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- MEMORANDUM -

TO: All Recipients of the CAR Operational Reports

FROM: Lisa Traynham, Data Analyst

DATE: December 28, 2022 (**Revision on 1/3/2023**)

RE: Operational Reports

The 3rd quarter 2022 Operational Reports follow this memorandum. This report includes data reported August 15, 2022 through November 15, 2022 for the accounting month period of July 2022 through September 2022. If you have any comments or suggestions to improve the usefulness of these reports, please contact me.

Section I – Accounting/Statistical Shipments:

At its September 21, 2022 meeting, the Governing Committee approved modifications to the Private Passenger Statistical Plan. A new classification code was added to identify four-wheeled Limited Use Vehicles and the definition of Private Passenger Motorcycles was updated to include two and three-wheeled Limited Use vehicles. Also, new physical damage coverage codes were added to capture more company-specific endorsements which includes additional towing and labor coverage, roadside assistance coverage, and substitute transportation coverage. These new miscellaneous other than collision coverage codes apply to voluntary business only.

At its September 21, 2022 meeting, the Governing Committee modifications to the Commercial Statistical Plan as a result of the approved commercial rate filing that introduced an out-of-state rating differential for zone-rated vehicles garaged outside of northern New England. The reporting instructions in the Commercial Statistical Plan have been updated to require the reporting of premium town code for ceded zone-rated vehicles. Also a new classification code was added to identify the primary coverage of a Transportation Network Services Use risk. It is applicable to voluntary business only. Additionally, new classification codes were added as a result of the broadened definition of a volunteer eligible for non-owned coverage for other than social services risks. Lastly, new physical damage coverage codes were added to capture more company-specific endorsements which includes additional towing and labor coverage, roadside assistance coverage, and on-hook coverage. These new miscellaneous other than collision coverage codes apply to voluntary business only.

CAR assessed a total of \$51,800 in the Statistical Data Quality Penalty Program in the 3rd Quarter 2022 Settlement of Balances.

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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 CAR set the 2021 penalties at \$12,200 for Commercial and \$10,500 for Taxi/Limousine business. Please reference Bulletin Notice No. 1145 distributed on December 2, 2022 for more information.

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 25, 2022 using CAR's online system. The documentation was due on October 1, 2022.

As of September 2022, the MAIP residual market rate equaled 0.4% and commercial residual market rate equaled 17.5%.

CAR posted the September 30, 2022 Quarterly Member Participation Reports to its website on December 9, 2022.

CAR ran the 3rd Quarter 2022 Rule 29 credit edit download reports on November 17, 2022.

Section IV – Accounting System Processing:

CAR produced 3rd Quarter 2022 Critical Error Loss Write-Offs. 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 deleted.

The Penalty Forecasting exhibits were made available on CAR's website on December 6, 2022.

Section V - Statistical Agent Functions:

Second Quarter 2022 Statutory Page 14 data was due at CAR on September 15, 2022. Reconciliation Responses for Second Quarter 2022 ran on October 1, 2022 and were due back on October 31, 2022. Company assessments were included in Third Quarter 2022 Settlement of Balances. Third Quarter 2022 Statutory Page 14 data was due at CAR on December 15, 2022. Third Quarter 2022 Reconciliation is anticipated to run on January 3, 2023.

All companies that exceed the commercial rate edit tolerances are listed on page 25.

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Section VI – Communications:

A new application was added to CAR's website: ERP Commercial Written Premium which assists Servicing Carriers in evaluating their assigned ERPs relative to CAR Rule 14, C – Production Criteria. Also, CAR completed the project that moved the CAR Accounting error and informational lists and the Reinsurance Audit reports to its website in September 2021.

**OPERATIONAL REPORTS
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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 third 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 third 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			BOTH			PP			
121									COM			
144						COM						
145									COM			
155						COM						
238		COM										
320						PP			PP			
323						PP			PP			
340								COM				
403								COM				
512								COM				
513								COM				
514								COM				
518								COM				
721						PP						
797						COM			COM			
989			PP		PP							

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

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

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

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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 shipmer's error percent to below 5%.

For 3rd Quarter 2022, CAR assessed a total penalty amount of \$51,800. The table below shows the detailed penalties for each company.

Penalty Assessments
3rd Quarter 2022

<u>Co #</u>	<u>Company Name</u>	<u>Assessment</u>	<u>Assessment Amount</u>
30	American Family Home Ins. Co	Late MAS 06/2022	\$1,250
30	American Family Home Ins. Co	Stat Err > 5% - 06/2022	\$150
30	American Family Home Ins. Co	Late DA Response – 06/2022	\$150
96	Motorist Comm Mutual Ins Co	Late DA Response – 06/2022	\$300
109	Pennsylvania Lumbers Mutual	Stat Err > 5% - 04/2022	\$600
109	Pennsylvania Lumbers Mutual	Late Expln – 06/2022	\$100
109	Pennsylvania Lumbers Mutual	Late DA Response – 06/2022	\$150
121	Allied World Specialty Ins Co	Late DA Response – 06/2022	\$150
136	Hospitality Insurance Company	Rescinded Late Pg14-12/2021	(\$4,600)
144	Wesco Insurance Company	Stat Err > 5% - 06/2022	\$150
144	Wesco Insurance Company	Late MAS 06/2022	\$1,250
145	Allied World Insurance Company	Stat Err > 5% - 06/2022	\$150
155	Argonaut Insurance Company	Late MAS 06/2022	\$500
206	Nationwide Agribusiness Ins. Co	Late DA Response – 06/2022	\$150
219	Safety National Casualty Corp	Stat Err > 5% - 04/2022	\$1,200
219	Safety National Casualty Corp	Stat Err > 5% - 05/2022	\$150
219	Safety National Casualty Corp	Stat Err > 5% - 06/2022	\$450
219	Safety National Casualty Corp	Stat Err > 5% - 07/2022	\$450
235	Concord General Mutual Ins Co	Rescind Late Pg. 14 – 03/2022	(\$100)
265	Berkley National Insurance Co	Stat Err > 5% - 05/2022	\$150
301	Incline Insurance Company	Late Expln – 06/2022	\$900
313	Essentia Insurance Company	Stat Err > 5% - 03/2022	\$2,400
313	Essentia Insurance Company	Stat Err > 5% - 04/2022	\$600
313	Essentia Insurance Company	Stat Err > 5% - 05/2022	\$150
320	American Modern Property & Cas	Late Expln – 06/2022	\$900
320	American Modern Property & Cas	Late DA Response – 06/2022	\$150
320	American Modern Property & Cas	Late MAS 06/2022	\$1,250
323	Esurance Insurance Company	Stat Err > 5% - 06/2022	\$300

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I. STATISTICAL SYSTEM (continued)

B. Statistical Plan Penalty Fee Program (continued)

Penalty Assessments
3rd Quarter 2022

<u>Co #</u>	<u>Company Name</u>	<u>Assessment</u>	<u>Assessment Amount</u>
323	Esurance Insurance Company	Stat Err > 5% - 07/2022	\$150
323	Esurance Insurance Company	Interim Late MAS 06/2022	\$9,000
323	Esurance Insurance Company	Interim Late MAS 07/2022	\$6,000
323	Esurance Insurance Company	Interim Late MAS 08/2022	\$3,000
323	Esurance Insurance Company	Interim Late MAS 09/2022	\$500
323	Esurance Insurance Company	Late DA Response – 06/2022	\$150
323	Esurance Insurance Company	Late Expln – 06/2022	\$100
340	Employee's Ins Co of Wausau	Late MAS 08/2022	\$500
366	Arch Insurance Company	Late DA Response – 06/2022	\$150
400	AXIS Insurance Company	Late Page 14 Data - 06/2022	\$100
403	The First Liberty Insurance Corp	Late MAS 08/2022	\$500
429	Government Employee's Ins	Stat Err > 5% - 06/2022	\$600
436	General Casualty of Wisconsin	Late DA Response – 06/2022	\$150
462	Sentry Insurance Company	Late DA Response – 06/2022	\$150
486	Harleysville Preferred Ins Co	Late DA Response – 06/2022	\$150
509	Sentry Select Insurance Co	Stat Err > 5% - 06/2022	\$150
509	Sentry Select Insurance Co	Late DA Response – 06/2022	\$150
512	Liberty Mutual Fire Insurance Co	Late MAS 08/2022	\$500
513	Liberty Mutual Insurance Corp	Late MAS 08/2022	\$500
514	Liberty Mutual Insurance Company	Late MAS 08/2022	\$500
518	LM Insurance Corporation	Late MAS 08/2022	\$500
556	Vermont Accident Insurance Co	Rescind Late Pg. 14 – 03/2022	(\$100)
561	Markel American Ins. Co	Stat Err > 5% - 05/2022	\$150
561	Markel American Ins. Co	Late DA Response – 06/2022	\$150
578	Merchants Preferred Ins. Co	Late DA Response – 06/2022	\$150
594	National General Insurance	Late DA Response – 06/2022	\$300
602	Middlesex Insurance Co	Stat Err > 5% - 06/2022	\$300
602	Middlesex Insurance Co	Late DA Response – 06/2022	\$150
617	North Pointe Insurance Company	Late DA Response – 06/2022	\$150
618	Nationwide Affinity Insurance Co	Late DA Response – 06/2022	\$300
622	National Interstate Insurance Co	Stat Err > 5% - 03/2022	\$600
622	National Interstate Insurance Co	Stat Err > 5% - 07/2022	\$150
627	National Union Fire Ins Co of PA	Late DA Response – 06/2022	\$150
664	Norfolk and Dedham Insurance Co	Late DA Response – 06/2022	\$150
705	State Mutual Insurance Company	Rescind Late Pg. 14 – 03/2022	(\$100)
721	Philadelphia Indemnity Co	Late MAS 06/2022	\$3,000

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I. STATISTICAL SYSTEM (continued)

B. Statistical Plan Penalty Fee Program (continued)

Penalty Assessments
3rd Quarter 2022

Co #	Company Name	Assessment	Assessment Amount
728	Sunapee Mutual Fire Insurance Co	Rescind Late Pg. 14 – 03/2022	(\$100)
748	QBE Insurance Corporation	Late DA Response – 06/2022	\$150
797	STARR Indemnity and Liability Co	Late MAS 06/2022	\$500
831	Axis Reinsurance Company	Late Page 14 Data - 06/2022	\$100
837	T.H.E Insurance Company	Stat Err > 5% - 06/2022	\$150
958	Harleysville Insurance Co	Late DA Response – 06/2022	\$300
963	Harleysville Worcester Insurance	Late DA Response – 06/2022	\$300
989	Foremost Insurance Company	Interim Late MAS 03/2022	\$3,000
989	Foremost Insurance Company	Interim Late MAS 04/2022	\$3,000
989	Foremost Insurance Company	Interim Late MAS 05/2022	\$3,000
989	Foremost Insurance Company	Interim Late MAS 06/2022	\$2,500
989	Foremost Insurance Company	Interim Late MAS 07/2022	\$500
		Total	\$51,800

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I. STATISTICAL SYSTEM (continued)

Massachusetts Private Passenger Statistical Plan

Approved Modifications

Approved Effective Date	Description	Status
<p style="text-align: center;">January 1, 2024 (Optional January 1, 2023)</p>	<p>In order to properly identify vehicles that are classified as Limited Use Vehicles, a new classification code has been added to the Private Passenger Statistical Plan. Also, the Private Passenger Motorcycle Definition was updated to include two and three-wheeled Limited Use Vehicles. Appendix A – Classification Code Decision Table has been modified to identify those data elements that are required to be reported, not required to be reported or may be optionally reported on records coded with the Limited Use Vehicles classification code.</p>	<p style="text-align: center;">Approved by the Division of Insurance on October 28, 2022</p>
	<p>In order to capture more company-specific enhancements to physical damage coverage, new miscellaneous other than collision coverage codes have been added to the Private Passenger Statistical Plan. These new codes identify additional towing and labor coverage, roadside assistance coverage, and additional substitute transportation coverage and are applicable to voluntary business only. Appendix A – Coverage Code Decision Table has been updated to include these new codes</p>	

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I. STATISTICAL SYSTEM (continued)

Massachusetts Commercial Statistical Plan

Approved Modifications

Approved Effective Date	Description	Status
January 1, 2024 (Optional July 1, 2023)	As a result of the recently approved commercial rate filing that introduces an out-of-state rating differential for zone-rated vehicles garaged outside of northern New England, the reporting instructions in the Commercial Statistical Plan have been updated to require the reporting of premium town code for ceded zone-rated vehicles. A note has also been added to the Classification Code Decision Table indicating that premium town code is required for ceded zone-rated vehicles.	Approved by the Division of Insurance on October 28, 2022.
January 1, 2024	Currently, symbol code and value code are used to capture the value of a vehicle or motorcycle, respectively. These codes define ranges of values, and most reported codes are clustered in only a few codes. For vehicles and motorcycles valued greater than \$90,000, original cost new is reported. In order to efficiently and accurately capture the value of vehicles and motorcycles, the Commercial Statistical Plan has been updated to require reporting of original cost new on all eligible vehicles and motorcycles, instead of only those valued at \$90,001 and above. With this change, the reporting of symbol code on the detail statistical record will be discontinued. Accordingly, the Reporting Instructions, Record Layouts, and Decision Tables have been updated to reflect that this field is reserved for future use.	
January 1, 2024 (Optional January 1, 2023)	A new Classification Code, 915000, has been added to the Commercial Statistical Plan. The Transportation Network Services Use code is applicable to voluntary business only and will be used to identify primary coverage of the TNC to its clients for ride-sharing, ride-hailing, on-demand delivery and other transportation network services. The new code has also been added to the Classification Code Decision Table with required statistical coding.	
January 1, 2024 (Optional January 1, 2023)	As a result of the broadened definition of a volunteer eligible for non-owned coverage for other than social services, two new classification codes have been added to the Commercial Statistical Plan. Classification codes 667400 and 667600 are applicable to voluntary business only and will be used to identify Volunteers (Other than Social Service Agency Risks) and Individual Liability of Volunteers (Other than Social Service Agency Risks).	
January 1, 2024 (Optional January 1, 2023)	In order to capture more company-specific enhancements to physical damage coverage, two new miscellaneous other than collision coverage codes have been added to the Commercial Statistical Plan. These new codes identify additional towing and labor coverage and roadside assistance coverage. The new codes are applicable to voluntary business only and have been added to the Coverage Code Decision Table with required statistical coding. Additionally, references to older policy effective years which are no longer reportable to CAR have been deleted.	

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I. STATISTICAL SYSTEM (continued)

Massachusetts Commercial Statistical Plan (continued)

Approved Modifications

Approved Effective Date	Description	Status
January 1, 2024 (Optional January 1, 2023)	To identify On Hook coverage, coverage code 088 has been added to the Commercial Statistical Plan. The new code is applicable to voluntary business only and has been added to the Coverage Code Decision Table with the required statistical coding.	Approved by the Division of Insurance on October 28, 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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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 December 6, 2022 monitoring policy years 2020, 2021 and 2022 for 3rd 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	0.0	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	184	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	93	0	0.0	0.0	0	0
773	1	0	0.0	0.0	0	0
Totals	278	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 July 25, 2022 and the documentation was due back on October 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 10/2021 to 09/2022

Reflects MAIP Placement Record Reported Data as of November 17, 2022

Company	Missing MPRs	Rejected MPRs	Fatal MPRs	Rejected Take-Out Credits	MPRs with No Premium	MAIP Premium with No MPR	Active MPRs
113	0	1	0	0	0	1	296
153	9	4	1	49	11	2	1,855
192	0	1	0	0	0	0	377
193	0	3	0	0	0	9	29
202	0	0	0	0	0	0	82
250	0	0	0	0	0	0	23
258	0	0	0	0	0	0	84
279	1	14	1007	7	10	44	8,822
304	0	0	0	0	0	0	4
308	0	0	0	0	0	0	97
315	0	0	0	0	0	0	29
354	2	1	0	0	2	123	2,573
363	0	0	0	0	1	0	95
422	0	0	0	0	0	0	48
531	0	0	0	0	0	0	581
584	0	0	1	0	0	1	616
604	12	0	166	0	6	26	280
612	1	0	10	32	0	5	539
664	3	22	0	1	0	6	1,274
724	0	1	2	0	0	0	336
726	0	0	0	0	0	0	10
731	0	0	0	47	0	0	0
735	0	0	0	0	0	0	233
773	2	0	31	25	2	3	2,964
827	0	0	0	0	1	0	423
890	0	0	0	0	0	0	196
908	1	1	0	0	0	0	2,509
959	0	0	0	0	0	0	32
988	0	0	5	8	0	1	759
Average	1	2	42	6	1	8	868

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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 Sept, 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 September, 2022

	2022 @ 9 Months	% Total		2021 @ Final	% Total
MAIP Assigned (CAR-ID 9)	16,001	0.4%		22,429	0.5%
MAIP Retained (CAR-ID 8)	3,776,657	99.6%		4,822,497	99.5%
Total	3,792,658	100.0%		4,844,926	100.0%

C. Private Passenger MAIP Premium and Loss Reports

Private Passenger Premium and Loss reports were updated on November 29, 2022 to reflect reported data through September, 2022. 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.

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III. RESIDUAL MARKET INFORMATION (continued)

D. Production of Quarterly Participation Reports

CAR posted the September 2022 Quarterly Member Participation Reports to its website on December 9, 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 3rd Quarter 2022 estimated Participation Ratios using data reported through the September 30, 2022 monthly accounting shipments will be posted to CAR's website by December 31, 2022.

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 were 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 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 were also included. Company Reports were mailed to the designated Servicing Carrier contacts.

H. Quota Share

CAR posted the September 2022 Monthly Quota Share and Assignment Order Report to its website on November 30, 2022. The report has been updated to include statistical data from October 2021 to September 2022 effective month policies reported through November 15, 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
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III. RESIDUAL MARKET INFORMATION (continued)

I. CAR Financial Results – Latest Deficit Projections

The latest valuation of ultimate policy year deficit projections as of September 2022 was posted to CAR’s website on December 7, 2022 for the latest three policy years are as follows:

(Numbers are in \$000s)

Commercial Deficit as of September, 2022 (in Millions) (Valuation: + Surplus, - Deficit)		
Policy Year	Prior Qtr	Current Qtr
2020	\$26.8	\$28.0
2021	\$23.9	\$25.1
2022	N/A	\$7.5

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 – November 1, 2022 Effective Date

On July 15, 2022, the Division of Insurance placed on file the Commercial Automobile Insurance Manual Rates applicable to commercial policies with effective dates of November 1, 2022 and subsequent that are ceded to CAR, as well as CAR’s Commercial Automobile Manual Rules, Rate Pages, and Experience Rating Plan.

Please refer to Commercial Lines Notice No. 152 for additional information regarding these rates.

K. Private Passenger Residual Market Rate Filing - April 1, 2023 Proposed Effective Date

CAR filed a Massachusetts Private Passenger Residual Market rate change with the Division of Insurance (DOI) on September 28, 2022 with a proposed effective date of April 1, 2023.

The filing is under review by the DOI and has not yet been approved. Please refer to Bulletin #1142 for additional details.

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III. RESIDUAL MARKET INFORMATION (continued)

L. Rule 29 Voluntary Credits

CAR ran the Rule 29 credit edit reports for effective date September data in mid-November. 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%
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%

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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 on the last Saturday of every month. The table on the following page shows the write-off amounts and associated 10% fees for third quarter 2022.

Lastly, CAR also provides loss data eligible for future loss write-offs. The potential loss write-offs for June 2023 through November 2023 are shown following the 3rd Quarter Write-Off exhibit.

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IV. ACCOUNTING SYSTEM (continued)

B. Critical Error Write-Off (continued)

3rd Quarter 2022 – Loss Write-Off

Company	Aug 2022	Sept 2022	Oct 2022	Total
154				
245				
279				
717				
732				
734				
773				
Total				

3rd Quarter 2022 – 10% Loss of Investment Fees

Company	Aug 2022	Sept 2022	Oct 2022	Total
154				
245				
279				
717				
734				
773				
Total				

Potential Loss Write-Off June 2023 through November 2023

Company	June 2023	July 2023	August 2023	Sept 2023	Oct 2023	Nov 2023	Grand Total
154			0	0		0	0
279			3,239	0		0	3,239
717			0	0		0	0
732			0	0		0	0
734			0	0		0	0
773			781	13,327		22,679	36,787
Totals			4,020	13,327		22,679	40,026

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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	132,174	0.36
279	2020	0	0.00
279	2021	0	0.00
279	2022	159	0.00
717	2020	0	0.00
717	2021	11,628	0.47
717	2022	0	0.00
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	-735,748	-1.89
773	2021	523,080	1.27
773	2022	675,515	1.57
Total Ind		606,808	0.12

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 3rd Quarter 2022 forecasting reports on December 6, 2022.

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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 will close 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

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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 2nd Quarter 2022 was due on September 15, 2022. Penalties for late Page 14 amounted to \$2,100. Reconciliation 2nd Quarter 2022 responses were due October 31, 2022 and penalties amounted to \$200. All penalties were included in 3rd Quarter 2022 Settlement of Balances. The 3rd Quarter 2022 Annual Statement Statutory Page 14 data was due at CAR on September 15, 2022. The 3rd Quarter 2022 Reconciliation is due to run on or about January 3, 2023.

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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	53,958	703	1.30%
	No Fault	52,160	180	0.54%
	Physical Damage	33,193	257	0.77%
	Total	139,311	1,240	0.89%
COMM 2022 EFF YEAR	Liability	32,396	1,443	4.45%
	No Fault	33,861	426	1.26%
	Physical Damage	23,589	641	2.72%
	Total	89,846	2,510	2.79%

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 09/2022

COMPANY NUMBER	RECORD COUNT	WASHOUT COUNT	WASHOUT PERCENT
029	218	407	53.56
033	787,338	2,371,817	33.20
100	65,312	179,034	36.48
118	73,143	196,733	37.18
141	195,539	370,214	52.82
153	1,740,920	6,180,706	28.17
154	375,002	671,989	55.80
156	30,536	51,775	58.98
158	4	15	26.67
201	5,886	21,612	27.23
226	14,070	36,923	38.11
256	1,068	1,799	59.37
261	1,922	5,049	38.07
265	166	633	26.22
323	28,559	127,437	22.41
327	3,410	9,408	36.25
334	98	164	59.76
344	3,780	12,749	29.65
362	198,164	284,414	69.67
364	60	281	21.35
402	23,240	33,651	69.06
418	26,097	114,851	22.72
420	9,042	18,124	49.89
427	1,912	6,674	28.65
443	11,508	14,047	81.92
494	2	3	66.67
503	162	242	66.94
577	63,434	169,023	37.53

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V. STATISTICAL AGENT FUNCTION (continued)

D. Deleted Washout Records (continued)

Deleted Washout Totals
For All Shipments Received Through 09/2022

COMPANY NUMBER	RECORD COUNT	WASHOUT COUNT	WASHOUT PERCENT
626	121,550	214,906	56.56
627	11,442	49,904	22.93
638	892	1,158	77.03
664	286,418	930,513	30.78
708	670	1,116	60.04
737	702,256	2,230,181	31.49
770	291,404	1,089,352	26.75
785	1,858,240	6,934,335	26.80
797	1,210	4,430	27.31
881	676	2,228	30.34
902	138,422	236,006	58.65
907	186,126	626,024	29.73
910	43,365	70,612	61.41
916	93,394	341,406	27.36
940	129,810	488,322	26.58
943	259,002	834,750	31.03
963	4,079	13,654	29.87
996	752	1,872	40.17
Total Industry	11,313,458	75,989,416	14.89%

The 2021 washout total following the 09/2021 shipments was 17.15%

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V. STATISTICAL AGENT FUNCTION (continued)

E. Distributional Edits Systems

The Distributional Analysis Edit System 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 report in early September for the June 2022 period. Companies were to respond to any over tolerances by November 5, 2022. The total penalty assessment for the number of outstanding missing and incomplete responses amounted to \$4,200 assessed within 3Q 2022 – Settlement of Balances.

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.

CAR completed the project of the CAR Accounting error and informational reports to the website along with the Reinsurance Audit reports in mid-September 2021. Please reference Bulletin Number 1126 for additional information.

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	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	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	Completed	Update the Ineligible Risk Database to have additional sort capability.
2023 Statistical System	In process	With the Division of Insurance approval of new classification codes and coverage codes for both the Private Passenger and Commercial Statistical Plans, there are several updates to the statistical edits. These will be updated for the processing of the 2023 accounting date shipments.