



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: December 22, 2023

RE: Operational Reports

The 3rd quarter 2023 Operational Reports follow this memorandum. This report includes data reported August 16, 2023, through November 15, 2023 for the accounting month period of July 2023 through September 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 \$39,800 in the Statistical Data Quality Penalty Program in the 3rd 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 2022 annual Cession/No Premium Write-Off amounts have been calculated and the penalty amounts have been set at \$12,900 for both the Commercial/Limited Servicing Carriers and Taxi/Limousine/Car Service business. The Taxi/Limousine/Car Service risk business has been integrated with the Limited Servicing Ceded Carriers. Please reference Bulletin Notice No. 1157 distributed on December 7, 2023 for more information.

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.

OPERATIONAL REPORTS 3RD 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 was due on October 1, 2023.

As of September 2023, the MAIP residual market rate equaled 0.9% and the commercial residual market rate equaled 17.5%.

CAR will post the September 30, 2023 Quarterly Member Participation Reports to its website on December 31, 2023.

CAR ran the 3rd Quarter 2023 Rule 29 credit edit download reports on November 17, 2023.

Section IV – Accounting System Processing:

CAR produced 3rd 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 December 20, 2023.

Section V - Statistical Agent Functions:

Second Quarter 2023 Statutory Page 14 data was due at CAR on September 15, 2023. Reconciliation Responses for Second Quarter 2023 ran on October 3, 2023, and were due back on November 3, 2023. Company assessments were included in Third Quarter 2023 Settlement of Balances. Third Quarter 2023 Statutory Page 14 data entry submissions were due at CAR on December 15, 2023. Third Quarter 2023 Reconciliation is anticipated to run on January 2, 2024.

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
3RD 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 third 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 third quarter, 2023.

**OPERATIONAL REPORTS
3RD 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>
030									PP			
033									PP			
105			COM			COM						
118	PP											
134				COM								
155							COM		COM			
162						COM						
164			COM									
237			COM									
238			COM									
349									COM			
377							COM					
429		COM	COM									
549					COM							
626		COM										
667			COM			COM						
717									COM			
719					COM							
737		COM										
772									COM			
773									BOTH			
776									COM			
902		COM										
907								PP	PP			
916								PP	PP			
927			COM			COM						
940								PP	PP			
943								PP	PP			
970						COM			COM			
972						PP						

**OPERATIONAL REPORTS
3RD 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 3rd Quarter 2023, CAR assessed a total penalty amount of \$39,800. The table below shows the detailed penalties for each company.

Penalty Assessments
3rd Quarter 2023

Co #	Company Name	Assessment	Assessment Amount
025	Great American Assurance Co	Rescind Late MAS 04/2023	(\$500)
045	American Automobile Insurance	Late DA Response - 06/2023	\$300
103	The Pie Insurance Company	Stat Err > 5% 06/2023	\$150
103	The Pie Insurance Company	Late DA Response - 06/2023	\$150
105	Crum & Foster Indemnity Co	Late MAS 06/2023	\$500
109	Pennsylvania Lumbermens Mutual	Late DA Response – 06/2023	\$150
116	Security National Insurance Co	Stat Err > 5% 06/2023	\$150
116	Security National Insurance Co	Stat Err > 5% 07/2023	\$150
118	Privilege Underwriter (PURE)	Stat Err > 5% 07/2023	\$300
121	Allied World Specialty Insurance	Late DA Response – 06/2023	\$150
123	HDI-Global Insurance Company	Stat Err > 5% - 04/2023	\$600
128	Accredited Surety & Casualty Co	Rescind Late Pg 14 - 03/2023	(\$4,000)
141	Preferred Mutual Insurance Co	Late DA Response – 06/2023	\$300
143	American Hallmark Insurance Co	Late Page 14 - 06/2023	\$200
144	Wesco Insurance Company	Stat Err > 5% - 04/2023	\$600
144	Wesco Insurance Company	Stat Err > 5% - 06/2023	\$150
145	Allied World Insurance Company	Late DA Response – 06/2023	\$150
155	Argonaut Insurance Company	Late MAS 07/2023	\$500
155	Argonaut Insurance Company	Late DA Response – 06/2023	\$150
162	Imperium Insurance Company	Late MAS 06/2023	\$500
164	Starstone National Insurance Co	Late Page 14 - 06/2023	\$100
167	The Travelers Casualty	Late Page 14 - 06/2023	\$200
206	Nationwide Agribusiness Ins. Co	Stat Err > 5% - 06/2023	\$750
218	Forge Insurance Company	Late Page 14 - 06/2023	\$4,500
266	Church Mutual Insurance Co	Stat Err > 5% - 06/2023	\$150
301	Incline Casualty Insurance Co	Late Expln - 03/2023	\$100
313	Essentia Insurance Company	Stat Err > 5% - 02/2023	\$1,200

**OPERATIONAL REPORTS
3RD QUARTER 2023**

I. STATISTICAL SYSTEM (continued)

B. Statistical Plan Penalty Fee Program (continued)

Penalty Assessments
3rd Quarter 2023

			Assessment
Co #	Company Name	Assessment	Amount
313	Essentia Insurance Company	Stat Err > 5% - 03/2023	\$1,800
313	Essentia Insurance Company	Stat Err > 5% - 04/2023	\$600
313	Essentia Insurance Company	Stat Err > 5% - 05/2023	\$300
323	Esurance Insurance Company	Stat Err > 5% - 01/2023	\$3,750
323	Esurance Insurance Company	Stat Err > 5% - 02/2023	\$6,750
323	Esurance Insurance Company	Stat Err > 5% - 03/2023	\$2,400
323	Esurance Insurance Company	Stat Err > 5% - 05/2023	\$1,650
335	TravCo Personal Insurance Co	Late Page 14 - 06/2023	\$100
364	Prime Insurance Company	Stat Err > 5% - 03/2023	\$2,400
377	Federal Insurance Company	Late MAS 07/2023	\$500
418	American Family Connect P&C Ins	Stat Err > 5% - 06/2023	\$150
463	Greenwich Insurance Company	Stat Err > 5% - 07/2023	\$150
571	Milford Casualty Insurance Co	Stat Err > 5% - 04/2023	\$1,200
571	Milford Casualty Insurance Co	Stat Err > 5% - 06/2023	\$150
571	Milford Casualty Insurance Co	Stat Err > 5% - 07/2023	\$150
578	Merchants Preferred Insurance Co	Late DA Response – 06/2023	\$150
582	Merchants Mutual Insurance Co	Late DA Response – 06/2023	\$150
638	Riverport Insurance Company	Stat Err > 5% - 06/2023	\$300
667	The North River Insurance Co	Late MAS 06/2023	\$500
671	St. Paul Protective Insurance Co	Late Page 14 - 06/2023	\$200
695	Old Republic Insurance Company	Stat Err > 5% - 03/2023	\$600
738	Phoenix Insurance Company	Stat Err > 5% - 05/2023	\$150
756	RLI Insurance Company	Late DA Response – 06/2023	\$150
775	St. Paul Fire and Marine Insurance	Late Page 14 - 06/2023	\$200
778	St. Paul Mercury Insurance Co	Late Page 14 - 06/2023	\$200
779	St. Paul Guardian Insurance Co	Late Page 14 - 06/2023	\$200
780	Travelers Constitution State Ins Co	Late Page 14 - 06/2023	\$200
828	State Farm Mutual Insurance Co	Stat Err > 5% - 06/2023	\$300
829	Mitsui Sumitomo Insurance Co	Stat Err > 5% - 06/2023	\$450
844	Tokio Marine America Insurance	Stat Err > 5% - 06/2023	\$150
907	United Services Automobile Assoc	Stat Err > 5% - 06/2023	\$150
907	United Services Automobile Assoc	Late MAS 08/2023	\$500
916	Garrison P&C Insurance Company	Stat Err > 5% - 03/2023	\$150
916	Garrison P&C Insurance Company	Stat Err > 5% - 06/2023	\$450
916	Garrison P&C Insurance Company	Late MAS 08/2023	\$500

**OPERATIONAL REPORTS
3RD QUARTER 2023**

I. STATISTICAL SYSTEM (continued)

B. Statistical Plan Penalty Fee Program (continued)

Penalty Assessments
3rd Quarter 2023

			Assessment
<u>Co #</u>	<u>Company Name</u>	<u>Assessment</u>	<u>Amount</u>
927	United States Fire Insurance Co	Late MAS 06/2023	\$500
927	United States Fire Insurance Co	Stat Err > 5% - 06/2023	\$450
940	USAA General Insurance Co	Stat Err > 5% - 05/2023	\$150
940	USAA General Insurance Co	Stat Err > 5% - 06/2023	\$300
940	USAA General Insurance Co	Late MAS 08/2023	\$500
943	USAA Casualty Insurance Co	Stat Err > 5% - 05/2023	\$300
943	USAA Casualty Insurance Co	Stat Err > 5% - 06/2023	\$300
943	USAA Casualty Insurance Co	Late MAS 08/2023	\$500
948	Utica Mutual Insurance Company	Stat Err > 5% - 05/2023	\$150
970	Sompo America Insurance Co	Late MAS 06/2023	\$500
970	Sompo America Insurance Co	Late DA Response – 06/2023	\$150
972	Foremost Property & Casualty Co	Late MAS 06/2023	\$500
979	American Bankers Ins. Co. of FL	Stat Err > 5% - 06/2023	\$150
		Total	\$39,800

**OPERATIONAL REPORTS
3RD 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
3RD 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 November 21, 2023 monitoring policy years 2021, 2022 and 2023 for 3rd 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
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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	240	4	1.7	1.7	0	0
732	75	1	1.3	1.3	0	0
773	2	0	0.0	0.0	0	0
Totals	317	5	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*).

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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 31, 2023 and the documentation was 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
3RD 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 10/2022 to 09/2023

Reflects MAIP Placement Record Reported Data as of November 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	1	0	588
153	48	27	0	259	20	22	3859
192	0	0	0	0	0	0	683
193	0	0	0	0	0	4	0
202	0	0	0	0	0	0	121
250	0	0	0	0	0	0	55
258	0	0	0	0	0	0	389
279	10	1	19	21	0	8	18762
304	0	0	0	0	0	0	7
308	0	0	0	0	1	0	274
315	0	0	0	0	0	0	38
354	65	3	0	1	3	35	5558
363	0	0	0	0	0	0	37
531	0	0	0	0	0	0	734
584	0	0	0	0	1	0	956
604	120	38	13	4	2	4	199
612	0	0	0	2	0	0	0
664	18	19	0	1	3	6	2440
724	0	0	0	0	0	0	8
726	0	0	0	0	0	0	12
731	0	0	0	6	0	0	0
735	0	0	0	0	0	0	28
773	0	0	15	54	1	4	2197
827	0	0	0	0	0	0	790
890	0	0	0	0	0	0	526
908	1	0	0	0	0	2	4995
959	0	0	0	0	0	0	47
988	1	19	0	1	1	0	957
Average	9	4	2	15	1	3	1582

**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
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	0.9%	17.5%	As of Sept, 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 September, 2023

	2023 @ 9 Months	% Total		2022 @ Final	% Total
MAIP Assigned (CAR-ID 9)	34,449	0.9%		21,745	0.4%
MAIP Retained (CAR-ID 8)	3,731,013	99.1%		4,846,154	99.6%
Total	3,765,462	100.0%		4,867,699	100.0%

C. Private Passenger MAIP Premium and Loss Reports

Private Passenger Premium and Loss reports were updated on November 22, 2023 to reflect reported data through September, 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.

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III. RESIDUAL MARKET INFORMATION (continued)

D. Production of Quarterly Participation Reports

CAR posted the September 2023 Quarterly Member Participation Reports to its website on December 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 3rd Quarter 2023 estimated Participation Ratios using data reported through the September 30, 2023 monthly accounting shipments will be posted to CAR's website by December 31, 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 was trued-up and processed with the September, 2023 Settlement of Balances, posted to CAR's website in December.

The ceding expense exhibits include expense true-ups for residual market data for policy years 2020-2022 reported in calendar year 2022. For policy years 2020 and 2021, the Company Expense portion of the true-up is calculated using an expense per exposure allowance. Beginning with policy year 2022, the Company Expense reimbursement calculation was changed to a percentage of premium reported, and incorporates all commercial vehicle types including Taxi, Limousine, and Car Service data that was formerly handled in a separate true-up process.

Company Reports were mailed to the designated Servicing Carrier contacts.

G. Quota Share as of September, 2023

CAR posted the September 2023 Monthly Quota Share and Assignment Order Report to its website on November 29, 2023. The report has been updated to include statistical data from October, 2022 to September, 2023 effective month policies reported through November 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
3RD 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 September 2023 was posted to CAR’s website on December 6, 2023 for the latest three policy years are as follows:

(Numbers are in \$000s)

Commercial Deficit as of Sept, 2023 (in Millions) (Valuation: + Surplus, - Deficit)		
Policy Year	Prior Qtr	Current Qtr
2021	\$22.5	\$23.2
2022	-\$5.1	-\$17.2
2023	N/A	-\$6.6

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 – April 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 an originally proposed effective date of February 1, 2024. The effective date has been updated to April 1, 2024 to allow for a 90-day implementation window for companies’ systems and renewal implementation procedures upon approval of the filing. The filing is still under review as of mid-December.

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.

J. Updates to the Assigned Risk Company Procedures Manual

At its meeting of September 20, 2023, the Governing Committee approved modifications to Chapter III – Assigned Risk Company Responsibilities and Chapter X – Quota Share and Credit Programs to implement a penalty program to enforce the timely reporting of Interim Summary Data

For additional details, please refer to Bulletin #1156 distributed on September 27, 2023.

**OPERATIONAL REPORTS
3RD QUARTER 2023**

III. RESIDUAL MARKET INFORMATION (continued)

K. 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%
July 2023	964,510,095	944,471,121	-20,038,974	2.08%
August 2023	963,405,642	943,416,341	-19,989,301	2.07%
Sept 2023	952,806,058	932,666,291	-20,139,767	2.11%

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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 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 third quarter 2023.

Lastly, CAR also provides loss data eligible for future loss write-offs. The potential loss write-offs for December 2023 through May 2024 are shown following the 3rd Quarter Write-Off exhibit.

**OPERATIONAL REPORTS
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IV. ACCOUNTING SYSTEM (continued)

B. Critical Error Write-Off (continued)

3rd Quarter 2023 – Loss Write-Off

Company	Aug 2023	Sept 2023	Oct 2023	Total
154				
279				
732				
734				
735				
773				
Total				

3rd Quarter 2023 – 10% Loss of Investment Fees

Company	Aug 2023	Sept 2023	Oct 2023	Total
154				
279				
732				
734				
735				
773				
Total				

Potential Loss Write-Off December 2023 through March 2024

Company	December 2023	January 2024	February 2024	March 2024	April 2024	May 2024	Grand Total
154	0	0	0	0		0	0
245	0	0	0	0		0	0
279	0	129,269	0	0		8,349	137,618
717	0	0	0	0		0	0
732	0	0	0	0		0	0
734	0	0	0	0		0	0
773	22,364	0	20,608	12,120		28	55,120
Totals	22,364	129,269	20,608	12,120		8,377	192,738

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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	2021	0	0.00
154	2022	322,730	0.75
154	2023	277,647	0.70
279	2021	0	0.00
279	2022	-404	0.00
279	2023	-189,474	-0.37
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	404,712	1.04
734	2021	0	0.00
734	2022	0	0.00
734	2023	0	0.00
773	2021	526,967	1.28
773	2022	502,421	0.99
773	2023	395,159	1.08
Total Ind		2,251,113	0.42

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 2023 forecasting reports on December 20, 2023.

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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 closes 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 November 2023 \$60 Cession/No Premium penalties ran on December 18, 2023. These penalties will be assessed with the 4th Quarter 2023 Settlement of Balances Report.

Co No	Policy Eff Yr.	Policy Count	Assessed Penalty
773	2021	1	\$60
773	2022	5	\$300
773	2023	4	240
Total		10	\$600

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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 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. 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 2, 2024	Approx. February 2, 2024
4th 2023	March 15, 2024	April 3, 2024	Approx. May 3, 2024

The Annual Statement collection of Page 14's for 2nd Quarter 2023 was due on November 15, 2023. Penalties for late Page 14 amounted to \$6,100. Reconciliation 2nd Quarter 2023 responses were due November 3, 2023 and penalties amounted to \$100. All penalties were included in 3rd Quarter 2023 Settlement of Balances. The 3rd Quarter 2023 Annual Statement Statutory Page 14 data was due at CAR on December 15, 2023. The 3rd Quarter 2023 Reconciliation is due to run on or about January 2, 2024.

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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 2022 EFF YEAR	Liability	45,321	1,636	3.61%
	No Fault	43,691	490	1.12%
	Physical Damage	33,330	981	2.94%
	Total	122,342	3,107	2.54%
COMM 2023 EFF YEAR	Liability	33,046	297	0.90%
	No Fault	33,489	193	0.58%
	Physical Damage	24,343	247	1.01%
	Total	90,878	737	0.81%

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.

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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 09/2023

COMPANY NUMBER	RECORD COUNT	WASHOUT COUNT	WASHOUT PERCENT
025	7,478	11,333	65.98
029	1,068	1,494	71.49
033	723,872	2,314,503	31.28
044	1,164	1,779	65.43
096	9,752	24,507	39.79
100	59,610	107,059	55.68
113	980	4,858	20.17
118	95,446	224,231	42.57
127	2,839	4,905	57.88
141	245,123	451,736	54.26
153	1,872,051	6,392,886	29.28
154	488,364	849,578	57.48
156	59,548	133,626	44.56
192	1,144	5,651	20.24
201	6,126	20,137	30.42
202	170	809	21.01
226	8,854	12,755	69.42
250	100	426	23.47
256	6,540	12,125	53.94
261	2,274	5,764	39.45
265	314	1,040	30.19
307	4,094	9,617	42.57
308	498	2,150	23.16
327	2,672	8,950	29.85
334	266	410	64.88
344	4,400	14,165	31.06
362	198,382	292,718	67.77
402	19,817	30,042	65.96
418	30,129	131,418	22.93
420	6,442	13,706	47.00
427	1,633	5,485	29.77
443	7,656	9,784	78.25

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V. STATISTICAL AGENT FUNCTION (continued)

D. Deleted Washout Records (continued)

Deleted Washout Totals
For All Shipments Received Through 09/2023

COMPANY NUMBER	RECORD COUNT	WASHOUT COUNT	WASHOUT PERCENT
486	416	693	60.03
503	214	260	82.31
577	112,690	240,102	46.93
626	177,756	283,209	62.76
638	292	689	42.38
664	391,256	1,155,502	33.86
708	742	1,120	66.25
737	968,903	2,685,251	36.08
770	282,336	1,000,119	28.23
785	2,283,383	8,207,824	27.82
797	17,184	36,414	47.19
827	1,296	6,422	20.18
881	438	1,842	23.78
890	892	4,285	20.82
907	359,568	853,721	42.12
908	8,074	39,898	20.24
910	48,056	78,685	61.07
916	164,416	477,013	34.47
934	7,495	30,928	24.23
940	225,769	646,632	34.91
943	559,272	1,253,892	44.60
959	64	312	20.51
963	1,496	3,768	39.70
996	668	1,648	40.53

Total Industry	13,519,447	81,192,323	16.65%
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The 2022 washout total following the 09/2022 shipments was 14.89%

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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 were 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.

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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.

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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	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.