



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110

www.commauto.com

617-338-4000

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

TO: All Recipients of the CAR Operational Reports
FROM: Lisa Traynham, Data Analyst
DATE: September 28, 2023
RE: Operational Reports

The 2nd quarter 2023 Operational Reports follow this memorandum. This report includes data reported May 16, 2023, through August 15, 2023 for the accounting month period of April 2023 through June 2023. 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 for this publication of the Operational Reports.

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

CAR assessed a total of \$15,800 in the Statistical Data Quality Penalty Program in the 2nd Quarter 2023 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 2021 annual Cession/No Premium Write-Off amounts have been calculated and the penalty amounts have been set at \$10,500 for Commercial and \$12,200 for Taxi/Limousine/Car Service business. Please reference Bulletin Notice No. 1145 distributed on December 2, 2022 for more information.

OPERATIONAL REPORTS 2ND QUARTER 2023

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 July 31, 2023 using CAR's online system. The documentation is due on October 1, 2023.

As of June 2023, the commercial residual market rate equaled 18.1%.

CAR posted the June 30, 2023 Quarterly Member Participation Reports to its website on September 8, 2023.

CAR ran the 2nd Quarter 2023 Rule 29 credit edit download reports on August 17, 2023.

Section IV – Accounting System Processing:

CAR produced 2nd Quarter 2023 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 posted on CAR's website on September 6, 2023.

Section V - Statistical Agent Functions:

First Quarter 2023 Statutory Page 14 data was due at CAR on June 15, 2023. Reconciliation Responses for First Quarter 2023 ran on July 1, 2023, and were due back on August 7, 2023. Company assessments were included in Second Quarter 2023 Settlement of Balances. Second Quarter 2023 Statutory Page 14 data entry submissions were due at CAR on September 15, 2023. Second Quarter 2023 Reconciliation is anticipated to run on October 2, 2023.

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

Section VI – Communications:

CAR moved the Statistical Policy Histories to its website in late May, 2023. With this update to the website, it marks the final mainframe application that has moved. Accordingly, industry users no longer need to maintain a mainframe user id and password.

**OPERATIONAL REPORTS
2ND QUARTER 2023**

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 2023 as of the second quarter. That is, it reflects those companies whose submissions were not complete by the due date indicated below.

2023 CALL SCHEDULE		
Submission	Due Date	Quarter
January 2023	March 15, 2023	1 st Quarter
February 2023	April 18, 2023	
March 2023	May 15, 2023	
April 2023	June 15, 2023	2 nd Quarter
May 2023	July 17, 2023	
June 2023	August 15, 2023	
July 2023	September 15, 2023	3 rd Quarter
August 2023	October 16, 2023	
September 2023	November 15, 2023	
October 2023	December 15, 2023	4 th Quarter
November 2023	January 16, 2024	
December 2023	February 15, 2024	

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 the second quarter, 2023.

**OPERATIONAL REPORTS
2ND QUARTER 2023**

I. STATISTICAL SYSTEM (continued)

2023 Timeliness Report

<i>CO NO</i>	<i>Jan 3/15</i>	<i>Feb 4/18</i>	<i>Mar 5/15</i>	<i>Apr 6/15</i>	<i>May 7/17</i>	<i>Jun 8/15</i>	<i>July 9/15</i>	<i>Aug 10/16</i>	<i>Sep 11/15</i>	<i>Oct 12/15</i>	<i>Nov 1/16</i>	<i>Dec 2/15</i>
105			COM			COM						
118	PP											
134				COM								
162						COM						
164			COM									
237			COM									
238			COM									
429		COM	COM									
549					COM							
626		COM										
667			COM			COM						
719					COM							
737		COM										
902		COM										
927			COM			COM						
970						COM						
972						PP						

**OPERATIONAL REPORTS
2ND QUARTER 2023**

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 2nd Quarter 2023, CAR assessed a total penalty amount of \$15,800. The table below shows the detailed penalties for each company.

Penalty Assessments
2nd Quarter 2023

<u>Co #</u>	<u>Company Name</u>	<u>Assessment</u>	<u>Assessment Amount</u>
25	Great American Assurance Co	Late MAS 04/2023	\$500
30	American Family Home Ins Co	DA-Unresolved Reporting	\$3,000
45	American Automobile Insurance	Late DA Response - 12/2022	\$300
45	American Automobile Insurance	Late Page 14 - 03/2023	\$300
103	The Pie Insurance Company	Late DA Response - 12/2022	\$150
103	The Pie Insurance Company	Late Page 14 - 03/2023	\$4,400
105	Crum & Foster Indemnity Co	Late MAS 03/2023	\$500
109	Pennsylvania Lumbermens Mutual	Late DA Response – 12/2022	\$300
123	HDI-Global Insurance Company	Stat Err > 5% - 04/2023	\$150
128	Accredited Surety & Casualty	Late Page 14 - 03/2023	\$4,400
130	American Agriculture Insurance Co	Late Page 14 - 03/2023	\$4,400
134	New York Marine General Ins Co	Late MAS 04/2023	\$500
143	American Hallmark Insurance Com	Late Expln - 03/2023	\$200
144	Wesco Insurance Company	Stat Err > 5% - 04/2023	\$150
164	Starstone National Insurance Co	Late DA Response – 12/2022	\$150
164	Starstone National Insurance Co	Late MAS 03/2023	\$500
172	Lemonade Insurance Company	Late Page 14 - 03/2023	\$200
208	CM Select Insurance Company	Late Page 14 - 03/2023	\$200
216	DB Insurance LTD	Rescind Late Pg 14 - 12/2022	(\$4,400)
224	CM Regent Insurance Company	Late Page 14 - 03/2023	\$200
226	Great Divide Insurance Company	Stat Err > 5% - 04/2023	\$450
237	All America Insurance Company	Late MAS 03/2023	\$500
238	Central Mutual Insurance Co	Late MAS 03/2023	\$500
238	Central Mutual Insurance Co	Stat Err > 5% - 04/2023	\$450
246	American Southern Home Ins	Late Page 14 - 03/2023	\$200
301	Incline Casualty Insurance Co	Late Expln - 03/2023	\$300
313	Essentia Insurance Company	Stat Err > 5% - 02/2023	\$300

**OPERATIONAL REPORTS
2ND QUARTER 2023**

I. STATISTICAL SYSTEM (continued)

B. Statistical Plan Penalty Fee Program (continued)

Penalty Assessments
2nd Quarter 2023

			Assessment
Co #	Company Name	Assessment	Amount
313	Essentia Insurance Company	Stat Err > 5% - 03/2023	\$450
313	Essentia Insurance Company	Stat Err > 5% - 04/2023	\$450
323	Esurance Insurance Company	Stat Err > 5% - 02/2023	\$750
323	Esurance Insurance Company	Stat Err > 5% - 03/2023	\$2,400
323	Esurance Insurance Company	Stat Err > 5% - 04/2023	\$450
323	Esurance Insurance Company	Late Expln - 03/2023	\$200
364	Prime Insurance Company	Stat Err > 5% - 04/2023	\$600
364	Prime Insurance Company	Late DA Response – 12/2022	\$300
427	Great Northern Insurance Co	Late DA Response - 12/2022	\$150
429	Government Employee's (Comm)	Late MAS 03/2023	\$500
446	American Modern Select Ins Co	Late Page 14 - 03/2023	\$200
549	Manufacturers Alliance Ins Co	Rescind Late MAS 12/2022	(\$6,950)
571	Milford Casualty Insurance Co	Stat Err > 5% - 04/2023	\$300
607	Next Insurance US Company	Late Page 14 - 03/2023	\$100
631	National Summit Insurance Co	Late Page 14 - 03/2023	\$100
667	The North River Insurance Co	Late MAS 03/2023	\$500
695	Old Republic Insurance Company	Stat Err > 5% - 03/2023	\$150
706	Penn Manufacturers Indemnity Co	Rescind Late MAS 01/2023	(\$1,250)
713	Falls Lake National Insurance Co	DA-Unresolved Reporting	\$3,000
719	Penn Manufacturers Association	Rescind Late MAS 12/2022	(\$6,800)
829	Mitsui Sumitomo Insurance Co	Late Page 14 - 03/2023	\$800
927	United States Fire Insurance Co	Late MAS 03/2023	\$500
972	Foremost Property & Casualty Co	Late Expln - 03/2023	\$100
		Total	\$15,800

**OPERATIONAL REPORTS
2ND QUARTER 2023**

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 2021 - 2023.

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.

**OPERATIONAL REPORTS
2ND QUARTER 2023**

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 on August 1, 2023 monitoring policy years 2021, 2022 and 2023 for 2nd Quarter 2023.

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 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*).

**OPERATIONAL REPORTS
2ND QUARTER 2023**

II. CESSION/MAIP PLACEMENT RECORD REPORTING (continued)

Policy Year 2022
Commercial

CO NO	POLICIES ELIGIBLE	BACKDATED POLICIES	PERCENT BACKDATED	% CHANGE	PD LOSSES COVERED	O/S LOSSES COVERED
154	203	0	0.0	0.0	0	0
732	97	0	0.0	0.0	0	0
773	1	0	0.0	0.0	0	0
Totals	301	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*).

Policy Year 2023
Commercial

CO NO	POLICIES ELIGIBLE	BACKDATED POLICIES	PERCENT BACKDATED	% CHANGE	PD LOSSES COVERED	O/S LOSSES COVERED
154	140	1	0.0	0.0	0	0
732	41	0	0.0	0.0	0	0
773	1	0	0.0	0.0	0	0
Totals	182	1	0.5%	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*).

**OPERATIONAL REPORTS
2ND QUARTER 2023**

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 July 31, 2023 and the documentation is due back on October 1, 2023. Please note documentation can now be uploaded through the CAR Accounting application on the website using your account id and password.

**OPERATIONAL REPORTS
2ND QUARTER 2023**

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 07/2022 to 06/2023
Reflects MAIP Placement Record Reported Data as of August 17, 2023

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	450
153	33	10	0	197	16	9	2880
192	0	0	0	0	0	0	523
193	0	0	0	0	0	7	0
202	0	0	0	0	0	0	94
250	0	0	0	0	0	0	40
258	0	0	0	0	0	0	281
279	2	0	48	30	0	18	14001
304	0	0	0	0	0	0	6
308	0	0	0	0	0	0	178
315	0	0	0	0	0	0	31
354	49	62	0	1	1	28	4471
363	0	0	0	0	0	0	56
531	1	0	0	0	1	0	790
584	0	0	0	0	0	0	836
604	0	2	17	3	0	6	122
612	0	0	0	6	0	0	0
664	10	9	0	1	6	0	1923
724	0	0	0	0	0	0	9
726	0	0	0	0	0	0	4
731	0	0	0	5	0	0	0
735	0	0	0	0	0	0	38
773	0	0	40	15	2	6	2521
827	0	1	0	0	0	0	604
890	0	0	0	0	0	0	411
908	1	1	0	0	1	1	3801
959	0	0	0	0	0	0	39
988	0	1	1	3	0	0	455
Average	3	3	4	10	1	3	1235

**OPERATIONAL REPORTS
2ND QUARTER 2023**

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
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%	17.3%	Final Result
2023	0.8%	18.1%	As of June, 2023

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

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

Policy Year 2023 Results as of June, 2023

	2023 @ 6 Months	% Total		2022 @ Final	% Total
MAIP Assigned (CAR-ID 9)	19,930	0.8%		21,745	0.4%
MAIP Retained (CAR-ID 8)	2,509,501	99.2%		4,843,902	99.6%
Total	2,529,431	100.0%		4,865,647	100.0%

C. Private Passenger MAIP Premium and Loss Reports

Private Passenger Premium and Loss reports were updated on August 21, 2023 to reflect reported data through June, 2023. These reports 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.

**OPERATIONAL REPORTS
2ND QUARTER 2023**

III. RESIDUAL MARKET INFORMATION (continued)

D. Production of Quarterly Participation Reports

CAR posted the June 2023 Quarterly Member Participation Reports to its website on September 8, 2023. 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 2nd Quarter 2023 estimated Participation Ratios using data reported through the June 30, 2023 monthly accounting shipments will be posted to CAR's website by September 30, 2023.

The Final 2022 Participation Ratios using data reported through the December 2022 monthly accounting shipment was calculated and included in the June Quarter Settlement of Balances, processed in September 2023. These Ratios are included in the calculations of deficit sharing, administrative expenses, and the advanced statistical assessment.

F. Ceding Expense True-Up for Calendar Year 2022

Ceding expenses for commercial servicing carriers for Calendar Year 2022 will be trued-up and processed with the September, 2023 Settlement of Balances, posted to CAR's website in December. Company Reports will be mailed to the designated Servicing Carrier contacts at that time.

G. Quota Share

CAR posted the June 2023 Monthly Quota Share and Assignment Order Report to its website on August 30, 2023. The report has been updated to include statistical data from July, 2022 to June, 2023 effective month policies reported through August 15, 2023.

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.

Additionally, CAR's Governing Committee has completed its annual review of MAIP Quota Share credits. At its September 20, 2023 meeting, the Committee unanimously voted to notify the Commissioner of Insurance that CAR is recommending no change to credits for policies effective April 1, 2024 and subsequent.

Please refer to Bulletin #1155 for additional details.

**OPERATIONAL REPORTS
2ND QUARTER 2023**

III. RESIDUAL MARKET INFORMATION (continued)

H. CAR Financial Results – Latest Deficit Projections

The latest valuation of ultimate policy year deficit projections as of June 2023 was posted to CAR’s website on September 6, 2023 for the latest three policy years are as follows:

(Numbers are in \$000s)

Commercial Deficit as of June, 2023 (in Millions) (Valuation: + Surplus, - Deficit)		
Policy Year	Current Qtr	Prior Qtr
2020	\$26.8	\$26.4
2021	\$22.5	\$21.0
2022	-\$5.1	-\$4.0

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.

I. Private Passenger Residual Market Rates Filed – February 1, 2024 Effective Date

CAR filed a Massachusetts Private Passenger Residual Market rate change (SERFF Tracking Number: CARI-133799362) with the Division of Insurance on September 6, 2023 with a proposed effective date of February 1, 2024. For planning purposes, the filed rates and related implementation materials are available to Member Companies upon request. Requests should be directed to Shannon Chiu at schiu@commauto.com.

Please refer to Bulletin #1153 for additional details.

**OPERATIONAL REPORTS
2ND QUARTER 2023**

III. RESIDUAL MARKET INFORMATION (continued)

J. Private Passenger Residual Market Manual Rules Modifications Approved

On February 22, 2023, the Division of Insurance placed on file modifications to the Private Passenger Residual Market Automobile Insurance Manual with an effective date of May 1, 2023. Amendments to Rule 27 - Private Passenger Definition include:

- Section B – the definition of the vehicle type has been expanded to include SUV.
- Section B.1 –the gross vehicle weight has been updated from 10,000 pounds to 16,000 pounds to maintain consistency with Registry procedures.

Additionally, Rule 55 - Pre-Insurance Inspection Program is amended to correctly reference Massachusetts General Laws Chapter 175. The Manual Rules are available on the Manuals page of CAR's MAIP website.

Please refer to Bulletin #1150 for additional details.

K. Commercial Residual Market Rate Filing Placed on File - December 1, 2023 Effective Date

On August 25, 2023, the Division of Insurance placed on file the Commercial Automobile Insurance Manual Rates applicable to commercial policies with effective dates of December 1, 2023 and subsequent that are ceded to CAR (SERFF Tracking # CARI-133642920). In addition, corresponding amendments to the CAR Commercial Automobile Insurance Manual Rules, Rate Pages, and Experience Rating Plan have also been placed on file. The Commercial Automobile Insurance Manual Rules, Rates, Experience Rating Plan, and Implementation Instructions are available on the Manuals page of CAR's website.

Please refer to Commercial Lines Notice #155 for additional details.

L. Updated Underwriting Inspection Form

An updated Underwriting Inspection Form developed for Commercial Servicing Carrier use is now available on CAR's website. The standardized inspection form is applicable to taxi, limousine, and car service risks and was developed collaboratively with input from the Commercial Automobile Committee. This added market service tool replaces the external assistance provided by a prior third-party vendor that no longer fulfills this function Chapter III – Servicing Carrier Responsibilities of the Manual of Administrative Procedures pertaining to the use of the Underwriting Inspection Form.

Please refer to Bulletin #1152 for additional detail relating to the changes.

**OPERATIONAL REPORTS
2ND QUARTER 2023**

III. RESIDUAL MARKET INFORMATION (continued)

M. Rule 29 Voluntary Credits

CAR ran the Rule 29 credit edit reports for effective date June data in mid-August. 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 2021 accounting date.

Accounting Date	Reported Credit Premium	Adjusted Credit Premium	Rule 29 Credit Impact	Error Percentage
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%
April 2022	957,231,456	939,284,472	-17,946,984	1.87%
May 2022	959,180,731	941,271,305	-17,909,426	1.87%
June 2022	959,724,409	941,795,844	-17,928,565	1.87%
July 2022	958,554,760	940,735,184	-17,819,576	1.89%
August 2022	958,856,993	940,561,243	-18,295,750	2.67%
Sept 2022	960,979,583	942,167,652	-18,811,931	2.54%
Oct 2022	960,567,634	941,117,867	-19,449,767	2.02%
Nov 2022	962,041,430	942,124,090	-19,917,340	2.07%
Dec 2022	962,324,572	942,531,249	-19,793,323	2.06%
Jan 2023	961,694,880	943,116,380	-18,578,500	1.93%
Feb 2023	963,198,897	943,667,297	-19,531,582	2.03%
March 2023	959,240,622	939,581,963	-19,658,659	2.05%
April 2023	960,054,233	940,558,236	-19,495,997	2.03%
May 2023	962,825,669	942,900,043	-19,925,626	2.07%
June 2023	965,041,429	945,190,919	-19,850,510	2.06%

**OPERATIONAL REPORTS
2ND QUARTER 2023**

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 2023	March 15, 2023	March 16, 2023	1st Quarter 2023
February 2023	April 15, 2023	April 16, 2023	
March 2023	May 15, 2023	May 16, 2023	
April 2023	June 15, 2023	June 16, 2023	2 nd Quarter 2023
May 2023	July 17, 2023	July 18, 2023	
June 2023	August 15, 2023	August 16, 2023	
July 2023	September 15, 2023	September 16, 2023	3 rd Quarter 2023
August 2023	October 16, 2023	October 17, 2023	
September 2023	November 15, 2023	November 16, 2023	
October 2023	December 15, 2023	December 16, 2023	4 th Quarter 2023
November 2023	January 16, 2024	January 17, 2024	
December 2023	February 15, 2024	February 16, 2024	

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 second quarter 2023.

Lastly, CAR also provides loss data eligible for future loss write-offs. The potential loss write-offs for October 2023 through March 2024 are shown following the 2nd Quarter Write-Off exhibit.

**OPERATIONAL REPORTS
2ND QUARTER 2023**

IV. ACCOUNTING SYSTEM (continued)

B. Critical Error Write-Off (continued)

2nd Quarter 2023 – Loss Write-Off

Company	May 2023	June 2023	July 2023	Total
154				
245				
279				
717				
732				
734				
773	140,551	0	0	140,551
Total	140,551	0	0	140,551

2nd Quarter 2023 – 10% Loss of Investment Fees

Company	May 2023	June 2023	July 2023	Total
154				
245				
279				
717				
734				
773				
Total				

Potential Loss Write-Off October 2023 through March 2024

Company	October 2023	November 2023	December 2023	January 2024	February 2024	March 2024	Grand Total
154		0	0	0	0	0	0
245		0	0	0	0	0	0
279		0	3,807	127,939	0	0	131,746
717		0	0	0	0	0	0
732		0	0	0	0	0	0
734		0	0	0	0	0	0
773		41,586	15,488	0	20,608	12,120	89,802
Totals		41,586	19,295	127,939	20,608	12,120	221,548

**OPERATIONAL REPORTS
2ND QUARTER 2023**

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	2021	0	0.00
154	2022	20,754	0.05
154	2023	305,030	1.09
279	2021	0	0.00
279	2022	9,240	0.02
279	2023	-195,065	-0.57
717	2021	11,628	0.47
717	2022	0	0.00
717	2023	0	0.00
732	2021	0	0.00
732	2022	0	0.00
732	2023	0	0.00
734	2021	0	0.00
734	2022	0	0.00
734	2023	0	0.00
773	2021	526,967	1.28
773	2022	499,470	0.98
773	2023	293,194	1.05
Total Ind		1,471,218	0.30

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 2nd Quarter 2023 forecasting reports on September 6, 2023.

**OPERATIONAL REPORTS
2ND QUARTER 2023**

IV. ACCOUNTING SYSTEM (continued)

F. 2021 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 2021 premium reporting year closed on February 15, 2024. Accordingly, CAR will no longer accept cession activity for the 2021 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 2021 effective date policies and for historical information.

Year	PP Penalty	Commercial Penalty	Taxi/Limo/CAR Service Penalty
2021	N/A	\$12,200	\$10,500
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

G. \$60 Cession/No Premium Penalties

The May 2023 \$60 Cession/No Premium penalties ran on May 28, 2023. These penalties were assessed in the 2nd Quarter 2023 Settlement of Balances Report.

Co No	Policy Eff Yr.	Policy Count	Assessed Penalty
773	2021	1	\$60
773	2022	2	\$120
Total		3	\$180

**OPERATIONAL REPORTS
2ND QUARTER 2023**

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 2023	March 15, 2023	March 16, 2023	1st Quarter 2023
February 2023	April 15, 2023	April 16, 2023	
March 2023	May 15, 2023	May 16, 2023	
April 2023	June 15, 2023	June 16, 2023	2nd Quarter 2023
May 2023	July 17, 2023	July 18, 2023	
June 2023	August 15, 2023	August 16, 2023	
July 2023	September 15, 2023	September 16, 2023	3rd Quarter 2023
August 2023	October 16, 2023	October 17, 2023	
September 2023	November 15, 2023	November 16, 2023	
October 2023	December 15, 2023	December 16, 2023	4th Quarter 2023
November 2023	January 16, 2024	January 17, 2024	
December 2023	February 15, 2024	February 16, 2024	

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 2023	June 15, 2023	July 5, 2023	Approx. August 5, 2023
2nd 2023	September 15, 2023	October 2, 2023	Approx. November 1, 2023
3rd 2023	December 15, 2023	January 3, 2024	Approx. February 3, 2024
4th 2023	March 15, 2024	April 3, 2024	Approx. May 3, 2024

The Annual Statement collection of Page 14's for 1st Quarter 2023 was due on June 15, 2023. Penalties for late Page 14 amounted to \$15,500. Reconciliation 1st Quarter 2023 responses were due August 7, 2023 and penalties amounted to \$800. All penalties were included in 2nd Quarter 2023 Settlement of Balances. The 2nd Quarter 2023 Annual Statement Statutory Page 14 data were due at CAR on September 15, 2023. The 2nd Quarter 2023 Reconciliation is due to run on or about October 2, 2023.

**OPERATIONAL REPORTS
2ND QUARTER 2023**

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 2022 EFF YEAR	Liability	44,924	1,502	3.34%
	No Fault	43,351	419	0.97%
	Physical Damage	33,018	874	2.65%
	Total	121,293	2,795	2.30%
COMM 2023 EFF YEAR	Liability	22,001	270	1.23%
	No Fault	21,841	123	0.56%
	Physical Damage	16,509	281	1.70%
	Total	60,351	674	1.12%

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 2023 – December 2023. Previous Effective Year includes policies effective January 2022 – December 2022. Companies should contact the Residual Market Services Department regarding Rate Edit reporting.

**OPERATIONAL REPORTS
2ND QUARTER 2023**

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 06/2023

COMPANY NUMBER	RECORD COUNT	WASHOUT COUNT	WASHOUT PERCENT
029	298	385	77.40
033	225,358	736,120	30.61
044	1,004	1,225	81.96
096	3,806	12,875	29.56
100	22,284	35,676	62.46
103	4	18	22.22
113	284	1,334	21.29
116	12	24	50.00
118	29,871	74,854	39.91
127	669	1,540	43.44
141	80,448	144,646	55.62
153	587,080	2,072,866	28.32
154	202,671	344,809	58.78
156	24,936	48,280	51.65
201	2,056	6,379	32.23
202	46	215	21.40
226	3,010	4,285	70.25
250	40	152	26.32
256	1,910	2,212	86.35
261	1,372	2,430	56.46
265	36	125	28.80
304	2	10	20.00
307	1,638	2,749	59.59
308	164	667	24.59
327	966	3,621	26.68
334	256	375	68.27
344	1,278	4,903	26.07
362	68,508	99,471	68.87
402	6,915	10,672	64.80
418	9,100	39,037	23.31
420	2,036	5,179	39.31
427	454	2,142	21.20

**OPERATIONAL REPORTS
2ND QUARTER 2023**

V. STATISTICAL AGENT FUNCTION (continued)

D. Deleted Washout Records (continued)

Deleted Washout Totals
For All Shipments Received Through 06/2023

COMPANY NUMBER	RECORD COUNT	WASHOUT COUNT	WASHOUT PERCENT
443	2,076	2,724	76.21
486	60	165	36.36
503	58	65	89.23
518	26	81	32.10
577	38,428	81,802	46.98
626	47,476	81,723	58.09
638	100	163	61.35
664	119,276	349,328	34.14
737	278,422	826,071	33.70
770	94,191	339,721	27.73
785	682,104	2,505,020	27.23
797	4,606	11,691	39.40
881	150	624	24.04
890	248	1,190	20.84
902	47,604	83,681	56.89
907	80,149	226,057	35.46
910	16,850	26,991	62.43
916	39,499	124,740	31.67
940	60,678	188,592	32.17
943	109,028	286,840	38.01
958	312	1,069	29.19
959	16	65	24.62
963	738	1,747	42.24
996	244	540	45.19

Total Industry	4,110,105	26,973,126	15.24%
-----------------------	------------------	-------------------	---------------

The 2022 washout total following the 06/2022 shipments was 14.41%

**OPERATIONAL REPORTS
2ND QUARTER 2023**

V. STATISTICAL AGENT FUNCTION (continued)

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 June 2023 Distributional Analysis report to the industry on September 1, 2023. Responses are due back on November 5, 2023. 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.

**OPERATIONAL REPORTS
2ND QUARTER 2023**

VI. COMMUNICATIONS

A. CAR's Website

CAR moved the Statistical Policy Histories to its website in late May, 2023. With this update to the website, it marks the final mainframe application that has moved. Accordingly, industry users no longer need to maintain a mainframe user id and password.

B. Telecommunications

As noted above, the Statistical Policy History application moved to CAR's website in May, 2023. As that was the final mainframe application, this item will be removed from future publications of the Operational Reports.

**OPERATIONAL REPORTS
2ND QUARTER 2023**

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	Completed	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	Near Completion	The Statistical Policy History application was moved to CAR's website in May, 2023. CAR has one internal application to complete before marking this project as complete.
Ineligible Risk Database	In process	Update the Ineligible Risk Database to have additional sort capability.