

State Insurance Regulator Terrorism Risk Insurance Data Call
Frequently Asked Questions (FAQ)
Updated 8/18/2017

*Note that some questions may fall under more than one question topic or data element, but will only occur once in this document.

General Questions:

- Which states are issuing the data call?

As indicated in the data call letter, “All states and the District of Columbia” are issuing the letter. This means 50 states and D.C.

- Does the data call apply to insurers writing only personal lines business?

No, if a company only writes personal lines within the fire, allied lines, commercial multi peril, ocean marine, inland marine, other liability, products liability, or boiler and machinery lines of business, the data call is not applicable. The data call is seeking data for insurers writing TRIA-covered commercial property and casualty lines. However, an insurer must notify triahelp@naic.org if it believes it meets this exception.

- What if my company only writes coverage types expressly excluded by the Act?

The Act specifically excludes crop insurance, private mortgage insurance, title insurance, financial guaranty insurance, medical malpractice insurance, health or life insurance, flood insurance, or reinsurance (15 U.S.C. 6701 Note, P.L. 107-297). The Act also excludes commercial auto, burglary and theft, professional liability (except for directors and officers liability), and farm owners multiple peril (P.L. 109-144). The data call is seeking data for insurers writing TRIA-covered commercial property and casualty lines. However, an insurer must notify triahelp@naic.org if it believes it meets this exception.

- Are individual policies being requested?

This data call is intended to collect aggregate data. All establishments within the same ZIP code, industry code, policy limits, policy type, coverage type, etc., should be aggregated and reported on a single data line, regardless of whether they are insured under the same policy or different policies issued to different owners.

- What if my company does not charge for terrorism coverage?

The data call is seeking data from insurers writing in any commercial property and casualty line of business covered by TRIA. TRIA requires terrorism coverage to be offered to policyholders in these lines of business. Even if the terrorism coverage is not charged for, the insurer needs to report data and indicate in the appropriate fields within the data call that the terrorism coverage has no charge.

- Data year: Does this refer to Calendar Year or any one-year period during which coverage was in force?

Data year does refer to calendar year, and is reported on the same basis as the financial annual statement.

- What about alien insurers? Suppose we have 2 companies writing in the US. Technically they don't have a domiciliary state, however they have a port of entry which one would think would be construed as the domiciliary state. Additionally, I know that for the Excess & Surplus (E & S) business written by at least one of the companies does not have zip codes as it is cargo via ocean marine. So we may need to get that exemption for that line of business for the E & S insurers they are writing on. But this is contingent on whether they even have to report. Please advise.

The state regulators are seeking as much data as possible to generate a full picture of the terrorism risk insurance market. Though they would welcome data from alien insurers, they understand that there is no domiciliary state to mandate the submission of the data or to request an exemption from. This applies to alien surplus lines insurers. Surplus lines data is being requested of domestic surplus lines insurers through their domiciliary regulator.

Submission and Format Questions:

- Do separate files have to be submitted for each year?

No, multiple years can be submitted in the same csv file.

- Do individual files need to be submitted for each company?

Yes, individual files need to be submitted for each company.

- Should there be a csv file submitted for each table within the data call?

No, the detail and summary files will be distinguished by the TableCode element in each table (1D,2D....1S,2S...)

- To submit via the NY portal, do we need to log in and request TRIA app for each carrier or company that we are filing for?

You just need to request the app one time per submitter or email address. You will then be able to submit files for multiple companies.

- If my company only writes liability coverage should I submit the file name with Business Type "L"?

No. Business type is intended to match the annual statement filing (P for Property, L for Life, Accident and Health, H for Health, F for Fraternal and T for Title). Therefore, for the purpose of this data call, all companies should use P for property.

- Are we summarizing the policy elements that are common? If we have 5 policies in the same zip code, same class, same category for policy limits etc. are these policies listed separately or combined?

Yes, the policies should be aggregated in one data record. The data should be summarized across all policies that fall into the same categories (ZIP code, line of business, etc.).

- When policies within zip codes include multiple combinations of property coverage types (building, contents, time elements) and all other data elements (policy category, IND code, etc) of the record are the same would you expect these to be reported as one record

with coverage type 05-all property combined OR combine by like coverage types by policy at the zip code level and report each coverage type as a separate record? If each coverage type as a separate record, which record would the terrorism be reported with?

We are asking companies to report on a policy-level, so that all of the data for all coverage under the policy should generally be reported on the same data record. We understand that if the coverage is “multi-peril” that it will include multiple coverages. The exception is, for example, that the property coverages are split from the liability coverages in a multi-peril policy, just as they are on the annual statement for lines 05.1 and 05.2.

Line of Business Questions:

- The company writes lines 01 and 17, but the premium is for personal lines business only. Does this data need to be reported?

Personal lines premium does not need to be submitted.

- For the data element, LOB, line number, can 05.1 and 05.2 be submitted with decimals?

Yes, “05.1” and “05.2” can be submitted as is, in a csv format. The size of the variables are not fixed. 05.2 can be reported and a number without leading zeroes can be reported. Those sizes are not fixed. Even though LOB has size of 2, as long as you submit in csv format, the length won’t matter. 05.1 is fine to report.

- The data specifications prescribe which annual statement lines the data should be obtained from when responding to the data call. We report relevant business on other annual statement lines so we’re seeking guidance on how to report that data when captured on lines other than those prescribed in the data specifications.

Please report it under line 5 (commercial property) for the purpose of the terrorism data call.

Coverage Category Questions:

- If there is a policy in the liability tables that has, for example, data that would make it both coverage codes 01 and 03, what is the preferred way to report the policy?

03 is for pollution liability. If the policy is general and includes more than just pollution liability, use code 1.

- Which Coverage Code should be used for excess D&O?

Please put excess D&O under code 5.

Industry Code Questions:

- If a company has 5 different industry class codes within a single zip code, do the remaining data elements need to be broken down by industry class code as well?

Yes, all data elements should be reported by industry class code.

- If policies have multiple ISO class codes, should they all be on a separate line?

If the same physical establishment is assigned multiple class codes, the establishment should be assigned a primary class code and reported under that single code. If they are

different establishments, then breaking out is fine as long as data such as premium is allocated and not double counted.

Premium Questions:

- If we have rated at a policy level (not risk location) for General Liability policies which include Terrorism premium (that has not been rated separately), how should we handle the reporting?

For a single policy insuring multiple locations, possibly in different states, even if the policy doesn't include separate rating charges for each location, premium should be allocated to each location if you can do so in a non-arbitrary or meaningful way. If not, then you'd have to report the premium to the state in which the policy was issued without reference to the ZIP code.

- Premium: is earned or written premium being requested?

Written premium is being requested at the ZIP code level (Tables 1D, 2D and 3D). Earned premium is being requested at the state level in the summary tables (Tables 1S, 2S and 3S). The normal definitions for written and earned should be used. Data should be reported as it is in the Financial Annual Statement.

- Since direct written premium is requested and the data should be reported as it is in the financial annual statement, are the summary exhibits supposed to balance to page 14 by state and line of business?

Submissions will be compared to the financial annual statement, but it is understood that the data may not reconcile exactly for a variety of reasons.

- Are the direct written and earned premiums presented on the submission for the Annual Statement LOB lines you are requesting supposed to tie back to their respective Annual Statements (FAS) by year filed? If so, this would require the inclusion of Professional Liability risks which are not subject to TRIA so that the 17.1 and 17.2 totals tie to the FAS filings for those lines, correct? If this is the case, would the Professional Liability risks be categorized in the liability lines' "COVERAGE" field with a "06. Other"? And with a "05. No Terrorism Coverage" in the "POLTYPE" field? To the question of tying to the FAS, Excess & Surplus property policies which cover locations in several states may have their premiums recorded in one state as directed on the taxpaying broker's submission. However, this data call is requesting that premiums be split by each building's locational zip code. This will create a state-by-state divergence from the property premiums filed in the Annual Statements. Will there be a reconciliation requested or is this expected and allowed for?

We are only seeking data on the commercial property and casualty coverages covered under TRIA. We understand that the premiums won't always be able to be tied back to the Annual Statement.

- How should offset transactions be handled? For example: a policy was effective in 2012 and cancelled in 2013. The negative (cancellation) premium appears as a negative amount in the 2013 data, but the onset (in 2012) is outside the scope of the report. In order to balance, I must include the offset premium. (1) how should I report the negative

value, (2) should I report 0 for the TIV for this record since the TIV would actually follow the onset (in 2012)?

Yes, you should report negative premium just as it is reported on the FAS, if the net of all policies for the data record is negative. Report -1 (or the appropriate number) for the “number of establishments.” Do not report ‘0’ for the TIV, but the actual TIV of the policy that was cancelled.

- Suppose monoline general liability and property policies and package general liability and property policies are sold. The package policies also have terrorism coverage and all 3 have different policies numbers. In this case the terrorism coverage is not separated between the general liability and the property. Since the specifications state to report general liability and property separately, where does the terrorism premium go?

If the terrorism coverage applies to both the property (line 5.1) as well as liability (5.2), it should probably be reported on both lines. It would be desirable if the premium of the terrorism coverage could be allocated to each line on some proportionate basis (perhaps based on the ratio of (GL premium reported on line 5.1 / GL premium reported on line 5.2)).

Policy Type Questions:

- In a fire-following state, if terrorism coverage is rejected, should we be using code 05 (no terrorism coverage) even though fire-following coverage is being provided?

Yes, code “no terrorism coverage” for these types of policies.

Policy Category Questions:

- For general liability, should excess and umbrella policies use policy category code 06 (all other) so that data does not get mixed up with other general liability experience?

No, it should not be reported as “other” in the policy category variable. The variable “coverage” has a code for excess/umbrella coverage (code 04), so such coverage won’t get mixed in with other GL experience.

- Where multiple monoline coverages exist within a single policy, there could be considerable variation in what constitutes a “package,” potentially leading to skewed or misleading results.

Commercial Multi-Peril is meant to cover traditional package policies that generally include commercial property, general liability, and other coverage parts. Other Package is meant to include non-traditional package policies.

- Suppose we write a policy that is Excess Follow Form Liability, which is like an Umbrella policy but includes all liability coverage’s (general liability, automobile liability etc.), for policy category would this be considered Other Package or All Other?

It seems this would qualify as “other package.” Other package is meant to include non-traditional package policies and should be used for excess/umbrella coverage. While “all other” is intended to cover niche products.

- When we have a package policy that also includes multiple monoline coverages, we are to code the Policy Category as an ‘04’ Other package. When we report these monoline

coverages on our page 14, the written premium displays as annual statement lines 1 and 2.1, 17 and 18, while the actual ‘packaged’ portion displays in annual statement lines 5.1/5.2. Should the policy be split into multiple records on the respective tables, depending on the annual statement line of each coverage?

If possible, please report as closely as possible to match the annual statement. If this is not possible, report under a single line (in this case that would probably be line 5.1). If you must deviate from the way the data is reported on the annual statement, please send an email to triahelp@naic.org at the time of your submission. Make sure to note your company name and cocode as well as your reasoning for the variance in the data.

- How should Blanket Rating be assigned as a “Policy Category” since blanket rating can apply to a monoline (code 01) or multi-peril (code 02) or Other package (Code 04) policy?

Blanket rating trumps all other policy categories. Both monoline blanket rated policies and package blanket rated policies should be reported under Blanket Rating.

If a company is not able to break premium out by location, the company can include the premium under blanket. The amount of blanket rated business could vary from company to company. The goal in separating it out is to differentiate business that cannot be attributed to a single location (ZIP Code) from the business that can be.

- Does blanket rating include composite rated accounts or accounts written pursuant to ISO’s Large Risk Alternative Rating Option?

Blanket rating is generally a property insurance concept. Composite rating and the Large Alternative Risk Option are liability and/or workers compensation concepts and therefore do not fall under blanket rating.

- For areas of coverage granted a company program exception from ISO, can the other POLCAT be used?

No. Company Program Exception refers to specific reporting instructions under the ISO Statistical Plan. Those reporting instructions are separate and apart from the reporting instructions under this data call.

- For monoline professional coverages like Employment Practices Liability (EPL) in regard to the policy category field – would you prefer for those to be included in the monoline bucket (code 01) or would you consider those to be niche products? Perhaps 06 is more appropriate for those? Thank you.

The monoline code (01) is appropriate for these products.

Limits and Total Insured Value Questions:

- On Table 3: Commercial Inland and Ocean Marine, are LIMITSTERR and LIMITSTOT the same as TIVTERR and TIVTOT within the Summary Report?

Yes, for Table 3, policy limits in the data table are meant to convey the same meaning as total insured value in the summary table.

- Should all of the per occurrence liability limits be recorded by location regardless of the aggregate policy limit?

For the purpose of this data call, the limits sections are requesting occurrence amounts. In future years, regulators may contemplate collecting aggregate limits.

- If we have a location with multiple buildings at the same zip code, with the same industry code, but with policy limits that would result in different policy limits codes, do we separate those or do we add those together and use the code of the combined policy limits? For example...Location 001, building 001, zip code 15611 with property limit 239,000 (code A). Location 001, building 002, zip code 15611 with property limit 836,000 (code B). Do we report as 2 establishments? Or 1 establishment with limit code C?

Limits should be added across all buildings so it would be reported as 1 establishment with limit code C.

- If a policy falling within a reporting period is endorsed amending limits, how is this to be reported? For example, Policy 1 (effective 1/1 to 1/1) has \$100,000 of coverage at the beginning of the policy period with \$600 written premium. On 7/1 the property is increased to \$500,000 with \$1,200 additional written. What limit should be reported for this policy?

Yes, you would report the totals for the policy at year end. The written premiums should be added. So in this example, you would report \$1,800 (assuming \$1,200 was IN ADDITION to the \$600 original) and the TIV should be the second value or \$500,000. Endorsements should not count as a second policy. The premium written is always reported for the year it was written, regardless of whether it won't be fully earned until subsequent years.

- For total TIV/liability should policies that rejected terrorism coverage be included?

Yes

- Suppose policies include both property and boiler & machinery premium but a portion of the risk is insured. So for example the property has a blanket amount including property, earthquake, terrorism and boiler & machinery of amount A, and our share is amount B. I only know that our total share is amount B. Also suppose we don't have policy limits available for establishment, we only have the policy limit for the firm. Should we show the establishment limit as blank or the same as the firm limit?

If you have a limit for the firm, but no separately defined limit for the establishment, then we think it makes more sense to say that the establishment limit equals firm limit – the max loss at the establishment is governed by the overall policy limit applicable to the firm.

- How should TIV across years be handled? For example: policy incepts in 2013 and original data is reported on 2013 record. In 2014, policy is endorsed to raise the building limit by 500K. In 2014, the premium reported is associated with that change only. Do you, therefore, wish to see only the change in TIV, or do you wish to see the entire TIV carry through to the new record to retain a full understanding of the scope of the exposure?

Retain the entire TIV into the new record, so that we can track the exposure across years (i.e. it should have the same zip, industry class, TIV, etc).

- Suppose it's easy to split the 1 policy between the annual statement lines, just as is done now for page 14 reporting. However, what is the TIVTOT you are looking for to keep from overstating the total exposure? What should we do on those policies where we do have splits due to annual statement line differences? Is the expectation that you will receive two property records for the same policy location and both will have the same amount in the TIVTOT field?

Report the policy limit associated with the line on which it is reported.

Policy and Establishment Count Questions:

- In Table 2D there is a field called 'Number of Policies'. What is expected? The table seems to be at a policy/property coverage type level of detail. For example, suppose an insured that has a GL and umbrella policy, is the number of policies supposed to be 2? Then that number repeats? Otherwise it seems like it would just be 1.

Reporting is not being done at a policy level. Instead policies are aggregated in one data record. The data should be summarized across all policies that fall into the same categories (ZIP Code, line of business, etc.) The number of policies in your example would be 2, assuming that the two policies fall into the same line of business, coverage type, coverage limits, etc. and are therefore reported on the same data line. If they are not reported on the same data line, then they should not be summed.

- If you have premium for the same policy in two different calendar years (renewal in the first year and endorsement premium in the second)... do you count the policy in both years or the first year or second year?

Policy count corresponds to the establishment number – it is a count as of year-end. So, if the policy is in force on 12/31 for a given data year, it should be counted. Endorsements should not count as a second policy or a separate establishment.

- Should only inforce terrorism coverages where premium is charged or included with no charge on an inforce policy be reported? (e.g Suppose a policy was inforce during 2013 and expired and did not renew in 2014. Then terrorism data would not be included in data call since the policy expired in 2014.)

If a policy was inforce during a requested data year, it should be included in the data. Only the number of establishments is a count as of year-end.

- If I am reconciling to the Annual Statement Premiums Written and Earned, I will need to include establishments/firms that we no longer insure. Will this not skew the data, as most likely, another insurer is now insuring the establishment/firm and is also including it on their report?

We realize that data may not reconcile exactly to the Annual Statement for a variety of reasons. If you have cancellation premium, that may appear as negative premium the next year.

- Why isn't the report using inforce data? If each insurer reported at 12/31/xx, their policies inforce, you would be counting the establishment/firm one time.

The number of establishments are reported as of year-end. The definition from the data call is: ESTNUM – Number of establishments insured, as of year-end (or end of the reporting period). Count each location as a single establishment, even though multiple physical structures may be present at the location. There should be no double counting.

- For the terrorism data call, how should the policy limits for establishment and firm be reported? For instance, if in 1 zip code there are 5 establishments, do we aggregate the limits for all 5 establishments and use the code that apply to the aggregated policy limits? How about if in 1 location, there is more than 1 establishment?

Here's an example: If there are five establishments in the same ZIP, each with limits 500,000, then they would be reported on the data record with LimitsE = B (\$500,000 - \$999,999), and TIVTOT = 5*500,000 = \$2,500,000.

If the limits for each establishment are not within with same LimitsE category (in this case, between \$500,000 and \$999,999) then they would not be reported on the same data record.

- If we have one policy that covers 2 different locations in 2 different zip codes, how do you want written premium reported? It is one policy, but 2 establishments in 2 different zip codes

You will need to report a count of 1 establishment in each zip code. Then report the premium associated with each establishment in their respective zip codes. For example, you have establishment A and B in zip codes 12345 and 34567, respectively. Establishment A has 1000 in total written premium and establishment B as 1500 in total written premium. Then there should be one record for establishment A in zip code 12345 with PRWTOT of 1000 and establishment count of 1. There should be another record for establishment B for zip code 34567 with PRWTOT of 1500 and establishment count of 1.

Company Type Questions:

- Should an alien company be company type E or O?

Alien should be “other.”

- Company type: Which company type should a surplus line company writing captive business be?

It should be under “captive.”

- What is the definition of Pool?

Pool means risk-sharing pool.

Reinsurance Questions:

- Gross reinsurance – include ceded to facultative and treaty or just one of those?

Both

- What is meant by gross reinsurance premium ceded? Is it total reinsurance or reinsurance for terrorism risk?

The premium the company pays for ceding business to another company that takes on the risk. Total reinsurance ceded is being requested, not the portion for terrorism risk.

- We do not “allocate” reinsurance costs to state for treaty reinsurance purchases. In this case, what state should we use for reporting?

If reinsurance cannot be broken out by state, use “GT” for state.

- Should the premiums include Facultative and Treaty reinsurance?

Yes.

- If the data call were to include all lines of business, would you expect it to tie to Annual Statement page 8, Part1B – Premiums Written, Column #5?

The sum of reinsurance across all states should approximate what is reported on page 8 of the Annual Statement. However we understand that numbers will not tie back exactly to what is reported in the annual statement for numerous reasons.