

Proposed Data Collection for the Purpose of Studying Affordability and Availability of Private Passenger Automobile Insurance

Proposal for the Auto Insurance (C/D) Working Group
December 1, 2016

California, Missouri, Oklahoma and Pennsylvania were tasked by the Auto Insurance (C/D) Working Group with developing a proposal to collect data for the purpose of analyzing affordability and availability of private passenger automobile insurance. The subgroup quickly reached a consensus that data at the ZIP code level is most appropriate for this purpose. ZIP code data is extremely flexible in that it facilitates ease of reporting for insurers and opens up avenues for a wide array of analysis by merging insurance data with other available data sources.

1. Insurers will have ready access to the ZIP code corresponding to the “place of principle garaging” for each insured automobile. In addition, many states already require ZIP code-level reporting, such that many companies will already have systems in place to produce such data.
2. Many other data sets are collected by ZIP code, which will facilitate merging the insurance data with demographic data, complaint data, agent location data and rating territory data, among others. For example, the American Community Survey (ACS) produced by the U.S. Census Bureau contains detailed demographic data by ZIP code. The ability to merge insurance data with other data sets makes possible a broad array of analyses relevant to addressing questions of affordability and availability.

In general, the subgroup proposes employing data formats already available in some states and augmenting where necessary. Specifically, it is suggested that data elements could be collected at the ZIP code level in the following categories¹:

1. Premiums
2. Exposures
3. Loss counts
4. Loss amounts

Data elements could be collected in the following categories:

1. Coverage (liability, pip, collision, comprehensive)
2. Driver risk-class (i.e. clean risks and other than clean risks)
3. Policy limit ranges

¹ The subgroup stresses that these are useful data elements states may wish to consider when constructing a data call to study the affordability and availability of private passenger automobile insurance. This document is meant to be a general proposal and not an actual data call. States issuing a data call would need to consider how to customize each data element for its own needs.

4. Deductible ranges
5. Voluntary market and residual market

In addition to premium, exposure and loss data, the subgroup also suggests additional data could be collected, such as the number of applicants, number of applicants written, number of refusals to write and number of complaints also at the ZIP code level. Finally, average territory relativities for each ZIP code should also be collected.

Once compiled, the data will permit analysts to address the following questions:

1. Do average premiums vary significantly between ZIP codes? If so, are there characteristics common to high-premium and low-premium ZIP codes? For example, is average household income lower in high-premium ZIP codes, thus raising questions about affordability?
2. Is less coverage / basic limits more prominent in certain ZIP codes? Do bind ratios and/or declination ratios vary significantly between ZIP Codes? Are there characteristics common to any outlier ZIP codes? When compared to population statistics, are these indicators of availability concerns?
3. Do patterns of loss ratios across ZIP codes indicate systematic differences in pricing? Over the long run, are there identifiable characteristics for which the relationship between price and risk appear to depart from statewide norms?
4. Do complaint rates per insured vehicle or per loss vary in systematic ways across geographies? If so, what might account for such variations? If variations exist, are they caused by a different mix of companies prominent in specific areas or do the variations exist within individual companies as well?
5. How significant is the issue of uninsured vehicles? Is this an indicator of affordability issues, availability issues or both? The data may be used to estimate the rate of uninsured vehicles by combining insurance and vehicle registration data. Unfortunately, many states do not possess registration data appropriate for this task (for example, many states fail to clearly differentiate commercial from private vehicles). For states that do possess the necessary registration data, patterns in uninsured vehicles can be reasonably estimated.
6. Does the structure of rating territories contribute to affordability problems within identifiable geographies? If so, to what extent?
7. What is the geographic distribution of clean risks and other than clean risks? How do average loss experience, average premiums and uninsured motorist populations vary in proportion to these distributions?

8. How significant is the residual market across different geographies? Does the market share of the residual market across geographies indicate availability concerns?

Limitations of proposed approach:

The data contemplated in this proposal is limited in certain ways with respect to the types of questions it can address. Namely, the proposed data generally measures outcomes of unidentified insurer rating, underwriting or sales practices. For example, the data will lack specificity to assess what specific rating or underwriting variables or practices might contribute to observed outcomes (other than rating territory and driver risk class). While recognizing such limitations, we believe that the proposed data call still affords a great deal of flexibility and is entirely suitable for at least initial analyses and that it will be entirely serviceable to at least identify the scope and magnitude of affordability/availability problems in private passenger automobile insurance markets. To proceed beyond this limited objective would entail data at a much more granular level than is currently collected by any state. We would defer to the Auto Insurance (C/D) Working Group regarding future steps. We believe that the current proposal can inform such future decisions.

Lastly, we propose extending to any participating states a good deal of flexibility to tailor a common data call to better address the specifics of their markets. As one example, states will have differing minimum required coverage standards. To some extent, this may limit the ability to pool data across states. However, we do not believe this poses a significant analytical limitation. Within the system of state-based regulation, we believe that the state is the most appropriate unit of analysis.

Attached are sample data calls from the states of California, Missouri and Pennsylvania. The subgroup believes these data calls could be augmented to incorporate additional variables discussed above.

Private Passenger Auto Physical Damage Loss Experience Data Call

Auto Physical Damage Loss Experience

1. Program

Rating Program Code	Rating Program
12	STANDARD (Preferred)
03	NONSTANDARD (Sub-standard)
06	Motorcycle

2. Coverage

Coverage Code	Coverage
01	Collision
02	Comprehensive
03	Collision Deductible Waiver

Collision Deductible Waiver (CDW) is to be reported separately from Collision coverage and is not reported in the auto liability loss experience report (SAL). This coverage is not the same with UMPD (reported in SAL) and should be reported ONLY in the Private Passenger Physical Damage (SAP) data call submission. Collision deductible waiver is defined as an uninsured motorist coverage on property damage in the event an uninsured motorist is at fault and the insured HAS collision coverage that covers the cost of repair to the insured vehicle. The deductible that would have been paid by the insured will be waived and covered by the insurer. CDW coverage only exists if Collision coverage is present. CDW losses refer ONLY to the deductible amount that is waived as part of the entire loss from a collision involving an "at fault uninsured" motorist. The remaining loss is reported under collision.

3. Experience Year

Premiums and exposures are to be reported on a calendar year basis. Claims and losses are to be reported on an accident year basis and evaluated as of March 31st of the report year that follows the experience year. Two years of data is reported each time.

Private Passenger Auto Physical Damage Loss Experience Data Call

4. Deductible Code

CODE	Coverage	Deductible Range
11	Collision	\$ 0 – 100
12		101 – 200
13		201 – 300
14		301 – 500
15		501 – 1000
16		1001 & up
19		Percentage or Disappearing
21	Comprehensive	\$0
22		1 – 50
23		51 – 100
24		101 – 200
25		201 – 300
26		301 – 500
27		501 – 1000
28		1001 & up
29	Percentage or Disappearing	
31	Collision Deductible Waiver	\$ 0 – 100
32		101 – 200
33		201 – 300
34		301 – 500
35		501 – 1000
36		1001 & up
39		Percentage or Disappearing

For Collision and Collision deductible Waiver:

If your company has a diminishing deductible program, please report the earned premiums, earned exposures, claims and losses in the original deductible range written on the policy.

Private Passenger Auto Physical Damage Loss Experience Data Call

5. ZIP Code

Enter valid California ZIP codes as designated by the United States Postal Service (<http://www.usps.com/>) for the garaging address of the insured exposure. Companies are required to check their own ZIP code list for validity before submitting their data. The range of California ZIP codes is from 90000 to 96200. ZIP codes out of this range are to be automatically considered invalid. Invalid ZIP codes within the range will be investigated by the Department.

6. Direct Written Premium

7. Direct Written Exposure

The value must be in VEHICLE MONTHS. For example: 3 cars insured for one year = 36 Vehicle Months.

8. Direct Earned Premium

9. Direct Earned Exposure

The value must be in VEHICLE MONTHS. For example: 3 cars insured for one year = 36 Vehicle Months.

10. Number of Claims

Exclude "closed without payment" claims.

Claim count shall be reported as follows:

- a. Cases to be counted as claims must be only those in connection with which a Case Reserve and / or payment has been made. A claim closed without a loss payment shall not be counted as a claim.
- b. A claim on which more than one payment is made shall only be counted once and recorded when the case reserve is initially established.
- c. A case involving a loss payment under two or more coverages or types of loss shall be counted as a claim for each loss under each coverage or type of loss.
- d. Salvage, subrogation, and other recoveries (not reinsurance) shall be recorded, as a credit to claim count only if the recovery is the total loss cost of the claim under that type of loss code.

Private Passenger Auto Physical Damage Loss Experience Data Call

11. Paid Losses

Losses paid are also reduced by salvage and subrogation.

12. Ultimate Incurred Losses

Case losses incurred is the Accident-Year paid losses plus case reserves (but not IBNR and BULK reserves). Case losses incurred are also reduced by salvage and subrogation before the Loss Development Factor is applied to calculate the Ultimate Incurred Losses.

Loss development factor (LDF) is a factor that is applied to loss data to project the ultimate loss amounts based on the company's actual historical loss experience. Loss development factors should be reported on a case incurred losses (Paid Losses + Case Reserve) basis and **NET of salvage and subrogation**. The LDFs are to be calculated separately by coverage and experience year. Convert the loss development factors to case incurred losses basis if a different basis was used.

Example: If the loss development factors were calculated by paid losses, the data should be reported as:

$$\text{LDF (case incurred losses)} = \frac{\text{Paid Losses} \times \text{Loss Development Factors (paid losses basis)}}{\text{Case Incurred Losses}}$$

Private Passenger Auto Physical Damage Loss Experience Data Call

13. Ultimate Paid Allocated Loss Adjustment Expenses (PALAE)

Paid Allocated Loss Adjustment Expense (PALAE) is the cost paid associated with the handling and settling of a claim including Direct Defense and Cost Containment (DCC) expenses and Adjusting & Other (A & O) expenses. **Report under PALAE any part of DCC and A & O that can be allocated to a particular claim.**

DCC include defense, litigation, and medical cost containment expenses, whether internal or external. "Defense" means defense by the reporting entity in a contentious situation, whether a first party or a third party claim. The fees charged for reporting entity employees should include overhead, just as an outside firm's charges would include.

A & O expenses include, but are not limited to, the following items: (a) Surveillance expenses; (b) Fixed amounts for medical cost containment expenses; (c) Litigation management expenses; (d) Loss adjustment expenses for participation in voluntary and involuntary market pools if reported by accident year; (e) Fees or salaries for appraisers, private investigators, hearings representatives, reinspectors and fraud investigators, if working in defense of a claim, and fees or salaries for rehabilitation nurses, if the cost is not included in losses; (f) Attorney fees incurred owing to a duty to defend, even when other coverage does not exist; and (g) The cost of engaging experts.

If this item is not available by ZIP code, then distribute the statewide amount based on the following formula:

$$\text{PALAE by Zip} = \text{Statewide PALAE} \times \frac{\text{Claims by ZIP Code}}{\text{Statewide Claims}}$$

14. Valid

We identified which ZIP codes are Valid (Y) and which we believe are P. O. Boxes or invalid ZIP code (I).

Private Passenger Auto Liability Loss Experience Data Call

Auto Liability Loss Experience

1. Program

Rating Program Code	Rating Program
12	STANDARD (Preferred)
03	NONSTANDARD (Sub-standard)
04	Assigned Risk
05	Direct Excess
06	Motorcycle
94	Low Cost Policy

2. Coverage

Coverage Code	Coverage
01	Bodily Injury
02	Property Damage
03	Medical Payments
04	Uninsured Motorist – BI
05	Uninsured Motorist – PD
16	Combined Single Limits – BI
26	Combined Single Limits – PD
07	Combined Single Limits – UM

Private Passenger Auto Liability Loss Experience Data Call

Bodily Injury & Property Damage sold as a package and Uninsured Motorist - BI & Uninsured Motorist - PD data must be reported separately. An actuarial ratio may be used to separate the premiums if they are not readily available individually.

LOW COST POLICY: Since this policy is purchased with a single premium for both Bodily Injury (BI) & Property Damage (PD), a 50/50 split **MUST** be used when reporting the BI and PD premiums.

Combined Single Limits - PD should also be reported separately from Combined Single Limits - BI. The CSL-PD figures should not be included in the Property Damage (02) coverage.

Collision deductible waiver should be excluded from UM-PD and should be reported with the Physical Damage submission. Collision deductible waiver is defined as uninsured motorist coverage on property damage in the event an uninsured motorist is at fault and the insured's collision coverage covers the cost of repair to the insured vehicle. The collision deductible that would have been paid by the insured will be waived and paid for by the insurer.

3. Experience Year

Premiums and exposures are to be reported on a calendar year basis. Claims and losses are to be reported on an accident year basis and evaluated as of June 30, 2012. Three years of data is reported each time.

4. Limit of Liability Code

010 = Bodily Injury less than basic limit (low cost only)	040 = Uninsured Motorist - BI less than basic limit (low cost only)
011 = Bodily Injury basic limits (15,000/30,000)	041 = Uninsured Motorist - BI basic limits (15,000/30,000)
012 = Bodily Injury greater than basic limits	042 = Uninsured Motorist - BI greater than basic limits
020 = Property Damage less than basic limit (low cost only)	051 = Uninsured Motorist - PD (3,500)
021 = Property Damage basic limit (5,000)	052 = Uninsured Motorist - PD greater than basic limits <i>Introduced since SAL-2011!</i>
022 = Property Damage @ \$10,000 limit	161 = Combined Single Limit - BI basic limit (30,000)

Private Passenger Auto Liability Loss Experience Data Call

029 = Property Damage greater than \$10,000	162 = Combined Single Limit - BI greater than basic limit
030 = Medical Payments less than basic limit	261 = Combined Single Limit - PD basic limit (30,000)
031 = Medical Payments basic limit (1,000)	262 = Combined Single Limit - PD greater than basic limit
032 = Medical Payments greater than basic limit	071 = Combined Single Limit - UM basic limit (30,000)
	072 = Combined Single Limit - UM greater than basic limit

The liability limit codes 010, 020 and 040 are used only for reporting the low cost auto policies per SB 171 and SB 527 under the program code 94:

010 = Bodily Injury less than basic limits (10,000/20,000)

020 = Property Damage less than basic limit (3,000)

040 = Uninsured Motorist - BI less than basic limits (10,000/20,000)

** Limit Code 031: can also (applies to other programs as well) be used for Low Cost Auto Program where Medical Payments coverage is provided at \$1,000 limit.

- There is no basic limit for Direct Excess. Use greater than basic limit codes in the C record to report this program.
- For Companies reporting under the **Minimum Plan**: Limits of Liability Code, and Driver Status must be omitted. Thus code 99 and 0 are used respectively.
- If your company's **basic** limits are higher than those specified, use the greater than basic limit code

Private Passenger Auto Liability Loss Experience Data Call

5. Good Driver Discount

01 = Good Driver (good driver discount applied)

02 = Non-Good Driver (good driver discount not applied)

- For Assigned Risk program type, please use "02" as the good driver discount does not apply.
- For the Low Cost program, please use "01" since the applicant must be a "good driver" in order to qualify for the program.
- For the Motorcycle and Direct Excess program types, please use "01" or "02".

6. ZIP Code

Enter valid California ZIP codes as designated by the United States Postal Service (<http://www.usps.com/>) for the garaging address of the insured exposure. Companies are required to check their own ZIP code list for validity before submitting their data. The range of California ZIP codes is from 90000 to 96200. ZIP codes out of this range, are to be automatically considered invalid. Invalid ZIP codes within the range will be investigated by the Department.

7. Valid

We identified which ZIP codes are Valid (Y) and which we believe are P. O. Boxes or invalid ZIP code (I).

8. Direct Written Premium

9. Direct Written Exposure

The value must be in VEHICLE MONTHS. For example: 3 cars insured for one year = 36 Vehicle Months.

10. Direct Earned Premium

11. Direct Earned Exposure

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Private Passenger Auto Liability Loss Experience Data Call

12. Number of Claims

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Claim count shall be reported as follows:

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- b. A claim on which more than one payment is made shall only be counted once and recorded when the case reserve is initially established.
- c. A case involving a loss payment under two or more coverages or types of loss shall be counted as a claim for each loss under each coverage or type of loss.
- d. Salvage, subrogation, and other recoveries (not reinsurance) shall be recorded, as a credit to claim count only if the recovery is the total loss cost of the claim under that type of loss code.

13. Ultimate Incurred Losses

Case losses incurred is the Accident-Year paid losses plus case reserves (but not IBNR and BULK reserves). Case losses incurred are also reduced by salvage and subrogation before the Loss Development Factor is applied to calculate the Ultimate Incurred Losses.

Loss development factor (LDF) is a factor that is applied to loss data to project the ultimate loss amounts based on the company's actual historical loss experience. Loss development factors should be reported on a case incurred losses (Paid Losses + Case Reserve) basis and **NET of salvage and subrogation**. The LDFs are to be calculated separately by coverage and experience year. Convert the loss development factors to case incurred losses basis if a different basis was used.

Example: If the loss development factors were calculated by paid losses, the data should be reported as:

$$\text{LDF (case incurred losses)} = \frac{\text{Paid Losses} \times \text{Loss Development Factors (paid losses basis)}}{\text{Case Incurred Losses}}$$

Private Passenger Auto Liability Loss Experience Data Call

14. Paid Losses

Losses paid are also reduced by salvage and subrogation.

15. Ultimate Paid Allocated Loss Adjustment Expenses (PALAE)

Paid Allocated Loss Adjustment Expense (PALAE) is the cost paid associated with the handling and settling of a claim including Direct Defense and Cost Containment (DCC) expenses and Adjusting & Other (A & O) expenses. **Report under PALAE any part of DCC and A & O that can be allocated to a particular claim.**

DCC include defense, litigation, and medical cost containment expenses, whether internal or external. "Defense" means defense by the reporting entity in a contentious situation, whether a first party or a third party claim. The fees charged for reporting entity employees should include overhead, just as an outside firm's charges would include.

A & O expenses include, but are not limited to, the following items: (a) Surveillance expenses; (b) Fixed amounts for medical cost containment expenses; (c) Litigation management expenses; (d) Loss adjustment expenses for participation in voluntary and involuntary market pools if reported by accident year; (e) Fees or salaries for appraisers, private investigators, hearings representatives, reinspectors and fraud investigators, if working in defense of a claim, and fees or salaries for rehabilitation nurses, if the cost is not included in losses; (f) Attorney fees incurred owing to a duty to defend, even when other coverage does not exist; and (g) The cost of engaging experts.

If this item is not available by ZIP code, then distribute the statewide amount based on the following formula:

$$\text{PALAE by Zip} = \text{Statewide PALAE} \times \frac{\text{Claims by ZIP Code}}{\text{Statewide Claims}}$$

Private Passenger Auto Liability Loss Experience Data Call

16. Earned Premium Capped

Premiums earned capped are the earned premiums adjusted to a basic limit level. Thus, it is the premium earned if all the exposures were converted to basic limits.

The following rules apply when reporting Direct Premiums Earned Capped:

- Direct premium earned capped (EP Cap) equals direct premiums earned (EP) for basic limit policies.
- EP Cap is less than EP for greater than basic limit policies (including property damage at \$10,000 limit and excluding direct excess).
- EP Cap equals EP for less than basic limit coverage (applies to medical payment with limits less than \$1,000).
- EP Cap equals EP for direct excess and low cost auto policies.

Possible method to calculate the Earned Premium Capped at Basic by ZIP Code is provided below. Please note that this is just a suggestion. There are other methods that can be used. DO NOT use statewide factors. The goal is to provide the best data possible.

EXAMPLE: Company writes 15/30, 25/50, 50/100, 100/300 limits of liability for Bodily Injury Coverage

Bodily Injury	15/30	25/50	50/100	100/300
Increased Limit Factor	1.0	1.10	1.25	1.30
Earned Exposures (Car months)	100	50	75	80

Computing greater than basic limit data only, the factor will be:

$$\text{Factor} = \frac{50 \times (1.1) + 75 \times (1.25) + 80 \times (1.30)}{50 + 75 + 80} = 1.233$$

Then, compute the Earned Premium Capped by ZIP Code as follows:

$$\text{Earned Premium Capped} = \frac{\text{Direct Earned Premium}}{\text{Factor}}$$

Private Passenger Auto Liability Loss Experience Data Call

17. Ultimate Incurred Losses Capped

Case losses incurred capped are the case incurred losses adjusted to a basic limit level. Thus, it is the losses incurred if all the exposures were converted to basic limits. Apply the Loss Development Factor to determine the Ultimate Incurred Losses Capped.

The following rules apply when reporting Case Losses Incurred Capped:

- Case losses incurred capped (IL Cap) equals case losses incurred (IL) for basic limit policies.
- IL Cap equals IL for less than basic limit coverage (applies to medical payment with limits less than \$1,000).
- IL Cap equals IL for direct excess and low cost auto policies.
- For greater than basic policies, including property damage at \$10,000 limit and excluding direct excess, IL Cap is less than or equal to IL but should not exceed the basic limit.

Exception MP - regardless if reported on per claimant or per accident, the limit is per person.

**Rules of
Department of Insurance
Division 600—Statistical Reporting
Chapter 3—Reporting Data on Residential and Auto
Insurances**

Title	Page
20 CSR 600-3.100 Required Format in Reporting Data on Residential Insurance Coverages and Private Passenger Automobile Insurance	3

**TITLE 20—DEPARTMENT OF
INSURANCE**

**Division 600—Statistical Reporting
Chapter 3—Reporting Data on Residential
and Auto Insurances**

**20 CSR 600-3.100 Required Format in
Reporting Data on Residential Insurance
Coverages and Private Passenger Automobile
Insurance**

PURPOSE: This rule states the format in which an insurer is required to file with the Department of Insurance its report of all premium and loss data in accordance with sections 374.405 and 374.455, RSMo.

(1) Each insurer annually, on or before March 1 of each year, shall file electronically, by three and one-half inch (3 1/2") diskette, tape, cartridge or a combination thereof, with the Department of Insurance its data for the previous calendar year regarding premium and losses under those policy types defined pursuant to section 374.400, RSMo as homeowners' insurance, dwelling owners' insurance, renters' or tenants' insurance or residential fire insurance and defined pursuant to section 374.455, RSMo as private automobile insurance. Insurance products known as farmowners insurance and mobile-home insurance are also included within these defined policy types.

(2) The data shall be that data pertaining to the basic primary coverage without inclusion of data regarding any endorsement attached to an insurance policy, unless otherwise specified in the reporting instructions which are attached to this rule as Appendix A.

(3) The format in which the data is to be filed is as follows:

(A) The data shall be reported by five (5)-digit zip code for the principal garaging location or the location of the property insured;

(B) The reporting instructions as stated in Appendix A of this rule shall be followed; and

(C) The Transmittal Form as shown in Appendix B of this rule shall be attached with each filing made pursuant to this rule.

(4) If an insurer or group of insurers, or both, has less than five hundred (500) annual exposures in this state during the calendar year, then that insurer or group of insurers, or both, need not report data as required by this rule; provided, however that the insurer shall maintain accurate data in the format required by this rule and make that data available to the department upon request.

(5) If an insurer fails to timely file the data in the format as required by this rule, the insurer shall be subject to penalty including, but not limited to, those penalties provided in section 374.215.1, RSMo. If an insurer files data required by this rule which is materially false, the insurer shall be subject to penalty including, but not limited to those penalties provided in sections 374.210 and 374.215.2, RSMo.

(6) The data reported pursuant to this rule and sections 374.405 and 374.455, RSMo shall be deemed records which are open to the inspection of the public in accordance with sections 374.070 and 610.011, RSMo. Any insurance company claiming that this data constitutes a trade secret or proprietary information shall comply with the procedures as set forth in 20 CSR 10-2.400(3)(L).



Appendix A

REPORTING INSTRUCTIONS

Zip Code data is to be reported for the following personal lines coverage types:

- Homeowners/Dwelling Fire
- Farmowners (Dwelling of Home only, no adjacent structures, animals, crops, etc.)
- Mobilehomes
- Earthquake (Endorsement)
- Private Passenger Automobile Liability (Bodily Injury and Property Damage)
- Private Passenger Automobile Comprehensive
- Private Passenger Automobile Collision

The zip code of the property location/principal garaging location is to be reported, not the mailing address, if different from the property location/principal garaging location.

The zip code data should be reported based on valid Missouri zip codes. Data on Missouri insureds who happen by the rare occurrence to be serviced by another state's post office and hence have no Missouri zip code need not be reported.

The earthquake data refers to the earthquake endorsement. No other endorsements are to be reported.

No motorcycles, recreational vehicles, fleet autos, snowmobiles, trailers, motorhomes or antique autos should be included in the automobile data.

Pseudo zip code for all losses on policies that do not include a zip code is 99999. All efforts should be made to use the accurate zip code.

Written Exposure (House and/or Car Months Written)

Written exposures are reported in the year the policy is effective. An exposure is one month of coverage for a dwelling/tenant/car. For example, an annual automobile policy effective 6/1/97, that covers two vehicles is reported as twenty-four (24) monthly exposures written in 1997. Cancellations are reported in the year the cancellation is effective. Report written exposures as the number of exposures written less the number of exposures canceled. In the example, if the policy is canceled 11/1/97, the net written exposures reported in 1997 would be 10 exposures, which is equal to the initial 24 months of written exposures minus 14 canceled exposure months (2 vehicles times 7 canceled exposures months).

Premium Written

Written premium reflects the total policy premium and is reported in the year of the effective date of the policy. Cancellations are reported in the year the cancellation is effective. Premium adjustments are reported based on the effective date of the adjustment. Report written premium as all premium written net of cancellations and adjustments. For example, an annual automobile policy effective 6/1/97, that has an annual premium of \$500, is reported as \$500 written premium in 1997. If the policy is canceled 11/1/97 and the premium refund is calculated as \$292, the net written premium reported in 1997 would be \$208, which is equal to the initial \$500 written premium minus the \$292 premium refund.

Loss Paid Counts

Loss counts should be paid loss counts. Each loss will have one count regardless of how many payments are made toward that loss. Each loss count should be reported the year the final payment is made. Claims closed without payment will not be counted. If, there is full salvage and subrogation, or when there is a complete reversal of a claim, the loss count should be reported as a negative. The company's standard practice for handling reopened claims should be followed. If the company's standard procedure is to assign a new claim number to reopened claims, then the reopened claims generate new counts.

Losses Paid

Losses paid should be losses paid during the year being reported. Salvage and subrogation amounts should be subtracted from losses paid and, if necessary, can be reported as negative loss amounts. Loss adjustment expenses are not to be reported.

TABLE A—Policy Type Code

Automobile Reporting

- A. Preferred
- B. Standard
- C. Non-Standard
- D. JUA (Joint Underwriting Association) Basic—A policy written under section 303.200, RSMo.

Homeowners/Dwelling Fire, Mobilehomes, Farmowners & Earthquake Reporting

Reporting Codes A–C pertain to Homeowners Forms 1, 2, 3, and 5, or comparable policies. These basic policies are carried by a “home owner” on the building and contents. This package includes fire, wind, theft and liability coverages:

- A. When the ratio of insured value of the dwelling to replacement cost is not used as a rating factor.
- B. When the ratio of insured value of the dwelling to replacement cost is used as a rating factor and the ratio is greater than or equal to 80%.
- C. When the ratio of insured value of the dwelling to replacement cost is used as a rating factor and the ratio is less than 80%.

Reporting Codes D–G pertain to the following policy types:

- D. Homeowners Forms 4 and 6, or comparable policies, including Tenants Insurance or Condominium Unit Owners Insurance, similar to the basic policies carried by a “home owner,” but for the contents only, or contents and inner walls only.
- E. Dwelling Fire Forms 1, 2, and 3, or comparable policies without liability coverage or any theft coverage, unless paid for by additional premium. Coverage can include contents and perils other than fire, by endorsement.
- F. Homeowners Form 8, or comparable policies providing coverage to owner-occupants for dwellings whose replacement cost is much larger than its actual cash value (i.e. market value). Personal property, theft, and additional coverages provided under this form are more restrictive than similar coverages provided under HO-1.
- G. Any dwelling fire policy subject to a surcharge based on the physical condition of the property at the time of policy issue.

If a company finds that any of its policies in homeowners/dwelling fire, mobile homes, and farmowners insurance do not fall into one of the above policy type categories, the company should call the Statistics Section of the Department of Insurance for the appropriate reporting method.

TABLE B—Exposure or Loss Type Code

Homeowners Reporting

Exposure

Type

0

1

2

3

Loss

Type

1

2

3

4

Description

Homeowners/Dwelling Fire

Mobilehome

Farmowners

Earthquake (Endorsement)

Description

Fire, Lightning and Removal

Wind and Hail

Burglary and Theft

All Other

Automobile Reporting

Exposure &

Loss Type

1

2

3

4

5

Description

Comprehensive
(1990 & Subsequent)Comprehensive
(1989 & Prior)Collision
(1990 & Subsequent)Collision
(1989 & Prior)

Liability (Bodily Injury & Property Damage)

(1990 & subsequent, 1989 & prior refers to year of car.)



**TABLE C—Range Limits
Automobile Reporting**

Comprehensive and Collision

<u>Range</u>	<u>Symbols</u>	<u>Vehicle Value</u>	<u>Midpoint Value</u>
	(1990 & Subsequent)		
1	1-4	\$0-\$10,000	\$ 5,000
2	5-10	\$10,001-\$16,250	\$13,125
3	11-15	\$16,251-\$24,000	\$20,125
4	16-20	\$24,001-\$36,000	\$30,000
5	21+	\$36,001 and above	\$56,000
	(1989 & Prior)		
1	1-4	\$0-\$ 3,700	\$ 2,750
2	5-7	\$ 3,701-\$ 8,000	\$ 7,000
3	8-12	\$ 8,001-\$17,500	\$15,000
4	13-14	\$17,501-\$24,000	\$21,000
5	15+	\$24,001 and above	\$30,000

Companies will need to convert their symbols into the above vehicle ranges. If a company finds that any of its insured vehicles do not fall into one of the above ranges, the company should call the Statistics Section of the Department of Insurance for the appropriate reporting method.

Liability (Bodily Injury and Property Damage)

<u>Range</u>	<u>Coverage Limits</u>
1	Split Limits: \$25,000/\$50,000 Single Limit: At least \$60,000 but less than \$100,000
2	Split Limits: \$50,000/\$100,000 Single Limit: At least \$100,000 but less than \$300,000
3	Split Limits: \$100,000/\$300,000 Single Limit: At least \$300,000 but less than \$500,000
4	Split Limits: \$250,000/\$500,000 Single Limit: At least \$500,000 but less than \$1,000,000
5	Split Limits: \$500,000/\$1,000,000 Single Limit: \$1,000,000 or greater

Homeowners/Dwelling Fire, Farmowners & Earthquake Reporting

<u>Range</u>	<u>Insured Value</u>	<u>Midpoint Value</u>
1	\$0-\$69,999	\$ 35,000
2	\$70,000-\$99,999	\$ 85,000
3	\$100,000-\$139,999	\$120,000
4	\$140,000-\$249,999	\$195,000
5	\$250,000 and above	—

Mobilehomes Reporting

<u>Range</u>	<u>Insured Value</u>	<u>Midpoint Value</u>
1	0-\$20,000	\$10,000
2	\$20,001-\$29,999	\$25,000
3	\$30,000-\$39,999	\$35,000
4	\$40,000-\$49,999	\$45,000
5	\$50,000 and above	—

Reporting Format Instructions

(Sections 374.400 and 374.450, RSMo (1994))

1. The attached format is for magnetic tape, cartridge or 3 1/2" diskette and will be referred to as tape throughout this bulletin.
2. Magnetic tapes must be IBM 360-370 compatible, cartridges must be Model 3480-B22 compatible (subject to change depending on hardware installed).
3. Data received on tape must be either 1600 or 6250 BPI, and the tapes labeled externally.
4. Tape labels should be standard labels.
5. Reports should be structured in zip code order (ascending zip).
6. Zip codes with no data should not be reported.
7. The loss data should be reported in the range corresponding to the value of coverage not in a range corresponding with the loss amount.
8. Data reported as earthquake refers to endorsements. The data should be reported in the cell corresponding to the policy type and the range value of the property endorsed. Losses should be reported as Loss Type 4 (All Other).
9. If an amount or count field has no data, it must contain zeros.
10. Negative sign must be in the high order digit of the low order (right most) byte of the field.
11. Amount or count fields that contain data must be right justified, zero filled. Again, the sign, if any, must be in the high order digit of the low order (right-most) byte of the field.
12. All tapes that do not comply with specified format will be returned to the company and another tape will be required.
13. A transmittal letter must be enclosed with each tape.
14. Return postage must be provided with each tape, or the tape will be destroyed without notification.
15. Data are to be rounded to whole numbers.

When more than one company is to be reported on a single tape:

- A. Zero fill all remaining positions of the last data record of the previous company.
- B. Create a new header record.
- C. Create detail records as necessary.

Repeat the above procedure for multiple companies as many times as desired and on the transmittal letter show order of companies and order of types of data which must be the same for all companies.

Reporting Format Written Premium/Exposure and Paid Loss Amounts/Counts Header Record*

<u>Position</u>	<u>Description</u>
01-09	Assigned NAIC 9 digit number—group and company—all 9 positions
10-60	Company Name—full company name
61-64	Year—four digit year being reported
65-79	Total number of monthly exposures or total loss count per company—total of the detail exposures or loss counts for all ranges for this company for this year. Zero fill, right justify.
80-94	Total premium written or dollar loss per company—the total of the detail premium written or loss amounts for all ranges for this company for this year. Zero fill, right justify, whole dollars only.
99-100	Data Type—Indicate ‘AE’ for Automobile Exposures ‘AL’ for Automobile Losses ‘PE’ for Homeowners/Dwelling Fire Exposures ‘PL’ for Homeowners/Dwelling Fire Losses ‘ME’ for Mobilehome Exposures ‘ML’ for Mobilehome Losses ‘FE’ for Farmowners Exposures ‘FL’ for Farmowners Losses ‘EE’ for Earthquake Exposures ‘EL’ for Earthquake Losses

* A header record is required per data type.



Detail Record

<u>Position</u>	<u>Description</u>
01-05	Zip Code
06	Policy Type—See Table A
07	Exposure or Loss Type—See Table B
08-16	Exposure <u>or</u> Loss Count of Range 1—See Table C—Zero fill, right justify.
17-25	Premium written <u>or</u> Loss Amount of Range 1—Zero fill, right justify.
26-97	These fields are a repeat of the format of the data in 8-25, supplying the information for Ranges 2 through 5.
100	Enter the character “D” to denote a detail record.

Data Record for Exposures/Losses
Transaction Format

Header Record

<u>Positions</u>	<u>Description of Field</u>	<u>Type</u>
1-4	NAIC Group Number	A/N
5-9	NAIC Company Number	N
10-60	Company Name	A/N
61-64	Year	N
65-79	Total Written Monthly Exposure/Loss Count	SN LZF
80-94	Total Written Premium/Loss Amount	SN LZF
99-100	Data Type	A/N

Detail Record

<u>Positions</u>	<u>Description of Field</u>	<u>Type</u>
1-5	Zip Code	N
6	Policy Type	A/N
7	Exposure/Loss Type	N
8-16	RANGE 1—Exposure/Loss Count	SN LZF
17-25	RANGE 1—Premium Written/Loss Amount	SN LZF
26-34	RANGE 2—Exposure/Loss Count	SN LZF
35-43	RANGE 2—Premium Written/Loss Amount	SN LZF
44-52	RANGE 3—Exposure/Loss Count	SN LZF
53-61	RANGE 3—Premium Written/Loss Amount	SN LZF
62-70	RANGE 4—Exposure/Loss Count	SN LZF
71-79	RANGE 4—Premium Written/Loss Amount	SN LZF
80-88	RANGE 5—Exposure/Loss Count	SN LZF
89-97	RANGE 5—Premium Written/Loss Amount	SN LZF
100	‘D’—INDICATES DETAIL RECORD	A/N

FIELD TYPES

- N—Numeric
- A/N—Alpha Numeric
- SN—Signed Numeric
- LZF—Left Zero Filled



Appendix B

STATE OF MISSOURI
DEPARTMENT OF INSURANCE
MISSOURI ZIP REPORTING TRANSMITTAL

Transmittal Instructions

Please fill out all data to expedite processing of your tape. This transmittal must accompany every tape submitted to our office. All lines are to be filled out.

Send to: Statistical Section
Missouri Department of Insurance
PO Box 690
301 W High Street, Room 630
Jefferson City MO 65102-0690

NAIC 9-digit CODE _____
Contact/Person Responsible for Data _____ Telephone: _____
Company or Group Name _____
Address _____

If multiple companies are listed on the tape, list their names and their nine-digit NAIC codes below in order as on the tape.

Company Name	NAIC 9-digit Code
_____	_____
_____	_____
_____	_____

Data Year _____ Your Tape ID Number _____
Block Size _____ Record Length _____ 100 _____
Storage Medium/Device _____ BPI

Show total amounts of each coverage type reported. If no data is to be reported, leave blank.

	Written Exposures	Written Premium	Paid Counts	Paid Loss Amounts
Homeowners/Dwelling Fire				
Farmowners				
Mobilehomes				
Earthquake (Endorsement)				
Private Passenger Automobile				
Liability (Bodily Injury & Property Damage)				
Comprehensive				
Collision				

No tape will be returned unless sufficient return postage is provided. Form of return (please check appropriate item):

First Class Mail _____ Overnight _____ Other _____



AUTHORITY: sections 374.045, RSMo (Cum. Supp. 1997) and 374.405 and 374.455, RSMo (1994). Original rule filed Aug. 17, 1993, effective May 9, 1994. Emergency amendment filed April 6, 1995, effective April 16, 1995, expired Aug. 13, 1995. Amended: Filed April 14, 1995, effective Nov. 30, 1995. Amended: Filed Aug. 28 1997, effective April 30, 1998.

**Original authority:* 374.045, RSMo (1967), amended 1993, 1995; 374.405, RSMo (1978); and 374.455, RSMo (1979).

PENNSYLVANIA INSURANCE DEPARTMENT

**CALL FOR 2015 PENNSYLVANIA PRIVATE PASSENGER AUTOMOBILE
INSURANCE EXPERIENCE**

INSTRUCTIONS FOR PARTS 3 AND 4

GENERAL INSTRUCTIONS FOR PARTS 3 AND 4

Questions regarding how to report data in Parts 3 and 4 should be directed to Michael McKenney, P&C Actuarial Supervisor, at (717) 705-0166 or mmckenney@pa.gov.

Parts 3 and 4 of this data call must be completed only by the 20 largest insurance companies in terms of Pennsylvania private passenger automobile direct written premium in 2015. The 20 insurance companies that must complete Parts 3 and 4 are as follows:

	<u>NAIC#</u>	<u>Company Name</u>
1.	25178	State Farm Mutual Automobile Insurance Company
2.	26271	Erie Insurance Exchange
3.	29688	Allstate Fire and Casualty Insurance Company
4.	32786	Progressive Specialty Insurance Company
5.	41491	GEICO Casualty Company
6.	11851	Progressive Advanced Insurance Company
7.	23787	Nationwide Mutual Insurance Company
8.	26093	Nationwide Affinity Insurance Company of America
9.	37877	Nationwide Property and Casualty Insurance Company
10.	36447	LM General Insurance Company
11.	19232	Allstate Insurance Company
12.	27998	Travelers Home and Marine Insurance Company
13.	35882	GEICO General Insurance Company
14.	25143	State Farm Fire and Casualty Company
15.	19704	American States Insurance Company
16.	21687	Mid-Century Insurance Company
17.	25941	United Services Automobile Association
18.	25968	USAA Casualty Insurance Company
19.	14990	Pennsylvania National Mutual Casualty Insurance Company
20.	33588	First Liberty Insurance Corporation

Parts 3 and 4 of this data call request ratemaking data.

Part 3 requests ratemaking data for calendar/accident years ending 12/31/2013, 12/31/2014 and 12/31/2015 at the zip code level (based on the garaging address of the insured vehicle) with a valuation date of 12/31/2015 (only).

Part 4 requests statewide cumulative development data in development triangles for accident years ending 12/31/2009 through 12/31/2015 at each 12 month valuation date of 12/31 between 12/31/2009 and 12/31/2015.

PENNSYLVANIA INSURANCE DEPARTMENT

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INSTRUCTIONS FOR PARTS 3 AND 4

It is assumed that the companies that must respond to Parts 3 and 4 of this data call are familiar with our standard data requests for rate filings. The data requested in Parts 3 and 4 of this data call is similar to the data requested in our standard data requests. It is assumed that these companies do not require extensive definitions and explanations for the commonly requested ratemaking data that must be provided in response to Parts 3 and 4 of this data call. However, any questions can be addressed to Michael McKenney, P&C Actuarial Supervisor, at (717) 705-0166 or mmckenney@pa.gov.

Part 3's for more than one insurance company should not be combined into a single Part 3. Part 4's for more than one insurance company should not be combined into a single Part 4. Each Part 3 and each Part 4 should be submitted in a separate worksheet. The Part 3 and Part 4 worksheets for each company should be saved as separate files.

In Part 3, the sum of the data by zip code should equal the statewide total. Additionally, certain totals in Part 3 should equal certain totals in Part 4. This is described in further detail later in these instructions.

Insurance companies should submit the data call via e-mail to James Di Santo at jadisanto@pa.gov. If you are unable to do so (e.g. if the Part 3 file is too large) please contact James Di Santo at (717) 783-2118 or jadisanto@pa.gov to make other arrangements for your submission.

INSTRUCTIONS FOR SUBMISSION OF DATA:

Parts 3 and 4 of this data call are to be submitted in Excel format, compatible with version 2010.

The required procedure for naming the spreadsheet files is:
Part Number_Company NAIC number.

For example, if the XYZ Insurance Company has NAIC number 99999, it must submit its Part 3 template as "3_99999.xls" and its Part 4 template as "4_99999.xls".

Please do not use any other naming convention.

INSTRUCTIONS FOR COMPLETING PART 3

Questions regarding how to report data in Part 3 should be directed to Michael McKenney, P&C Actuarial Supervisor, at (717) 705-0166 or mmckenney@pa.gov.

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INSTRUCTIONS FOR PARTS 3 AND 4

Part 3 consists of nine worksheets (in one file), one for each of the following coverages: Combined Single Limit – Bodily Injury, Combined Single Limit – Property Damage, Bodily Injury, Property Damage, First Party Medical (excluding Extraordinary Medical Benefits), Uninsured Motorists, Underinsured Motorists, Comprehensive and Collision.

First Party Medical should include Basic First Party Benefits (i.e. first party medical benefits at a \$5,000 limit) as well as Additional First Party Medical Benefits (i.e. first party medical benefits with limits above \$5,000 and less than or equal to \$100,000). Income Loss, Accidental Death, Funeral Benefits, Combination First Party Benefits and Extraordinary Medical Benefits should be excluded.

Within each worksheet, rows 3 through 2215 request data for each of the 2,213 five-digit zip codes in Pennsylvania (based on the garaging address of the insured vehicle). Row 2216 provides a row for “Other/Unknown” zip codes. The Department does not expect to receive a significant amount of data reported in row 2216 and may ask follow-up questions if a company reports a significant amount of data in this row.

Within each worksheet, Columns B through AE request the following ratemaking data:

- Earned Car-Years for each of the last three calendar years (2013-2015) ending 12/31;
- Earned Premium at Current Rate Level for each of the last three calendar years (2013-2015) ending 12/31;
- Incurred Claims as of 12/31/2015 for each of the last three accident years (2013-2015) ending 12/31;
- Paid Claims as of 12/31/2015 for each of the last three accident years (2013-2015) ending 12/31;
- Incurred Losses as of 12/31/2015 for each of the last three accident years (2013-2015) ending 12/31;
- Paid Losses as of 12/31/2015 for each of the last three accident years (2013-2015) ending 12/31;
- Incurred ALAE as of 12/31/2015 for each of the last three accident years (2013-2015) ending 12/31;
- Paid ALAE as of 12/31/2015 for each of the last three accident years (2013-2015) ending 12/31;
- Incurred DCC Expense as of 12/31/2015 for each of the last three accident years (2013-2015) ending 12/31;
- Paid DCC Expense as of 12/31/2015 for each of the last three accident years (2013-2015) ending 12/31.

For Combined Single Limit policies, earned car-years and earned premium at current rate level should be reported in the Combined Single Limit – Bodily Injury worksheet only. The remainder of the requested ratemaking data should be separately reported in the Combined

PENNSYLVANIA INSURANCE DEPARTMENT

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INSTRUCTIONS FOR PARTS 3 AND 4

Single Limit – Bodily Injury worksheet and Combined Single Limit – Property Damage worksheet based on the type of claim.

Data should be provided on an all limits / all deductibles basis.

Incurred is synonymous with reported.

Incurred losses (reported losses) means paid losses plus case reserves. Incurred losses must be exclusive of IBNR, bulk reserves and loss adjustment expenses / DCC expenses.

Incurred ALAE means incurred allocated loss adjustment expenses on a case, formula or reported basis (that is, excluding IBNR or bulk reserves, or both).

Paid losses must exclude loss adjustment expenses / DCC expenses.

All data must be reported on a direct basis and prior to any reinsurance assumption. For example, a \$100,000 loss for which \$50,000 is retained by the direct insurer and \$50,000 is assumed by the reinsurer should be reported as \$100,000.

Insurers do not need to provide both ALAE and DCC expense data. Instead, insurers can report ALAE if that is how they perform their ratemaking and insurers can report DCC Expense if that is how they perform their ratemaking.

Insurers that record only incurred ALAE / DCC Expense or that record only paid ALAE / DCC Expense do not need to report both incurred and paid ALAE / DCC Expense.

Data should not be rounded.

IMPORTANT NOTE REGARDING ZIP CODE DATA

Insurers with territories defined at the 5-digit zip code level and insurers that define their territories at a more granular level than the 5-digit zip code level must report the requested data at the 5-digit zip code level.

Insurers with territories defined at a less granular level than the 5-digit zip code level have the option of either reporting the requested data at the 5-digit zip code level or in accordance with their own territory definitions. Insurers that choose the latter should input their territory codes in column AF beginning at row 3 and report the requested data by territory. These insurers should also include copies of their territory definition manual pages, as filed and approved by our department, with their responses to this data call.

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INSTRUCTIONS FOR PARTS 3 AND 4

INSTRUCTIONS FOR COMPLETING PART 4

Questions regarding how to report data in Part 4 should be directed to Michael McKenney, P&C Actuarial Supervisor, at (717) 705-0166 or mmckenney@pa.gov.

Part 4 includes seven worksheets (in one file), one for each of the following coverages: Bodily Injury, Property Damage, First Party Medical (excluding Extraordinary Medical Benefits), Uninsured Motorists, Underinsured Motorists, Comprehensive and Collision.

First Party Medical should include Basic First Party Benefits (i.e. first party medical benefits at a \$5,000 limit) as well as Additional First Party Medical Benefits (i.e. first party medical benefits with limits above \$5,000 and less than or equal to \$100,000). Income Loss, Accidental Death, Funeral Benefits, Combination First Party Benefits and Extraordinary Medical Benefits should be excluded.

Part 4 requests that the following information be provided on a statewide basis in cumulative development triangles by coverage:

- Incurred Claims;
- Paid Claims;
- Incurred Losses;
- Paid Losses;
- Incurred ALAE;
- Paid ALAE;
- Incurred DCC Expense;
- Paid DCC Expense.

For Combined Single Limit policies, the requested ratemaking data should be separately reported in the Bodily Injury worksheet and Property Damage worksheet based on the type of claim.

Data should be provided on an all limits / all deductibles basis.

The data must be reported on an accident year ending 12/31 basis as of 12 months, 24 months, 36 months, 48 months, 60 months, 72 months and 84 months. Accident years 2009 through 2015 must be provided.

Incurred is synonymous with reported.

Incurred losses (reported losses) means paid losses plus case reserves. Incurred losses must be exclusive of IBNR, bulk reserves and loss adjustment expenses / DCC expenses.

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INSTRUCTIONS FOR PARTS 3 AND 4

Incurred ALAE means incurred allocated loss adjustment expenses on a case, formula or reported basis (that is, excluding IBNR or bulk reserves, or both).

Paid losses must exclude loss adjustment expenses / DCC expenses.

All data must be reported on a direct basis and prior to any reinsurance assumption. For example, a \$100,000 loss for which \$50,000 is retained by the direct insurer and \$50,000 is assumed by the reinsurer should be reported as \$100,000.

Insurers do not need to provide both ALAE and DCC expense data. Instead, insurers can report ALAE if that is how they perform their ratemaking and insurers can report DCC Expense if that is how they perform their ratemaking.

Insurers that record only incurred ALAE / DCC Expense or that record only paid ALAE / DCC Expense do not need to report both incurred and paid ALAE / DCC Expense.

Data should not be rounded.

INSTRUCTIONS FOR REQUIRED DATA REVIEW:

In row 2217 of Part 3, total (sum) rows 3 through 2216 for columns H through AE for each worksheet. Next, match each column's total to the corresponding Part 4 data element in the appropriate development triangle. As reported data should not be rounded, there should be no differences. Enter a "Y" in row 2218 beneath each sum after you have verified the equivalence. Your Part 3 submission should include the totals in row 2217 and the "Y" beneath each total in row 2018 such that the Department can confirm that you performed this required data verification.