\$4,600
412	Rampart Insurance Company	Late Page 14 Data – 12/2021	\$4,600
428	First American P&C Ins Company	Late Page 14 Data – 12/2021	\$4,600
429	Government Employee's Ins	Late DA Response – 12/2021	\$150
437	Regent Insurance Company	Late DA Response – 12/2021	\$150
441	Great West Casualty	Late Page 14 Data – 12/2021	\$200
446	American Modern Select Ins Co	Late Expln – 12/2021	\$100
447	Digital Advantage Insurance Co	Late Page 14 Data – 12/2021	\$100
493	Infinity Insurance Company	Late Page 14 Data – 12/2021	\$4,600
507	Response Insurance Company	Late Page 14 Data – 12/2021	\$4,600
513	Liberty Assurance Company	Late DA Response – 12/2021	\$150
562	Mobilias General Insurance Co	Late Page 14 Data – 12/2021	\$4,600
571	Milford Casualty Ins Company	Late MAS 12/2021	\$500
571	Milford Casualty Ins Company	FINAL Stat Err > 5% - 09/2021	\$2,400
571	Milford Casualty Ins Company	FINAL Stat Err > 5% - 12/2021	\$450

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1ST QUARTER 2022**

I. STATISTICAL SYSTEM (continued)

B. Statistical Plan Penalty Fee Program (continued)

Penalty Assessments
1st Quarter 2022

<u>Co #</u>	<u>Company Name</u>	<u>Assessment</u>	<u>Assessment Amount</u>
616	Nutmeg Insurance Company	Stat Err > 5% - 01/2022	\$150
659	SwissRe Corporate Solutions Elite	Late Page 14 Data – 12/2021	\$200
660	NorGuard Insurance Company	Late Page 14 Data – 12/2021	\$200
673	North American Specialty Ins	Late Page 14 Data – 12/2021	\$200
716	Penn National Mutual Casualty	Late Page 14 Data – 12/2021	\$700
746	Public Insurance Company	Late Page 14 Data – 12/2021	\$4,600
756	RLI Insurance Company	FINAL Stat Err > 5% - 06/2021	\$2,500
770	Safeco Insurance Co of America	Late DA Response – 12/2021	\$150
782	GEICO Marine Insurance Co	Late Page 14 Data – 12/2021	\$200
857	Nationwide Ins Co of America	Late Page 14 Data – 12/2021	\$200
859	Transport Insurance Company	Late Page 14 Data – 12/2021	\$300
868	Vantapro Insurance Company	Late Page 14 Data – 12/2021	\$200
896	Truck Exchange Insurance	Late Page 14 Data – 12/2021	\$300
907	United Services Insurance Co	Late MAS 12/2021	\$500
910	Union Insurance Company	Late DA Response – 12/2021	\$150
913	Vault Reciprocal Exchange	Late Page 14 Data – 12/2021	\$4,600
916	Garrison P&C Insurance Company	Late MAS 12/2021	\$500
921	Waterford Insurance	Late Page 14 Data – 12/2021	\$100
940	USAA General Indemnity Co	Late MAS 12/2021	\$500
943	USAA Casualty Insurance Co	Late MAS 12/2021	\$500
972	Foremost P&C Company	Late Expln – 12/2021	\$100
984	Hingham Mutual Fire Insurance Co	Late Page 14 Data – 12/2021	\$1,100
985	CorePointe Insurance Company	Late MAS 12/2021	\$500
985	CorePointe Insurance Company	FINAL Stat Err > 5% - 12/2021	\$150
		Total	\$106,500

**OPERATIONAL REPORTS
1ST QUARTER 2022**

II. CESSION/MAIP PLACEMENT RECORD REPORTING

A. Cession Submission

CAR accepts cession data via two different methods: on-line entry through CAR's website and FTP transmission. Please contact your company's Data Analyst if you need assistance in gaining access to CAR's website application.

CAR accepts cession records and cession corrections on commercial business for policy years 2020 - 2022.

B. Cession Backdates

1. TX1/TX2 Cession Backdate Appeals based on Intent to Cede

In instances where a company provides documentation showing its intent to cede a specific policy, CAR maintains the authority to act upon those appeals provided the backdate request does not exceed 25 policies. Furthermore, the appeal and associated documentation must meet the criteria outlined in Chapter 2 of the Manual of Administrative Procedures. For any policy that does not meet the criteria, CAR does not have the authority to grant the appeal; the company then can present the appeal before the Operations Committee.

There have been no "intent-to-cede" appeals since the last publication of the Operational Reports.

2. TX5 Cession Backdate Appeals

In instances where a company intended to write a policy voluntary, it can appeal for a transaction 5 (uncede) backdate. CAR maintains the authority to approve these types of appeals when the documentation provided clearly shows the company made the decision to write the policy voluntary prior to the policy effective date.

There have been no TX5 backdate requests made since the last publication of the Operational Reports.

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1ST QUARTER 2022**

II. CESSION/MAIP PLACEMENT RECORD REPORTING (continued)

3. CR215 Cessions Automatically Backdated

On a quarterly basis, CAR produces the CR215 report that shows the volume of cessions backdated for involuntary producer business. The program monitors the three current reporting years for cession activity. Accordingly, CAR ran the latest report June 7, 2022 monitoring policy years 2020, 2021 and 2022 for 1st Quarter 2022.

The following exhibits show the industry's volume of backdated cessions. On the report itself, the column to the right of percent backdated indicates if the volume of backdated producers exceeds the tolerance level. Accordingly:

- an asterisk (*) indicates that more than 5% of the total new business cessions for the company are backdated.
- a pound symbol (#) indicates more than 5% are backdated but fall within the tolerance level. (*The tolerance level is 5% and 25 policies in error*).

Policy Year 2020
Commercial

CO NO	POLICIES ELIGIBLE	BACKDATED POLICIES	PERCENT BACKDATED	% CHANGE	PD LOSSES COVERED	O/S LOSSES COVERED
154	257	0	0.0	0.0	0	0
279	3	0	0.0	0.0	0	0
717	89	2	2.2	2.2	0	0
732	108	1	0.9	0.0	0	0
734	67	2	3.0	0.0	0	0
773	1	0	0.0	0.0	0	0
Totals	525	5	1.0%	N/A	0	0

* indicates that more than 5% of the total new business cessions for the company are backdated.

indicates more than 5% are backdated but fall within the tolerance level. (*The tolerance level is 5% and 25 policies in error*).

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II. CESSION/MAIP PLACEMENT RECORD REPORTING (continued)

Policy Year 2021
Commercial

CO NO	POLICIES ELIGIBLE	BACKDATED POLICIES	PERCENT BACKDATED	% CHANGE	PD LOSSES COVERED	O/S LOSSES COVERED
154	195	1	0.5	0.0	0	0
279	2	0	0.0	0.0	0	0
717	76	0	0.0	0.0	0	0
732	197	3	1.5	0.0	0	0
734	91	5	5.5 #	0.0	0	0
773	1	0	0.0	0.0	0	0
Totals	562	9	1.6%	N/A	0	0

* indicates that more than 5% of the total new business cessions for the company are backdated.

indicates more than 5% are backdated but fall within the tolerance level. (*The tolerance level is 5% and 25 policies in error*).

Policy Year 2022
Commercial

CO NO	POLICIES ELIGIBLE	BACKDATED POLICIES	PERCENT BACKDATED	% CHANGE	PD LOSSES COVERED	O/S LOSSES COVERED
154	87	0	0.0	0.0	0	0
279	0	0	0.0	0.0	0	0
717	0	0	0.0	0.0	0	0
732	56	0	0.0	0.0	0	0
734	0	0	0.0	0.0	0	0
773	0	0	0.0	0.0	0	0
Totals	143	0	0.0%	N/A	0	0

* indicates that more than 5% of the total new business cessions for the company are backdated.

indicates more than 5% are backdated but fall within the tolerance level. (*The tolerance level is 5% and 25 policies in error*).

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II. CESSION/MAIP PLACEMENT RECORD REPORTING (continued)

C. CA5010 Flat Cancellation Audit

Twice per year CAR runs the CA5010 - Flat Cancellation Documentation Listing. Its purpose is to randomly sample flat-canceled policies to verify that the industry is using flat-cancellation transactions properly. The report was run on February 1, 2022 and the documentation was due back on April 1, 2022. Please note documentation can now be uploaded through the CAR Accounting application on the website using your account id and password.

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II. CESSION/MAIP PLACEMENT RECORD REPORTING (continued)

D. MAIP Placement Record Reporting Analysis

On a monthly basis, CAR reviews the quality of MAIP Placement Record reporting and produces a report which highlights the error counts for various types of errors. Companies with excessive error counts are contacted and requested to research the cause of its reporting problem and if appropriate provide a corrective action plan.

COMMONWEALTH AUTOMOBILE REINSURERS
MAIP PLACEMENT RECORD REPORTING ANALYSIS
Reflects Statistically Reported Data for Policy Effective Months 04/2021 to 03/2022
Reflects MAIP Placement Record Reported Data as of May 18, 2022

Co No	Missing MPRs	Rejected MPRs	Fatal MPRs	Rejected Take Out Credits	MPRs with No Premium	Premium with No MPRs	Active MPRs
113	0	0	0	0	0	0	257
153	6	6	2	168	22	6	1822
192	0	1	0	0	0	0	334
193	0	3	0	0	0	9	19
202	0	0	0	0	0	0	99
250	0	0	0	0	0	0	25
258	1	0	0	0	0	0	118
279	1	0	153	12	0	33	8769
304	0	0	0	0	0	0	4
308	0	0	0	0	0	0	73
315	0	0	0	0	0	0	20
354	11	6	0	0	0	73	2357
363	0	1	0	0	0	0	76
422	0	0	0	0	0	0	25
531	0	0	0	0	0	0	449
584	1	4	4	0	0	0	672
604	17	0	206	0	0	22	264
612	1	0	9	38	0	7	231
664	5	27	0	0	0	5	1017
724	0	1	1	0	0	0	175
726	0	0	0	0	0	0	10
731	0	0	0	36	0	0	0
735	0	0	0	0	0	0	156
773	2	1	18	34	1	4	2476
827	0	1	0	0	0	0	352
890	0	0	0	0	0	0	200
908	0	3	4	0	1	0	2202
959	0	0	0	0	0	0	30
988	0	0	2	1	0	1	487
Average	2	2	14	10	1	6	783

**OPERATIONAL REPORTS
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III. RESIDUAL MARKET INFORMATION

A. Residual Market Volumes

The MAIP Residual Market and Commercial Residual Market volume results for the past seven years are highlighted in the chart below. The residual market rate for the current year is based on statistically reported data only and does not include estimates for missing data.

Effective Year	MAIP Residual Market %	Commercial Cession %	Time Period
2016	1.4%	21.8%	Final Result
2017	1.3%	22.1%	Final Result
2018	1.2%	22.7%	Final Result
2019	1.0%	21.6%	Final Result
2020	0.7%	18.6%	Final Result
2021	0.5%	18.0%	Final Result
2022	0.4%	17.5%	As of Mar. 2022

Commercial Residual Market volume reports are available on CAR’s website (www.commauto.com).

B. Private Passenger – Massachusetts Automobile Insurance Plan (MAIP)

Policy Year 2022 Results as of March, 2022

	2022 @ 3 Months	% Total		2021 @ Final	% Total
MAIP Assigned (CAR-ID 9)	5,220	0.4%		22,429	0.5%
MAIP Retained (CAR-ID 8)	1,255,363	99.6%		4,822,497	99.5%
Total	1,260,583	100.0%		4,844,926	100.0%

C. Private Passenger MAIP Premium and Loss Reports

Private Passenger Premium and Loss reports were updated through March, 2022 on May 26, 2022 and are available on CAR’s website in the MAIP section under Company. These reports provide summary policy year information for statistically reported MAIP assignments (CAR ID Code 9), including premiums, losses, loss ratio, and data for frequency/severity displayed historically by accounting quarter. Member companies will have access to both their own company reports, as well as the industry.

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III. RESIDUAL MARKET INFORMATION (continued)

D. Production of Quarterly Participation Reports

CAR posted the March 2022 Quarterly Member Participation Reports to its website on June 3, 2022. From CAR's home page, click Reports sign-on and then select Settlement of Balances. These are secure reports that require a CAR website user id and password to view. Please contact your company's security administrator to request access.

E. Participation Base Data

The 1st Quarter 2022 estimated Participation Ratios using data reported through the March 2022 monthly accounting shipments will be posted to CAR's website by June 30, 2022.

The Final 2021 Participation Ratios using data reported through the December 2021 monthly accounting shipment will be calculated and included in the June Quarter Settlement of Balances, processed in September 2022. These Ratios are included in the calculations of deficit sharing, administrative expenses, and the advanced statistical assessment.

F. Interim Ceding Expenses Estimates – Calendar Year 2022

The 2022 Commercial Servicing Carrier interim expense allowance of 23.64% is detailed in Commercial Lines Bulletin No. 151, distributed on February 14, 2022. The expense allowance will apply to all commercial vehicle types, including taxi, limousine, and car service vehicles.

G. Ceding Expense True-Up for Calendar Year 2021

Ceding expenses for Calendar Year 2021 will be trued-up and processed with the September, 2022 Settlement of Balances, posted to CAR's website in December. The True-Up is calculated using actual reported exposures and will reflect premium tax and commission provisions included in the underlying rates. Similarly, the True-Up of Ceding Expenses for Taxi, Limousine, and Car Service business for Policy Year 2020 at 30 months and 2021 at 18 months will also be included. Company Reports will be mailed to the designated Servicing Carrier contacts at that time.

H. Quota Share

CAR posted the March 2022 Monthly Quota Share and Assignment Order Report to its website on May 27, 2022. The report has been updated to include statistical data from April, 2021 to March, 2022 effective month policies reported through May 16, 2022.

Member Companies can also view additional reports that provide detailed information about the data used in the Quota Share calculation on CAR's website in the MAIP section under Company.

**OPERATIONAL REPORTS
1ST QUARTER 2022**

III. RESIDUAL MARKET INFORMATION (continued)

I. CAR Financial Results – Latest Deficit Projections

The latest valuation of ultimate policy year deficit projections as of March 2022 was posted to CAR’s website on June 1, 2022 for the latest three policy years are as follows:

(Numbers are in \$000s)

Commercial Deficit as of December, 2021 (in Millions) (Valuation: + Surplus, - Deficit)		
Policy Year	Prior Qtr	Current Qtr
2019	\$7.1	\$9.4
2020	\$27.1	\$25.9
2021	\$24.0	\$20.4

Deficit projections for all policy years can be found on CAR’s website (www.commauto.com) in the Financial Reports area using the Deficit Projections link.

J. Commercial Residual Market Rate Filing - July 1, 2022 Proposed Effective Date

CAR filed a Massachusetts Commercial Residual Market rate change with the Division of Insurance (DOI) on January 10, 2022, with a proposed effective date of July 1, 2022. This filing also includes updated versions of the Commercial Automobile Insurance Manual Rules and Rates, and the Commercial Experience Rating Plan. The filing is under review by the DOI and has not yet been approved. Please refer to Commercial Lines Notice No. 150 for additional details. Note that the effective dates of the rates will change upon approval to allow for sufficient time for rate implementation.

**OPERATIONAL REPORTS
1ST QUARTER 2022**

III. RESIDUAL MARKET INFORMATION (continued)

K. Rule 29 Voluntary Credits

CAR ran the Rule 29 credit edit reports for effective date March data in mid-May. These reports are available on CAR's website under the Data Reporting and Quality Reports page.

There is no tolerance level for the Rule 29 credits. If a record is incorrect, the credit is not applied. The table below shows the industry's error percent starting with the January 2020 accounting date.

Accounting Date	Reported Credit Premium	Adjusted Credit Premium	Rule 29 Credit Impact	Error Percentage
Jan. 2020	899,475,299	886,602,550	-12,872,749	1.43%
Feb. 2020	901,917,821	888,567,423	-12,950,398	1.44%
March 2020	901,038,771	888,062,566	-12,976,205	1.44 %
April 2020	900,812,758	887,531,268	-13,281,490	1.47%
May 2020	907,184,560	893,418,454	-13,766,106	1.52%
June 2020	919,180,430	904,970,834	-14,209,596	1.55%
July 2020	931,241,344	917,546,045	-13,395,299	1.47%
August 2020	938,852,853	924,595,775	-14,257,078	1.52%
Sept 2020	946,929,284	931,843,069	-15,086,215	1.59%
Oct 2020	949,968,358	934,666,747	-15,301,611	1.61 %
Nov 2020	951,581,426	936,115,688	-15,465,738	1.63 %
Dec 2020	955,915,728	939,750,307	-16,165,421	1.69 %
Jan 2021	958,147,692	942,815,188	-15,332,504	1.60%
Feb 2021	962,401,368	945,977,784	-16,423,584	1.71%
March 2021	971,383,545	954,168,192	-17,215,363	1.77%
April 2021	977,617,682	959,704,230	-17,913,452	1.83%
May 2021	979,947,295	962,006,373	-17,940,922	1.83%
June 2021	978,448,667	960,087,627	-18,361,040	1.88%
July 2021	975,688,611	957,097,145	-18,591,466	1.91%
August 2021	952,791,451	934,591,394	-18,200,057	1.91%
Sept 2021	930,412,354	912,724,690	-17,687,664	1.90%
Oct 2021	924,440,876	906,257,564	-18,183,312	1.97%
Nov 2021	952,972,183	933,820,094	-19,152,089	2.01%
Dec 2021	964,925,013	945,358,651	-19,566,362	2.03%
Jan. 2022	957,719,917	938,778,718	-18,941,199	1.98%
Feb. 2022	953,615,987	935,108,468	-18,507,519	1.94%
March 2022	958,970,895	940,803,622	-18,167,273	1.89%

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IV. ACCOUNTING SYSTEM

A. Update of the Online Accounting System

CAR updates the online accounting system every Thursday night. Accordingly, all new premiums and loss activity and all correction activity are posted to the system on Thursday evenings and viewable to the industry on Friday mornings. This schedule deviates throughout the year following the Monthly Accounting Submission’s due date schedule. The table below shows the schedule for updates to the CAR accounting system.

Month	MAS Due Date	Accounting System Update	Quarter
January 2022	March 15, 2022	March 16, 2022	1st Quarter 2022
February 2022	April 15, 2022	April 16, 2022	
March 2022	May 17, 2022	May 18, 2022	
April 2022	June 15, 2022	June 16, 2022	2 nd Quarter 2022
May 2022	July 15, 2022	July 16, 2022	
June 2022	August 16, 2022	August 17, 2022	
July 2022	September 15, 2022	September 16, 2022	3 rd Quarter 2022
August 2022	October 15, 2022	October 16, 2022	
September 2022	November 15, 2022	November 16, 2022	
October 2022	December 15, 2022	December 16, 2022	4 th Quarter 2022
November 2022	January 18, 2023	January 19, 2023	
December 2022	February 15, 2023	February 16, 2023	

B. Error Write-Off

To ensure that each company's cession, premium, and loss reporting is accurate and timely, CAR edits all ceded data through four accounting edits to ensure sound reporting procedures. If any ceded record fails one or more of these edits, it lists on the Error Policies report on CAR’s website. (You can find a description of these error codes in the Policy Edit Package).

For losses specifically, CAR requires every record to be fixed within one year of falling into accounting error. If a loss record has not been fixed after a year of remaining in error, CAR writes-off that loss record and assesses an interest fee of 10%. This write-off process occurs the last Saturday of every month. The table on the following page shows the write-off amounts and associated 10% fees for first quarter 2022.

Lastly, CAR also provides loss data eligible for future loss write-offs. The potential loss write-offs for December 2022 through May 2023 are shown following the 1st Quarter Write-Off exhibit.

**OPERATIONAL REPORTS
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IV. ACCOUNTING SYSTEM (continued)

B. Critical Error Write-Off (continued)

1st Quarter 2022 – Loss Write-Off

Company	Feb 2022	March 2022	April 2022	Total
154				
245				
279				
717				
732				
734				
773				
Total				

1st Quarter 2022 – 10% Loss of Investment Fees

Company	Feb 2022	March 2022	April 2022	Total
154				
245				
279				
717				
734				
773				
Total				

Potential Loss Write-Off December 2022 through May 2023

Company	December 2022	January 2023	February 2023	March 2023	April 2023	May 2023	Grand Total
154		0	0	9	8,457	2,225	10,691
245		0	221,795	7,428	1,702	0	230,925
279		0	0	0	0	0	0
717		0	8,228	0	0	0	8,228
732		0	0	0	0	0	0
734		0	0	0	0	0	0
773		30,903	7,577	0	0	15,364	53,844
Totals		30,903	237,600	7,437	10,159	17,589	303,688

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IV. ACCOUNTING SYSTEM (continued)

C. Non-Critical Error "Audit Review" Program

With the implementation of the CAR Accounting system moving to the website and off of the mainframe platform, there have been changes to the accounting edits. Specifically, error codes 3, 5, 8 through 11 have been eliminated from displaying in the CAR Accounting system. Accordingly, the Audit Review program has become obsolete as these error codes will no longer be monitored.

D. Ceded Premiums In Error – Limited Commercial Servicing Carriers

The exhibit below shows a summary of ceded premium in accounting error. Companies can view their error policies via CAR's website under the CAR Accounting link from the main Reports Page. CAR is providing this information as a way for Limited Commercial Servicing Carriers to monitor both their ceded premium and ceded loss reporting to correct any errors prior to a write-off or close of a policy effective reporting year.

Company	Policy Effective Year	Critical Premium Dollars	Error Percent
154	2020	0	0.00
154	2021	0	0.00
154	2022	339,201	3.03
279	2020	0	0.00
279	2021	0	0.00
279	2022	0	0.00
717	2020	0	0.00
717	2021	0	0.00
717	2022	11,628	0.47
732	2020	0	0.00
732	2021	0	0.00
732	2022	0	0.00
734	2020	0	0.00
734	2021	0	0.00
734	2022	0	0.00
773	2020	0	0.00
773	2021	26,518	0.06
773	2022	3,343	0.03
Total Ind		380,690	0.09

E. Penalty Forecasting Program

CAR produces the Penalty Forecasting exhibits in March, June, September, and December. The program helps companies in their correction efforts and helps Servicing Carriers track potential future penalties if corrective actions are not taken by the companies. If you do not have access to the reports, please contact your company's Security Administrator to request access.

CAR posted the 1st Quarter 2022 forecasting reports on June 15, 2022.

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IV. ACCOUNTING SYSTEM (continued)

F. 2019 Cession/No Premium Write-Off

When CAR closes a cession reporting year, it assesses a final penalty against policies that have an active cession record but no corresponding positive premium. The 2019 premium reporting year closed on February 16, 2022. Accordingly, CAR will no longer accept cession activity for the 2019 policy effective year and all policies that contain an active cession with no positive premium will be subject to the cession/no premium write-off penalty. The annual Cession/No Premium Write-Off amounts are based on a policy count (excluding flat cancelled and cession/no premium policies) divided by the corresponding full premium (rather than deviated), at 15 months.

Please reference the table below for the write-off penalty amounts for 2019 effective date policies and for historical information.

Year	PP Penalty	Commercial Penalty	Taxi/Limo/CAR Service Penalty
2020	N/A	\$10,600	\$8,600
2019	N/A	\$9,500	\$9,000
2018	N/A	\$7,700	\$8,600
2017	N/A	\$6,700	\$9,100
2016	N/A	\$5,700	\$8,200
2015	N/A	\$5,500	\$8,300
2014	N/A	\$5,200	\$8,300
2013	N/A	\$4,900	\$8,100
2012	N/A	\$4,600	\$7,700

The premium write-off program ran in April 2022 and final penalties were included in the 1st Quarter 2022 Settlement of Balances.

Co No	Policy Eff Yr.	Policy Count	Assessed Penalty
154	2019	2	\$19,000
Total		2	\$19,000

G. 60 Cession/No Premium Penalties

The May 2022 \$60 Cession/No Premium penalties ran on May 28, 2022. These penalties will be assessed in the 2nd Quarter 2022 Settlement of Balances Report.

Co No	Policy Eff Yr.	Policy Count	Assessed Penalty
717	2021	2	\$160
773	2021	25	\$1,500
Total		85	\$2,100

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V. STATISTICAL AGENT FUNCTION

A. Update of the Online Statistical System

CAR loads statistical data to its permanent database files and updates the online statistical system every Wednesday night. Accordingly, all new premiums and loss activity and all correction activity are posted to the system on Wednesday evenings and viewable to the industry on Thursday mornings. This schedule deviates throughout the year following the end of every Monthly Accounting Submission period. The table below shows this schedule for updates to the statistical system.

Month	MAS Due Date	Statistical System Update	Quarter
January 2022	March 15, 2022	March 16, 2022	1st Quarter 2022
February 2022	April 15, 2022	April 16, 2022	
March 2022	May 16, 2022	May 17, 2022	
April 2022	June 15, 2022	June 16, 2022	2 nd Quarter 2022
May 2022	July 15, 2022	July 16, 2022	
June 2022	August 15, 2022	August 16, 2022	
July 2022	September 15, 2022	September 16, 2022	3 rd Quarter 2022
August 2022	October 17, 2022	October 18, 2022	
September 2022	November 15, 2022	November 16, 2022	
October 2022	December 15, 2022	December 16, 2022	4 th Quarter 2022
November 2022	January 17, 2023	January 18, 2023	
December 2022	February 15, 2023	February 16, 2023	

B. Annual Statement and Annual Statement Reconciliation

CAR collects the quarterly annual statement figures from the industry according to the schedule below. Those companies that have greater than a 5% dollar difference between the data statistically reported and the financial data entered on the Page 14 must respond to this difference according to the schedule below.

Quarter	Due Date Quarterly Annual Statement	Run Date of the Reconciliation Program	Due Date Reconciliation Response
1st 2022	June 15, 2022	July 1, 2022	Approx. August 1, 2022
2nd 2022	September 15, 2022	October 1, 2022	Approx. November 1, 2022
3rd 2022	December 15, 2022	January 3, 2023	Approx. February 3, 2023
4th 2022	March 15, 2023	April 1, 2023	Approx. May 3, 2023

The Annual Statement collection of Page 14's for 4th Quarter 2021 was due on March 15, 2022. Penalties for late Page 14 amounted to \$55,100. Reconciliation 4th Quarter 2021 responses were due April 1, 2022 and penalties amounted to \$500. All penalties were included in 1st Quarter 2022 Settlement of Balances. The 1st Quarter 2022 Annual Statement Statutory Page 14 data was due at CAR on June 15, 2022. The 1st Quarter 2022 Reconciliation is due to run on or about July 1, 2022.

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V. STATISTICAL AGENT FUNCTION (continued)

C. Rate Edit Processing

CAR processes ceded commercial data through a rate editing routine for the latest two policy effective years. The table below shows the industry results by line of business and policy effective year.

	Line of Business	Eligible Records	Records in Error	Error %
COMM 2021 EFF YEAR	Liability	52,019	1,014	1.95%
	No Fault	50,448	260	0.52%
	Physical Damage	31,926	324	1.01%
	Total	134,393	1,598	1.19%
COMM 2022 EFF YEAR	Liability	11,445	409	3.57%
	No Fault	11,917	154	1.29%
	Physical Damage	8,965	156	1.74%
	Total	32,327	719	2.22%

The Commercial Rate Edit program incorporates a tolerance level to ensure the quality of the data the industry reports to CAR. The tolerance level is 2% and 50 records in error. If a company exceeds the rate edit tolerance levels on any one line of business, the company has six months to reduce its volume of rate errors on that line of business to below 2% or less than 50 records in error. Companies are responsible for monitoring whether they exceed the error tolerance by viewing the Commercial Rate Edit reports on CAR's website.

Commercial Rate Edit penalties apply to Current and Previous Effective Years. Current Effective Year includes policies effective January 2022 – December 2022. Previous Effective Year includes policies effective January 2021 – December 2021. Companies should contact the Residual Market Services Department regarding Rate Edit reporting.

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V. STATISTICAL AGENT FUNCTION (continued)

D. Deleted Washout Records

During the weekly statistical load, CAR deletes those records that washout within the same file. The table below shows those companies whose volume of deleted washout records exceeds 20% and it shows the overall industry total for all companies combined. If you would like to know your own company's washout total, please contact your Data Analyst. Periodically, CAR contacts those companies that have an excessive volume of washout activity to encourage them to reduce their volume.

Deleted Washout Totals
For All Shipments Received Through 03/2022

COMPANY NUMBER	RECORD COUNT	WASHOUT COUNT	WASHOUT PERCENT
017	302	1,362	22.17
033	1,144,719	3,201,568	35.75
100	86,015	290,134	29.65
118	95,515	268,428	35.58
141	281,102	573,059	49.05
153	2,464,964	8,262,273	29.83
154	357,487	707,560	50.52
156	16,038	39,485	40.62
158	20	28	71.43
201	7,452	31,173	23.91
226	9,263	13,347	69.40
256	2,502	3,045	82.17
261	3,666	6,762	54.21
263	56	159	35.22
265	666	1,303	51.11
327	2,954	9,347	31.60
334	40	160	25.00
343	2,528,610	7,439,250	33.99
344	3,280	13,859	23.67
362	400,007	549,924	72.74
377	19,486	66,628	29.25
402	20,816	35,539	58.57
418	38,949	159,791	24.37
420	13,962	25,155	55.50
427	2,666	12,343	21.60
429	3,371,673	15,520,694	21.72
443	12,086	15,258	79.21
486	806	2,340	34.44
503	198	397	49.87
577	36,919	133,215	27.71
626	120,234	224,902	53.46
638	622	985	63.15

**OPERATIONAL REPORTS
1ST QUARTER 2022**

V. STATISTICAL AGENT FUNCTION (continued)

D. Deleted Washout Records (continued)

Deleted Washout Totals
For All Shipments Received Through 03/2022

COMPANY NUMBER	RECORD COUNT	WASHOUT COUNT	WASHOUT PERCENT
664	392,756	1,251,038	31.39
708	68	210	32.38
737	897,218	2,867,777	31.29
770	351,037	1,322,809	26.54
785	2,337,686	8,432,205	27.72
823	4,218,524	8,957,120	47.10
881	1,518	3,855	39.38
902	136,512	255,046	53.52
910	50,146	90,446	55.44
958	2,262	7,248	31.21
963	8,584	26,656	32.20
996	476	1,806	26.36
Total Industry	20,920,505	107,708,050	19.42%

The 2021 washout total following the 03/2021 shipments was 16.55%

E. Distributional Analysis

The Distributional Analysis application is a web report CAR developed to help determine whether companies are experiencing reporting issues relating to Data Quality. The reports are segmented into three sections by type of business: Private Passenger Total Market, Commercial – Voluntary and Commercial – Servicing Carrier business.

The Private Passenger and Commercial Statistical Plan revisions were approved on December 10, 2019 which included an update to the Distributional Analysis Reporting where the components and penalties associated with the Distributional Analysis beginning with the 2020 Distributional Analysis Program have been incorporated with the Statistical Data Quality Penalties. A response is now required by the specified due date or companies will receive a penalty assessment. These details can be found within the Data Quality Program on the Private Passenger and Commercial Massachusetts Statistical Plan Manuals.

CAR ran the December 2021 Distributional Analysis report to the industry on March 7, 2022. Responses were due back on May 6, 2022. Any Missing responses are still required to be reported by the established due date.

Any questions regarding this reporting should be directed to your companies Data Analyst or a CAR Staff member of the Operational Services Department.

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VI. COMMUNICATIONS

A. CAR's Website

To assist Servicing Carriers in evaluating their assigned ERPs relative to CAR Rule 14, C – Production Criteria, CAR developed an application that provides commercial automobile written premium totals for each agency assigned to each Servicing Carrier. The written premiums reflected are the total of both ceded and voluntary commercial auto premiums for all reporting companies for each assigned agency. The data is updated monthly and reflects the most recent 12 months of reported data.

B. Telecommunications

The telecommunications system is available to the industry from 7:00 am to 6:00 pm Monday through Friday. It allows users to access data housed on CAR's mainframe such as policy history information.

The remaining system on CAR's mainframe includes: Statistical Policy Histories only.

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VII. PROJECT STATUS REPORTS

CAR works on a variety of projects throughout the year. The table below shows the current projects CAR is working on and their current status.

Project	Status	Description
Distributional Analysis	In process	Created an in-house integrated penalty application to better assist with assessment process and to add a link on the website to the penalty letter. Reorganization of the website application to highlight the Over Tolerance & Penalty section. Also to make the many reports more manageable and easier to find. Will allow for the loss information to be accessed without the need to scroll.
Re-Write Company Mainframe Applications	Analysis	The remaining application on CAR's mainframe is: Statistical Policy Histories. All other application have been moved to CAR's website with the implementation of the CAR Accounting and Reinsurance Audit systems in mid-September 2021.
Ineligible Risk Database	In process	Update the Ineligible Risk Database to have additional sort capability.