

VERMONT DEPARTMENT OF BANKING AND INSURANCE

INSURANCE REGULATION 88-1 REGULATION TO REQUIRE REPORTING OF FINANCIAL AND STATISTICAL DATA BY PROPERTY AND CASUALTY INSURANCE COMPANIES

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Section 1. Purpose and Authority

This regulation is promulgated pursuant to 8 V.S.A. Sections 75 and 4691.

The purpose of this regulation is to set forth the manner of reporting and the kinds of data that are to be included in financial and statistical reports required to be submitted by property and casualty insurance companies. This regulation shall not be interpreted to limit the powers granted the Commissioner by any laws or part of laws of this state.

Section 2. Definitions

- A. Accelerated Reports: Statistical information that provides data on a quarterly basis for the purpose of identifying emerging trends in the commercial liability lines of insurance.
- B. Annual Statement: The annual report of an insurer as of each December 31 that provides detailed information on assets and liabilities including data on premiums, losses, and expenses, dividends, taxes and investments.
- C. Fast Track Reports: Information generated from the NAIC Fast Track Monitoring System that gives a sampling of significant data for property and casualty insurance on a quarterly basis by insurers comprising a major segment of the market for the lines of insurance indicated.
- D. Insurance Expense Exhibit: The supplement to an insurer's annual statement that provides a detailed analysis of expense on a net basis for all lines of business.

- E. NAIC: The National Association of Insurance Commissioners.
- F. NAIC Diskette Filing Specification: Instructions for filing of Annual Statement information on diskette.
- G. NAIC Statistical Handbook: The publication of the National Association of Insurance Commissioners (NAIC) that explains insurance statistical data and details report formats to be furnished by statistical agents.
- H. Participating Insurer: An insurer licensed to transact the business of property and casualty insurance in this state which has a market share for a line or class of insurance greater than the amounts defined in Section 8 and is therefor required to report on either a quarterly or annual basis.
- I. Statistical Agent: An organization designated by the Commissioner to gather and compile insurance statistical experience.
- J. Statistical Plan: A system for collecting and recording insurance premium, loss, exposure and expense information.
- K. State Statistical Reports: Reports developed by Statistical Agents to supply information on a regular basis for selected sublines or classes of insurance by year.
- L. Special State Reports: Reports developed by Statistical Agents on an as needed basis to supply specific information in the statistical plan requested by the Commissioner.
- M. Special Calls for Statistical Data: Reports developed on an as needed basis to supply specific information to the Commissioner that may not be in the statistical plans.

Section 3. Power and Duties

The Commissioner may enter into an agreement with any qualified data collection service corporations, associations or other entities to undertake the compilation and analysis of data collected pursuant to this regulation.

Section 4. Financial Reporting

As a condition of doing business in the state, each insurer licensed to transact the business of property and casualty insurance shall, in addition to any other reports required, report to the Commissioner financial data for the preceding year ended December 31:

- A. Annual Statement: An Annual Statement measuring 9" x 14" or smaller shall be filed with the Commissioner on or before March 15th of each year, or a later date if appropriate, that provides financial information for the previous calendar year. The Annual Statement shall conform to the format prescribed and modified by the NAIC and shall contain exhibits and schedules that follow specifications developed by the NAIC. Information from the insurer's Annual Statement, as specified

and in accordance with the NAIC's Diskette Filing Specification, or as amended, shall be filed with the Commissioner by filing with the Central Office of the NAIC on or before March 15th of each year. The requirement to file with the NAIC shall be in addition to the obligation to file the annual statement with the Commissioner.

B. Insurance Expense Exhibit: An Insurance Expense Exhibit shall be filed with the Commissioner on or before April 1st of each year, or a later date if appropriate, that provides countrywide information on insurer expenses for the previous calendar year. The exhibit shall be in the form prescribed and modified by the NAIC. Information from the insurer's Insurance Expense Exhibit, as specified and in accordance with the NAIC's Diskette Filing Specification, or as amended, shall be filed with the Commissioner by filing with the NAIC's Central Office on or before April 1 each year. The requirement to file with the NAIC shall be in addition to the obligation to file the annual statement with the Commissioner.

C. Other Schedules and Supplements: In addition to the above, other schedules or supplements may be requested at the discretion of the Commissioner including other NAIC schedules.

Section 5. Statistical Reporting by Companies

Every insurance company licensed to transact the business of property and casualty insurance in this state shall report its insurance statistical experience to at least one of the statistical agents designated by Order of the Commissioner. Such information at a minimum shall be submitted in the form and detail outlined below and in the statistical plans adopted by the Commissioner. The statistical agents shall file their plans with the Commissioner for approval to be effective January 1, 1989. Any subsequent changes should also be provided to the Commissioner.

A. Annual Data Reporting: At least annually, insurers shall submit to a statistical agent, data meeting the following specifications:

1. Lines of Insurance: The following lines of insurance shall be included in the annual data:
 - a. Automobile-Commercial;
 - b. Automobile-Private Passenger;
 - c. Boiler and Machinery;
 - d. Burglary;
 - e. Businessowners;
 - f. Commercial Multiple Peril;
 - g. Crop-Hail;
 - h. Farmowners
 - i. Fidelity and Surety;
 - j. Fire and Extended Coverage;
 - k. General Liability;
 - l. Glass;
 - m. Homeowners;
 - n. Inland Marine;
 - o. Personal Property Other than Homeowners;

- p. Medical Professional Liability;
- q. Workers Compensation;
- r. Other lines as specified by the Commissioner.

2. Classes of Insurance: Annual data reported shall include, in addition to the lines of insurance defined above, those classes of insurance designated for inclusion in accelerated data reporting.

3. Data Elements: In accordance with statistical plans adopted by the Commissioner, annual data shall include the following elements, detailed by territory where applicable:

- a. premiums written;
- b. losses paid;
- c. allocated loss adjustment expenses paid;
- d. losses outstanding;
- e. allocated loss adjustment expenses outstanding;
- f. number of claims;
- g. exposure, where reported and meaningful;
- h. other data elements as specified by the Commissioner.

4. Compilation Bases: Annual data shall be reported according to one of the following compilation bases:

- a. calendar year;
- b. accident year;
- c. policy year.

B. Fast Track Data and Reports:

1. Fast Track Data: Data necessary to produce Fast Track Reports shall be submitted to statistical agents by selected insurers within 45 days of the close of the calendar quarter according to the following specifications:

- a. Lines and Classes: Loss Ratio Data: Selected insurers shall submit fast track quarterly premium and loss data to statistical agents for the following Lines:
 - i. Private Passenger Liability;
 - ii. Private Passenger Physical Damage;
 - iii. Commercial Auto Liability;
 - iv. Commercial Auto Physical Damage;
 - v. Homeowners;
 - vi. Dwelling Fire;
 - vii. Dwelling Allied Lines;
 - viii. Commercial Fire;
 - ix. Commercial Allied Lines;
 - x. Farm Business;
 - xi. Commercial Multiple Peril;
 - xii. Liability Other than Auto;

- xiii. Medial Malpractice;
- xiv. Other lines as specified by the Commissioner.

b. Lines and Classes: Claim Data: Fast Track data shall contain claim cost and claim frequency data for the following lines:

- i. Private Passenger Comprehensive;
- ii. Private Passenger Collision;
- iii. Private Passenger Bodily Injury Liability;
- iv. Private Passenger Property Damage Liability.

2. Fast Track Reports: Statistical agents shall provide Fast Track Reports within 60 days of the close of the calendar quarter for the Private Passenger Automobile and Homeowners lines of insurance. Fast Track Reports for other lines of business shall be provided within 75 days of the close of the calendar quarter.

Section 6. Statistical Agent Reporting

Statistical Agents shall provide reports to the Commissioner on a schedule as specified in this section. If a Statistical Agent cannot provide the reports as specified in this section, the Statistical Agent shall inform the Commissioner, who may allow an exemption as described in Section 9.

A. Accelerated Data Reports:

1. Accelerated Data: Data necessary to produce Accelerated Reports shall be submitted to statistical agents by participating insurers within 60 days of the close of the calendar quarter. The data submitted for accelerated reports shall include the following lines and classes and data elements:

- a. Lines and Classes:
 - i. Owners, Landlords and Tenants Liability;
 - ii. Manufacturers and Contractors Liability;
 - iii. Products Liability (countrywide only);
 - iv. Premises/Operations Liability;
 - v. Liquor Law Liability;
 - vi. Lawyers Professional Liability;
 - vii. Municipal Liability;
 - viii. Public School Liability;
 - ix. Day Care Liability;
 - x. Recreational Liability;
 - xi. Other lines and classes as specified by the Commissioner.

b. Data Elements:

- i. Direct premiums written;
- ii. Direct premium earned, and;
- iii. Incurred losses, developed as the sum of the following:

- - the dollar amount of paid losses;
- - the dollar amount of allocated loss adjustment expenses,
plus;
- - reserves for reported claims at the end of the quarter,
minus;
- - reserves for reported claims at the beginning of the quarter.

2. Accelerated Data Reports: Statistical agents shall provide Accelerated Data Reports to the Commissioner within 180 days of the close of the calendar quarter.

B. State Annual Statistical Reports

Approved statistical agents shall produce state statistical reports and supply them to the Vermont Department of Banking and Insurance based on a schedule approved by the Commissioner. It is the intent of this section that the data shall be combined and reported in the aggregate. The Commissioner may request an insurer to report its data directly to the Commissioner.

The data submitted for State Statistical Reports shall include the following lines, classes and data elements:

1. General Liability: General Liability is a line of insurance which is typically considered to be liability insurance for all business and commercial risks other than automobile.

a. The data elements to be reported include the following:

- i. Earned premium;
- ii. Incurred Losses (including Allocated loss adjustment expense); split between basic and excess limits;
- iii. Incurred Claims;
- iv. Exposures, where reported and meaningful.

b. The reports will be accumulated as follows:

- i. 5 policy years of data; The losses and loss expenses will be evaluated at a common date as of 3 months past the end of the most recent policy year.
- ii. Monoline and multiline combined;
- iii. Class within class group; except where otherwise specified. All classes are to be reported including manually rated classes as well as a-rated classes.
- iv. Bodily Injury Liability Losses (BI) and Property Damage Liability Losses (PD) will be reported separately.

c. The following sublines will be reported:

- i. Owners, Landlords, and Tenants Liability – BI only;
- ii. Manufacturers and Contractors Liability;
- iii. Products – Countrywide and Vermont data to be reported. Vermont data will exclude exposures;

- iv. Owners & Contractors Protective Liability and Contractual Liability – only countrywide data to be reported;
- v. Excess, Deductible and other special classes;
- vi. Composite rated risks;
- vii. Professional liability other than medical; class detail not to be reported. Exposure not to be reported;
- viii. Physicians', surgeons' and dentists' data to be split by claims made vs. occurrence. Class group detail only;
- ix. Hospitals. Data to be split by claims made vs. occurrence;
- x. Other classes as specified by the Commissioner.

2. Commercial Auto Liability: Commercial Auto Liability is a line of insurance generally considered to be liability insurance for trucks, taxis, buses, etc., as well as private passenger cars owned by businesses.

a. The data elements to be reported include the following:

- i. Earned Premium;
- ii. Incurred losses (including Allocated loss adjustment expense); split between basic and excess limits;
- iii. Incurred Claims;
- iv. Exposures, where reported and meaningful.

b. The reports will be accumulated as follows:

- i. 3 accident years of data, except for garages where 3 policy years of data will be reported. The losses and loss expenses will be evaluated at a common date as of 3 months past the end of the most recent experience period reported;
- ii. Monoline and multiline combined;
- iii. Class group;
- iv. Territories will be reported separately for Commercial cars;
- v. Bodily Injury Liability losses and Property Damage Liability losses will be reported separately;
- vi. Data for assigned risks will be reported separately from voluntary risks.

c. The following sublines will be reported:

- i. Commercial cars;
- ii. Private passenger types;
- iii. Garages;
- iv. Publics and Miscellaneous;
- v. Composite Rated Risks;
- vi. Excess, deductible and other special classes;
- vii. Zone rated risks;
- viii. Other classes as specified by the Commissioner.

3. Commercial Auto Physical Damage: Commercial Automobile Physical Damage is a line of insurance generally considered to be property insurance covering the risk due to loss by

collision, fire, theft, etc., of Commercial Automobiles.

- a. The following data elements will be reported:
 - i. Earned premium;
 - ii. Paid losses with no loss adjustment expense;
 - iii. Paid claims;
 - iv. Exposures, where reported and meaningful.
- b. The reports will be accumulated as follows:
 - i. 3 calendar years of data;
 - ii. Monoline and multiline combined;
 - iii. Class group;
 - iv. All territories will be combined;
 - v. Collision and other than collision will be reported separately;
 - vi. Data for assigned risks will be reported separately from voluntary risks.
- c. Data will be reported for the following class groups:

The following sublines will be reported:

- i. Commercial cars;
- ii. Private passenger types;
- iii. Garages;
- iv. Publics and Miscellaneous;
- v. Composite Rated Risks;
- vi. Excess, deductible and other special classes;
- vii. Zone rated risks;
- viii. Other classes as specified by the Commissioner.

4. Commercial Property: Commercial Property is generally considered to be first party property insurance covering business and commercial risks for fire damage, storm damage, and related perils. It is subdivided into coverages which are: Fire, Extended Coverage (EC), and All Other Perils (AOP).

- a. The following data elements will be reported:
 - i. Written premium;
 - ii. Earned premium;
 - iii. Incurred losses;
 - iv. Incurred claims.
- b. The data will be accumulated as follows:
 - i. For fire and AOP, 5 accident years will be reported;
 - ii. For EC, up to 10 accident years will be reported. The losses for Fire, AOP, and EC will be evaluated at a common evaluation date 3 months past the end of the

most recent accident year.

- iii. Monoline and multiline combined;
- iv. Each coverage will be reported separately.

c. The class groups to be reported for fire and EC are:

- i. Apartments;
- ii. Other habitational;
- iii. Restaurants & bars;
- iv. Other Mercantiles;
- v. Public Buildings;
- vi. Churches;
- vii. Schools;
- viii. Offices and banks;
- ix. Recreational facilities;
- x. Hotels & motels;
- xi. Hospitals & Nursing Homes;
- xii. Buildings under construction;
- xiii. Motor vehicle risks;
- xiv. Other non-manufacturing;
- xv. Storage;
- xvi. Food manufacturing;
- xvii. Wood manufacturing;
- xviii. Wearing apparel;
- xix. Chemical manufacturing;
- xx. Metal manufacturing;
- xxi. Other manufacturing;
- xxii. Other classes as specified by the Commissioner.

d. The class groups to be reported for AOP are:

- i. Buildings;
- ii. Apartment contents;
- iii. Office contents;
- iv. Mercantile, motel/hotel & institutional contents;
- v. Service industrial/processing & contractors contents.

C. Special State Reports

The Commissioner may specify special reports that are required from time to time. These special state reports may include state statistical reports with additional breakouts of detailed information.

They may also include other items of special interest that the Commissioner requires.

These special state reports may be requested of any designated statistical agent. The agent shall supply the report using the latest available information within a two month time frame. If the statistical agent cannot supply this report within the two month period, it shall report so to the

Commissioner along with a schedule of when the information will be supplied.

D. Special Calls for Statistical Data

The Commissioner may require insurance companies to provide data not normally reported or collected in the statistical plans after notice to the statistical agents and providing not less than 30 days for comments. This data shall be compiled and reported to the Commissioner by the statistical agents according to a schedule approved by the Commissioner.

Section 7. Data Reporting Media

Data shall be submitted on hard copy or on a magnetic medium to be specified by the Commissioner.

Section 8. Reporting Thresholds

Insurers shall report in accordance with the following reporting level thresholds. These thresholds are based on an analysis of individual insurer premium volume by line and class. Such an analysis shall be made at least every three years by the statistical agent. Any resulting changes to an insurer's reporting level will apply on a prospective basis only.

A. General Liability

1. Quarterly Reporting

a. An insurer must report at least quarterly in accordance with the specifications of Commercial General Liability statistical plans adopted by the commissioner if it is large enough to meet any of the following criteria:

- i. It is in the 80th percentile of the total Countrywide Written Premium for all Commercial General Liability lines;
- ii. It has greater than 1% of the Statewide Written Premium for all Commercial General Liability lines; or
- iii. It has greater than \$5 Million Written Premium Statewide for all Commercial General Liability lines.

b. An insurer must report at least quarterly in selected market detail consistent with the specification of Commercial General Liability statistical plans adopted by the commissioner if it has not already met the above criteria for reporting quarterly but does meet any of the following criteria:

- i. It has greater than \$1 Million Written Premium Statewide for a selected market; or
- ii. It has greater than 10% Written Premium Statewide for a selected market and greater than \$100,000 Written Premium for that market.

2. Annual Reporting

a. An insurer must report at least annually in accordance with the specifications of

Commercial General Liability statistical plans adopted by the Commissioner if it has not already met the criteria in 1.a. for reporting quarterly but it is in the 98th percentile of the total Statewide Written Premium for all Commercial General Liability lines.

b. An insurer must report at least annually in selected market detail consistent with the specification of Commercial General Liability statistical plans adopted by the commissioner if it has not already met any of the above criteria but it has greater than 10% Written Premium Statewide for a selected market and less than \$100,000 Written Premium for that market.

c. The experience of all other insurers and any experience not reported in accordance with sections 1.a., 1.b., 2.a. and 2.b. above shall be reported annually in accordance with Commercial General Liability statistical plans adopted by the Commissioner.

d. Additional insurers may be required to report if the Commissioner so designates.

B. Other Lines

Insurers shall report on a quarterly or annual basis depending on reporting level thresholds to be established by the Commissioner.

Section 9. Exemption

Upon application by a statistical agent or an individual insurer, the Commissioner may allow the submission of a report or statistical data at a specified later date or with lesser detail if the submission of the report or data on the date required by this Regulation would create a substantial hardship on the statistical agent or insurer.

Section 10. Effective Date

This regulation shall be effective January 1, 1989.