

## **Title 210 - NEBRASKA DEPARTMENT OF INSURANCE**

### **Chapter 52 - REGULATION TO REQUIRE REPORTING OF STATISTICAL DATA AND MARKET AVAILABILITY INFORMATION BY PROPERTY AND CASUALTY INSURANCE COMPANIES**

**001. Authority.** This rule is promulgated pursuant to the Property and Casualty Insurance Data Reporting Act, Neb.Rev.Stat. §§ 44-4601 through 44-4607.

**002. Purpose.** This rule sets forth the manner of reporting and the kinds of data that are to be included in market availability and statistical reports required or which may be required to be submitted by property and casualty insurance companies and their statistical agents. This rule shall not be interpreted to limit the powers granted the Director by any laws or parts of laws of this state.

**003. Exceptions.** This rule shall not apply to the following lines of insurance:

003.01 Life Insurance;

003.03 Variable Annuities;

003.04 Sickness and Accident Insurance;

003.05 Title Insurance;

003.06 Mortgage Guaranty Insurance;

003.07 Financial Guaranty Insurance;

003.08 Reinsurance;

003.09 Ocean Marine Insurance;

003.10 Aviation Insurance; and

003.11 To insurance written by assessment associations doing business under Article 8, Chapter 44, except for insurance on growing crops.

#### **004. Definitions.**

004.01 Accelerated Reports shall mean statistical information that provides data on a quarterly basis for the purpose of identifying emerging trends in the commercial liability lines of insurance.

004.02 Fast Track Reports shall mean 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.

004.03 NAIC Statistical Handbook shall mean 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.

004.04 Participating Insurer shall mean 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 008 and is therefore required to report on either a quarterly or annual basis.

004.05 Statistical Plan shall mean a system for collecting and recording insurance premium, loss, exposure and expense information.

**005. Powers and duties.** The Director may enter into agreements with any qualified data collection service corporations, associations or other entities to undertake the compilation and analysis of data collected pursuant to this

regulation.

**006. Market availability surveys.** Insurers shall respond to market availability surveys as may be issued by the Department from time to time. These surveys will require companies to indicate, for those lines and types of insurance listed in the survey, the degree to which an insurer is currently willing to write the coverages listed. Such surveys shall be completed and returned to the Department within 30 days of their issuance.

**007. Statistical reporting.** 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 the Director. Such information shall, at a minimum, be in the form and detail outlined below and specified in statistical plans filed with the Director.

007.01 Annual Data Reporting: Insurers shall submit annual data meeting the following specifications to a statistical agent:

007.01A Data Elements: In accordance with statistical plans filed with the Director and subject to the exceptions noted in subsection 007.01B, annual data shall include the following elements:

007.01A(1) Premiums earned (Written premiums shall be reported when a statistical agent uses written premiums to calculate earned premiums.);

007.01A(2) Losses paid;

007.01A(3) Allocated loss adjustment expenses paid;

007.01A(4) Losses outstanding; and

007.01A(5) Allocated loss adjustment expenses outstanding.

007.01B Lines of Insurance: The following lines of insurance shall be included in annual data:

007.01B(1) Private Passenger Automobile Liability;

007.01B(2) Commercial Automobile Liability;

007.01B(3) Private Passenger Automobile Physical Damage (exceptions: outstanding losses; allocated loss adjustment expenses paid and outstanding);

007.01B(4) Commercial Automobile Physical Damage (exceptions: outstanding losses; allocated loss adjustment expenses paid and outstanding);

007.01B(5) Boiler and Machinery (exceptions: allocated loss adjustment expenses paid and outstanding);

007.01B(6) Burglary (exceptions: allocated loss adjustment expenses paid and outstanding);

007.01B(7) Fire and Extended Coverage (exceptions: allocated loss adjustment expenses paid and outstanding);

007.01B(8) Inland Marine (exceptions: allocated loss adjustment expenses paid and outstanding);

007.01B(9) Glass (exceptions: allocated loss adjustment expenses paid and outstanding);

007.01B(10) Commercial Multiple Peril (Losses may be split into their respective monoline components. The exceptions applying would then be those applying to the components. If losses are collected on an aggregated basis subject to a minimum statistical plan, then allocated loss adjustment expenses paid and outstanding may be excepted);

007.01B(11) Insurance on Growing Crops (only premiums earned and losses paid or incurred need be

recorded);

007.01B(12) Farmowners (exceptions: allocated loss adjustment expenses paid and outstanding);

007.01B(13) Homeowners (exceptions: allocated loss adjustment expenses paid and outstanding);

007.01B(14) Fidelity and Surety (exceptions: allocated loss adjustment expenses paid and outstanding);

007.01B(15) General Liability;

007.01B(16) Medical Professional Liability;

007.01B(17) Products Liability;

007.01B(18) Credit (only premiums written and losses paid need to be recorded); and

007.01B(19) Workers Compensation (exceptions: allocated loss adjustment expenses paid and outstanding).

007.01C Annual data shall include, in addition to the 19 lines specified in subsection 007.01B, those classes of liability insurance designated in subsection 007.03A1 as subject to accelerated reporting.

007.01D Compilation Bases: Annual data shall be reported according to one of the following compilation bases:

007.01D(1) Calendar year;

007.01D(2) Accident year; or

007.01D(3) Policy year.

007.01E Insurers shall submit data in accordance with filing deadlines established by various statistical agents. No statistical agent shall establish a deadline more than nine months after the expiration of the calendar, accident or policy year.

007.01F Statistical agents shall provide annual reports of information collected pursuant to this subsection within 18 months of the expiration of the calendar, accident or policy year.

## 007.02 Fast Track Data and Reports

007.02A Fast Track Data: Data necessary to produce Fast Track reports shall be submitted to statistical agents by selected insurers within forty-five (45) days of the close of the calendar quarter according to the following specifications:

007.02A(1) Lines and Classes; Loss Ratio Data: Selected insurers shall submit Fast Track quarterly premium and loss data to statistical agents for the following lines:

007.02A(1)(a) Private Passenger Liability;

007.02A(1)(b) Private Passenger Physical Damage;

007.02A(1)(c) Commercial Auto Liability;

007.02A(1)(d) Commercial Auto Physical Damage;

007.02A(1)(e) Homeowners;

007.02A(1)(f) Dwelling Fire;

007.02A(1)(g) Dwelling Allied Lines;

007.02A(1)(h) Commercial Fire;

007.02A(1)(i) Commercial Allied Lines;

007.02A(1)(j) Farm Business;

007.02A(1)(k) Commercial Multiple Peril;

007.02A(1)(l) Liability Other than Auto; and

007.02A(1)(m) Medical Malpractice.

007.02A(2) Lines and Classes; Claim Data: Fast Track data shall contain claim frequency and claim severity data for the following lines:

007.02A(2)(a) Private Passenger Comprehensive;

007.02A(2)(b) Private Passenger Collision;

007.02A(2)(c) Private Passenger Bodily Injury Liability; and

007.02A(2)(d) Private Passenger Property Damage Liability.

007.02B Fast Track Reports: Statistical agents shall provide Fast Track reports within sixty (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 seventy-five (75) days of the close of the calendar quarter.

### 007.03 Accelerated Data and Reports

007.03A Accelerated Data: Data necessary to produce accelerated reports shall be submitted to statistical agents by participating insurers within sixty days (60) of the close of the calendar quarter. The data submitted for accelerated reports shall include the following lines and classes and data elements:

007.03A(1) Lines and Classes:

007.03A(1)(a) Owners, Landlords and Tenants Liability;

007.03A(1)(b) Manufacturers and Contractors Liability;

007.03A(1)(c) Products Liability (countrywide only);

007.03A(1)(d) Premises/Operations Liability;

007.03A(1)(e) Lawyers Professional Liability;

007.03A(1)(f) Municipal Liability;

007.03A(1)(g) Public School Liability; and

007.03A(1)(h) Day Care Liability.

007.03A(2) Data Elements:

007.03A(2)(a) Direct premiums written;

007.03A(2)(b) Direct premiums earned; and

007.03A(2)(c) 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.

007.03B Accelerated Reports: Statistical agents shall provide accelerated reports to the Director within 180 days of the close of the calendar quarter.

#### 007.04 Insurer Compliance

007.04A Statistical agents shall adopt edit procedures to screen data for reasonableness and apparent accuracy. Annual data shall be balanced against applicable annual statement entries showing Nebraska-specific and countrywide data for direct premiums and losses. Statistical agents shall attempt to reconcile discrepancies and shall not include data in their statistical reports to the Director where any such discrepancies have not been reasonably resolved.

007.04B All statistical reports made by statistical agents pursuant to this section shall contain a list of all insurers whose data is included. In addition, if data from an insurer that should have had their data included is, in fact, not included, then a separate listing of these insurers shall also be made with the statistical report.

007.04C For each insurer whose data has been omitted from a statistical report, the statistical agent shall provide reasons for the exclusion to the Director. These reasons, which shall be held confidential by the Director, shall be identified as one of the following:

007.04C1 Failed to meet statistical agent reporting deadlines;

007.04C2 Failed to pass edits for reasonableness and apparent accuracy; or

007.04C3 Other (specify reason for exclusion).

007.04D In reviewing reports made under subsections 007.04A, B, and C, the Director shall give due consideration to the following factors:

- (a) The frequency with which an insurer has made apparently unacceptable data reports;
- (b) The standards of the statistical agent which the insurer failed; that is, whether the insurer's data would have been acceptable under standards employed by other statistical agents;
- (c) Whether errors or omissions were due to human or machine error, or whether they indicated a lack of regard by the insurer in maintaining accuracy and completeness in their data submissions; and
- (d) Whether the insurer has taken effective steps to minimize the recurrence of such errors and omissions.

**008. General liability reporting thresholds.** Insurers shall report on general liability insurance 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.

#### 008.01 Quarterly Reporting

008.01A An insurer must report at least quarterly in accordance with the specifications of commercial general liability statistical plans filed with the Director if it is large enough to meet any of the following criteria:

008.01A(1) It is in the 80th percentile of the total countrywide written premium for all commercial general liability lines; or

008.01A(2) It has greater than one percent of the statewide written premium for all commercial general liability lines.

008.01B An insurer must report at least quarterly in selected market detail consistent with the specifications of commercial general liability statistical plans filed with the Director if it has not already met the above criteria for reporting quarterly but does meet any of the following criteria:

008.01B(1) It has greater than \$1 million written premium statewide for a selected market; or

008.01B(2) It has greater than ten percent of written premium statewide for a selected market and greater than \$100,000 written premium for that market.

## 008.02 Annual Reporting

008.02A An insurer must report at least annually in accordance with the specifications of commercial general liability statistical plans filed with the Director 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.

008.02B An insurer must report at least annually in selected market detail consistent with the specification of commercial general liability statistical plans filed with the Director if it has not already met any of the above criteria but it has greater than ten percent of written premium statewide for a selected market and less than \$100,000 written premium for that market.

008.02C The experience of all other insurers and any experience not reported in accordance with subsections 008.01A and 008.01B above shall be reported annually in accordance with commercial general liability statistical plans filed with the Director.

**009. Statistical plans; filing required.** Statistical agents shall provide copies of all statistical plans and modifications thereof to the Director. All plans already in use as of the effective date of this rule shall be provided within 60 days after its effective date. All statistical plans or modifications thereof published after the effective date of this rule shall be provided to the Director prior to their use.

**010. Special data requests.** For lines or classes of insurance where more than 80% of the writings in Nebraska are by three or fewer insurers or company groups, the Director may require premium, exposure and loss information on a special request basis. Such requests shall be limited to the five largest writers of the specialty line in Nebraska, although fewer insurers may be included if sufficient to encompass 80% of the Nebraska market. When the information which the Director has requested is recorded by the insurer, an insurer shall respond to such requests within 60 days, except insurers are not required to submit such information less than six months following the end of the calendar, accident or policy years that are requested.

## **011. Additional data collections.**

011.01 Statistical agents collecting and compiling data in addition to that collected under statistical plans filed with the Director under Section 009 shall provide descriptions to the Director of such compilations at the same time such compilations are distributed on a general basis or made available for distribution on a general basis to member insurers. Exceptions to this requirement are as follows:

011.01A Reports which are listed in the NAIC Statistical Handbook and are available upon request to the Director;

011.01B Reports not listed in the NAIC Statistical Handbook, but where the statistical agent has given the Director advance notice of the nature of the report and of its availability upon request;

011.01C Reports made from compilations of annual statements, insurance expense exhibits or other data sources that are public in nature;

011.01D Compilations made for editing, testing or research purposes and which are not distributed to insurers affiliated with the statistical agent on a general basis; or

011.01E Compilations of data which do not relate directly to indicated rate levels or indicated rate discriminations. Reports which directly relate to pricing decisions or whether a class of risks should or should not be written due to pricing adequacy are not exempted by this exception.

011.02 Upon the request by the Director for a specific statistical report, the statistical agent shall provide the Director a copy of any specific statistical report which they produce. Upon the request of the statistical agent submitting a report pursuant to this section, the Director shall hold a statistical report confidential if it is based upon statistical detail not contained in the statistical agent's statistical plans.

**012. Exemption.** Upon application by a statistical agent or an individual insurer, the Director may allow the submission of a report or statistical data at a specified later date 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.

**013. Nonreporting insurers.** Any licensed insurer writing any line of insurance not excepted in section 003 of this rule who finds or believes to have found that they are writing a line, type or class of insurance for which no statistical agent will accept their data shall notify the Director as soon as practicable of this fact.

**014. Severability clause.** If any provisions of this rule, or the application thereof to any person or circumstance, is held invalid, such invalidity shall not affect other provisions or application of this rule which can be given effect without the invalid portion or application, and to that end, the provisions of this rule are severable.

**015. Operative date.** This rule shall become operative on January 1, 1990.