

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.

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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

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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 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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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.