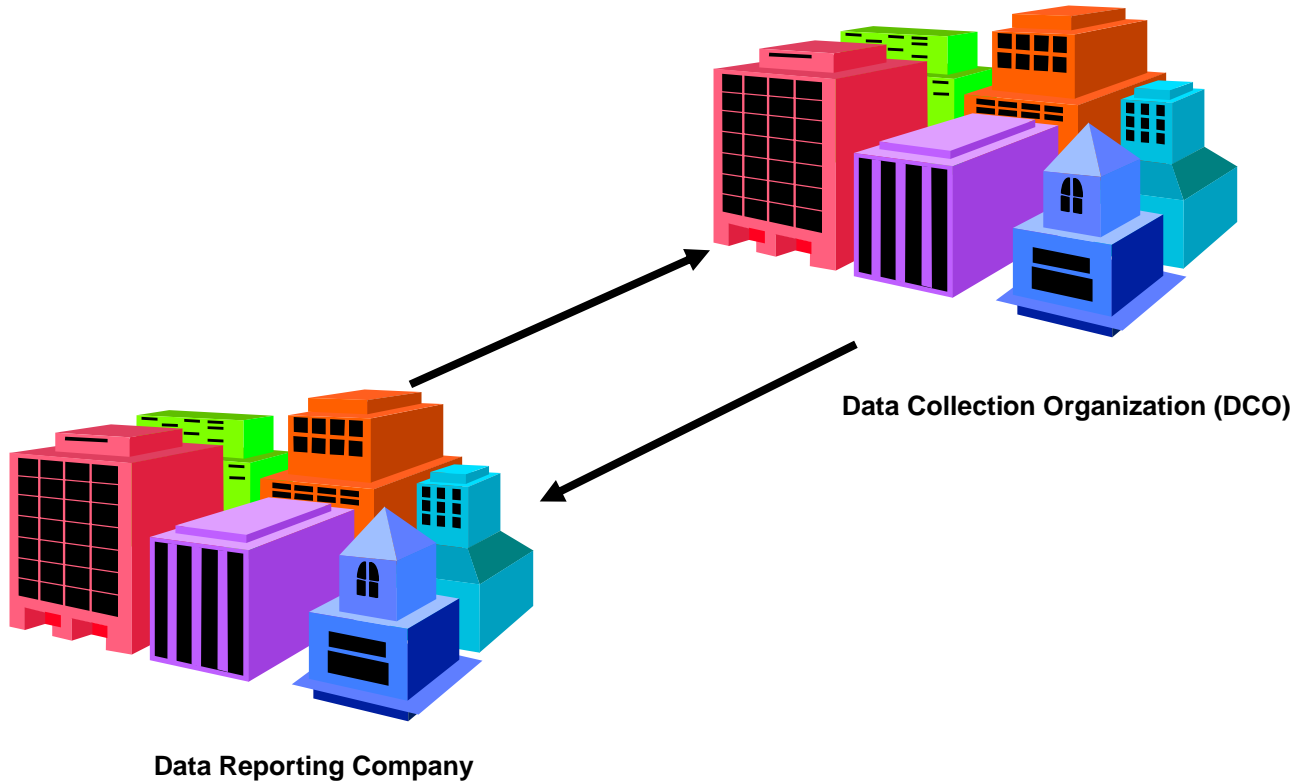


AGGREGATE/FINANCIAL DATA REPORTING

**AGGREGATE/FINANCIAL DATA FLOW BETWEEN
DATA REPORTING COMPANY AND DATA COLLECTION ORGANIZATION**



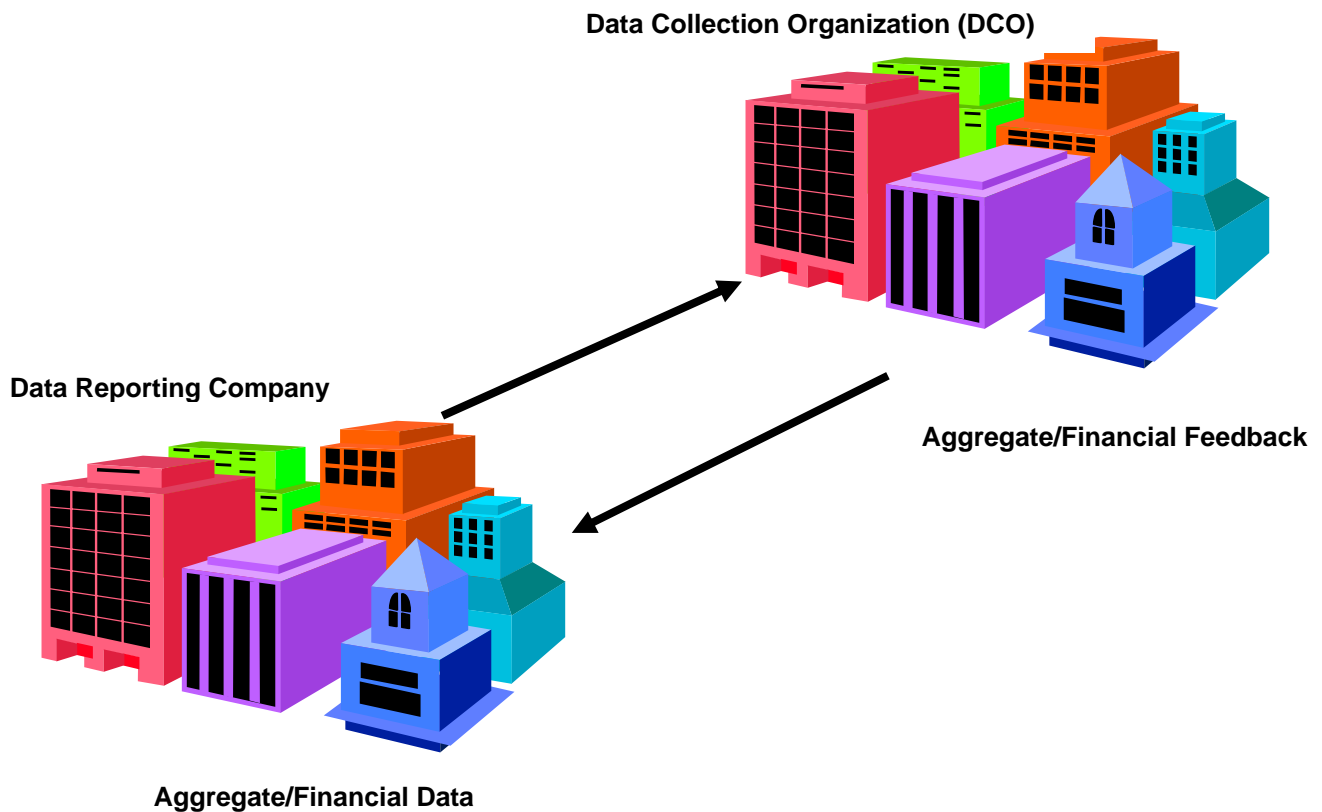
DATA REPORTING COMPANY

- = INSURANCE COMPANIES
- = STATE FUNDS
- = SELF-INSURED GROUPS
- = THIRD PARTY ADMINISTRATORS (TPAs)

DATA COLLECTION ORGANIZATION

- = CALIFORNIA
- = DELAWARE
- = MASSACHUSETTS
- = MICHIGAN
- = MINNESOTA
- = NCCI
- = NEW JERSEY
- = NEW YORK
- = PENNSYLVANIA

USE OF INDIVIDUAL CASE/CLAIM (ICR) DATA



Aggregate financial data is used to:

- Determine member companies' assessments
- Produce overall rate change by state
- Perform premium level analysis
- Test rate adequacy
- Analyze reserve level changes
- Analyze loss development
- Review general and loss adjustment expenses
- Provide industry wide cost summaries

AGGREGATE/FINANCIAL DATA REPORTING GUIDELINES

Aggregate/Financial data is the primary ingredient in the workers' compensation rate making process. Aggregate/Financial data can be reported on hard copy and, in some instances, on a diskette or by modem.

The primary uses of Aggregate/Financial data are to:

- Determine member companies' assessments
- Produce overall rate change by state
- Perform premium level analysis
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Section 23B of the NAIC Statistical Handbook, entitled Workers' Compensation Call for Aggregate Experience, lists the following calls:

- Net Direct Written Premium Calls
- Semiannual Calendar Year Call
- Policy Year Call for Voluntary Business
- Policy Year Call for Assigned Risk Business
- Calendar/Accident Year Call for Voluntary Business
- Calendar/Accident Year Call for Assigned Risk Business
- Premium by Size of Policy Call
- Reconciliation Call
- 'F' Classification Policy Year Call
- Loss Adjustment Expense Call
- Large Deductible Policy Year Call
- Large Deductible Calendar/Accident Year Call
- Call for Quarterly Reporting of Total Market Direct Written Premium
- Supplemental Call for Schedule Rating Premium Adjustments

Most DCOs do not require data on all of the above calls. Some DCOs require data to be reported at valuations that vary from those listed above. In addition, there are other calls, such as the Experience on Capitated Medical and Expense Data by State, that are required by some DCOs. Some DCOs require a copy of the insurer's Annual Statement and Insurance Expense Exhibit.

DCOs use a form listing the calls that they require. Companies return these forms indicating the information they are reporting. It is important that the acknowledgment forms be completed and returned to the appropriate DCO. DCOs use these forms as a diary and will fine for late or missing calls.

The reporting requirements for aggregate/financial data can be found in some DCO's Statistical Plans; e.g., Minnesota Statistical Plan Manual. Most aggregate/financial instructions are found in circulars or guidebooks, or accompany the forms used for reporting data.

Some states disallow group reporting of financial data. A separate financial report must be filed for each company within a group. Although financial data is sent to the DCO, some reports are sent directly to the state.

Aggregate/Financial Data Calls require a lot of detailed premium and loss data and the DCOs may define some terms differently from those used by their member companies. The specific DCO calls should be read carefully for data requirements and definitions of the required data elements.

HARD COPY AGGREGATE/FINANCIAL DATA REPORTING GUIDELINES

Aggregate/Financial data can be reported on hard copy and, in some instances, can only be reported on hard copy. Most DCOs have their own forms which are sent to the companies for completion. These forms are released to the industry usually by year's end. In addition, unique transmittal letters are used for each call.

Some DCOs will accept, upon their approval, a company-generated form. This option can save your company money.

Some DCOs have developed software packages that assist in the editing and reporting of certain Aggregate/Financial calls. Some DCOs will charge for the keying of the calls that can be reported using the DCO's software packages.

ELECTRONIC AGGREGATE/FINANCIAL DATA REPORTING GUIDELINES

Data reporting standards and record formats for Aggregate/Financial data have not yet been developed by the WCIO; however, some DCOs have guidelines for reporting Aggregate/Financial data via the internet or on diskette. Some DCOs will accept equivalent company-generated forms, spreadsheets, etc.

Companies should contact the DCOs for reporting guidelines.

Some DCOs have developed software packages that assist in the editing and reporting of certain Aggregate/Financial calls.

AGGREGATE/FINANCIAL DATA FORMS

Since forms vary by DCO, the appropriate DCO should be contacted to obtain the proper Aggregate/Financial Call forms.

AGGREGATE/FINANCIAL DATA TRANSMITTAL INFORMATION

A Letter of Transmittal, also known as a Transmittal Letter, must accompany all data reported on hard copy or electronically.

The Letter of Transmittal is used for record control, balancing, and communication purposes. Some DCOs require each call to have its own transmittal letter. In addition, some DCOs require the completion of a questionnaire.

The Letter of Transmittal provides the following:

1. Critical information pertaining to the submission, such as:
 - Name of the Call(s)
 - Submission type (original, correction, etc.)
2. Information to facilitate the two-way communication between the DCO and the insurer. Therefore, it is necessary to include all available insurer information, such as:
 - Contact name
 - Phone number
 - Fax number
 - E-mail address
3. Date of receipt by the DCO and status of submission.

An important requirement on the transmittal letter is whether the company is filing as a group or as an individual company. Some states disallow group reporting; e.g., Texas.

EXAMPLE OF AN AGGREGATE/FINANCIAL DATA TRANSMITTAL LETTER

TRANSMITTAL LETTER

AGGREGATE/FINANCIAL CALLS

- 1. NAME OF THE CALL: _____
- 2. DUE DATE: _____
- 3. CARRIER NAME: _____ 4. CARRIER CODE: _____
- 5. FILING AS Group Individual Company
- 6. If filing as a group, list individual carrier names or carrier codes.

- 7. SUBMISSION TYPE
 Original Correction Voluntary Resubmission
- 8. SUBMISSION CONTENT
 Full Partial and Not Final Partial and Final
- 9. NUMBER OF STATES: _____ DCO USE ONLY
DATE RECEIVED

- 10. ADDRESS OF DCO _____
RECEIPT MAILED

DCO

RECEIPT OF CALL NOTIFICATION

- 11. NAME OF THE CALL: _____
- 12. DUE DATE: _____
- 13. DATE RECEIVED AT DCO _____ BY _____
- 14. MAIL RECEIPT TO (indicate specific individual):

