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Statistical Data (C) Working Group

Virtual Meeting

April 14, 2022

The Statistical Data (C) Working Group of the Casualty Actuarial and Statistical (C) Task Force met April 14, 2022. The following Working Group members participated: Sandra Darby, Chair (ME); Wanchin Chou, Vice Chair, George Bradner, and Qing He (CT); David Christhilf (DC); Cynthia Amann (MO); Alexander Vajda (NY); Tom Botsko (OH); Landon Hubbart (OK); David Dahl (OR); and Brian Ryder (TX). Also participating were: Luciano Gobbo (CA); Randy Jacobson (HI); Anthony Bredel (IL); Brenda Johnson (KS); Regan Hess (MT); and Michael Muldoon (NE).

1. Adopted its March 10 Minutes

The Working Group met March 10 to: 1) discuss the timeline of data collection for the *Auto Insurance Database Report* (Auto Report); and 2) discuss updating the *Statistical Handbook of Data Available to Regulators* (Handbook).

Ms. Amann made a motion, seconded by Mr. Chou, to adopt the Working Group’s March 10 minutes (Attachment - ). The motion passed unanimously.

1. Discussed the Timeline of Data Collection for the Auto Report

Ms. Darby said the Working Group has been discussing the possibility of requesting data on a faster timeline for the Auto Report. She said the NAIC sent questions to the submitting statistical agents to get a better sense of each statistical agent’s timeline for submitting data for written premium and exposures, earned premium and exposures, and losses.

Ms. Darby said the first question asked was when statistical agents currently submit their data. She said the responses reflect that the data is submitted between March and May. She said the data is submitted on a two-year lag for written premium and a three-year lag for earned premium and losses.

Ms. Darby said the second question asked was when statistical agents could submit written premium and exposure data for the previous year. She said the Insurance Service Office (ISO) and the Commonwealth Automobile Reinsurers (CAR) indicated that they could submit that data in May following the end of the data year. She said the National Independent Statistical Service (NISS), the American Association of Insurance Services (AAIS), and the California Department of Insurance (DOI) indicated that they could submit that data from October to November following the end of the data year. She said the Independent Statistical Services Inc. (ISS) indicated that it would be able to submit the data on the same timeline that it is currently submitted.

Mr. Bradner asked why certain statistical agents are not able to provide the data as quickly and what they would need to do to get the data in faster. Mr. Gobbo said California collects all the data in one data call, and losses are evaluated as of June 30. He said the deadline for data submission from the companies is Sept. 1. Truman Esmond (AAIS) said the AAIS has similar restraints with respect to when the data is collected. He said the AAIS is also required to reconcile the data to the finalized financial statement data. Theresa Szwast (NISS) said companies submit their auto data by June 15 following the end of the data year. She said the NISS would need until October to do data quality checks before sending it to the NAIC.

Birny Birnbaum (Center for Economic Justice—CEJ) asked what is different about the data collections and systems for the statistical agents that can provide the data much sooner than the others. Laura Panesso (ISO) said the ISO collects data on a quarterly basis as opposed to an annual basis. Mr. Birnbaum asked if the quarterly data was reconciled to the financial statement. Ms. Panesso said the ISO performs several data quality checks on the quarterly data, but the reconciliation to the financial statement happens on an annual basis. Mr. Esmond said the AAIS receives quarterly and some monthly data, but the financial statement reconciliation only happens on an annual basis. He said if the financial statement data can be finalized faster, the AAIS would be able to provide the data faster. Mr. Birnbaum asked why the reconciliation of the annual data would take seven months if the quarterly data is reconciled throughout the year. Mr. Esmond said the AAIS would not need seven months. He said if it relies on only quarterly reports, the data could change in the final annual data. He said the AAIS would be able to meet accelerated requirements as it is able to.

Ms. Darby said she does not want to give statistical agents an unreasonable timeline for data submission, but it seems most statistical agents can speed up the data submission.

Mr. Birnbaum said reconciliation to the financial annual statement is not the only tool to check data quality. He said the reconciliation is not a requirement of the Handbook. Susan Chudwick (Travelers Insurance) said if the reconciliation is not required, that would speed up the reporting of the data. Mary Annese (ISO) said with the accelerated timeline, the ISO would not be able to fully reconcile the data to the financial annual statement. She said the ISO has many other data checks that allow them to be confident in the data quality. Mr. Bradner said it makes sense to speed up the timeline and worry about the reconciliation of the data later since there are other data checks in place. Ms. Szwast said the NISS only receives the data annually in June, and it would still need time to do data quality checks before sending the data to the NAIC. She said the June deadline is set to meet reporting requirements for the statistical data that is sent to states.

Ms. Darby asked if the statistical agents would similarly be able to move up the earned premium and earned exposure data. Ms. Panesso said the ISO would be able to move up the earned premium to the same timeline as written premium. Ms. Szwast said the NISS earned premium data is tied to the loss data, and that could be provided in May, two years after the data year.

Mr. Birnbaum said the Working Group should not aim for a timeline of the lowest common denominator. Ms. Darby said the goal is to really explore the limitations of the statistical agent’s ability to send data faster, and once that has been uncovered, state insurance regulators can push for a faster timeline that is feasible for the statistical agents.

1. Discussed Updating the Handbook

Ms. Darby said during the last meeting, Section 1 of the Handbook was opened for comment. She said before beginning specific updates, the Working Group should dig in to see if and how states are currently using the statistical data. She said the Working Group needs to determine what data is useful to state insurance regulators.

Mr. Dahl said Oregon is looking at data reporting because it has questions from the legislature about sub-markets in Oregon. He said Oregon is looking at developing a specialized data call at the zip code level to answer questions about localized markets.

Mr. Birnbaum said the Handbook says the responsibilities most relevant to statistical collection are to: 1) ensure rates meet statutory standards, meaning they are not inadequate, excessive, or unfairly discriminatory; and 2) monitor market structure and performance, and act if necessary to restore competition or remedy problems. He said states cannot use the statistical reports to determine if companies’ rates do not meet statutory standards because there is no individual company data, and the data is too old to be helpful. Robin Westcott (AAIS) said most states do not have specific requirements for statistical reporting in their legislation. She said the AAIS is looking at what data state insurance regulators need, why and how they use it, and how industry can facilitate getting useful data to them.

Ms. Darby said conversations around the timeline of auto data reporting and updating the Handbook would continue in the next meeting.

Having no further business, the Statistical Data (C) Working Group adjourned.

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