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Statistical Data (C) Working Group

Virtual Meeting

September 23, 2021

The Statistical Data (C) Working Group of the Casualty Actuarial and Statistical (C) Task Force met Sept. 23, 2021. The following Working Group members participated: Sandra Darby, Chair (ME); Wanchin Chou, Vice Chair, George Bradner, and Qing He (CT); John Sobhanian (LA); Arthur Schwartz (NC); Christian Citarella (NH); Alexandra Vajda (NY); Andrew Schallhorn and Landon Hubbart (OK); Ying Liu (OR); and Ken Burton and J’ne Byckovski (TX). Also participating were: Luciano Gobbo (CA); Randy Jacobson (HI); Anthony Bredel (IL); and Eric Lowe (VA).

1. Discussed the Timeline for the Data Collection of NAIC Reports

Ms. Darby said that during the Aug. 10 meeting of the Casualty Actuarial and Statistical (C) Task Force, there was a request to the Statistical Data (C) Working Group to gather information on whether the timeline for data collection for the *Dwelling Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner's Insurance* (Homeowners Report) and *Auto Insurance Database* *Report* (Auto Report) reports can be sped up. She said NAIC staff requested that information from submitting statistical agents and residual markets. She said some of the responses indicated that certain statistical agents could provide data in late fall in the year following the data year. She said two big exceptions were the auto data provided by Texas and the homeowners data provided by California. Mr. Chou said even if Texas and California cannot report, the Working Group should still investigate the possibility of a faster timeline.

Birny Birnbaum (Center for Economic Justice—CEJ) said his proposal for data collection submitted to the Blanks (E) Working Group was the catalyst for this discussion. He said the responses from the statistical agents make it clear that his proposal for data collection is the most efficient method to get average premium data on these lines of business.

Mr. Chou said even if Texas and California cannot report, the Working Group should still investigate the possibility of a faster timeline. Mr. Birnbaum said the Insurance Services Office (ISO) indicated that it could speed up the reporting, but the Independent Statistical Service (ISS) indicated that it would not be able to provide its data until late in the year following the end of the data year. Al Burton (ISS) said companies report to the ISS annually in the summer of the next year following the end of the data year. He said submitted data is not necessarily ready to be used and needs to be quality checked. Mr. Birnbaum said the standard statistical reports that statistical agents collect from insurers have a tremendous amount of claims data and a greater level of detail than is requested in his proposal. He said his proposal is not intended to replace the information that is provided by the Homeowners Report and Auto Report. He said it should not take two years after the experience period for state insurance regulators to know what the average premiums are in their state.

Tip Tipton (Thrivent) said the main concern with Mr. Birnbaum’s proposal is that the financial annual statement is used by state insurance regulators for solvency purposes and financial reporting. He said bringing in this type of statistical data would be excessive and that it is not the appropriate place to gather this data.

Mr. Chou asked if the timeline could be sped up if the requested data was only for premiums and exposure, and not claims.
Mr. Burton said when compiling the Texas data, the last of the data sources used typically becomes available 10–12 months after the end of the year. He said they would have a hard time shifting resources from other statutorily required reporting in order to complete this data request faster. Mr. Chou asked if the data source that delays Texas reporting could be improved. Mr. Burton said the data source has a statistical plan that has been approved by state insurance regulators in every state and that requesting a less detailed report to speed up the timeline would require the data source to file a new statistical plan with regulators.

Ralph Blanchard (Travelers Insurance) asked if there was a difference in the data quality scrubbing in the data being requested in Mr. Birnbaum’s proposal and the data submitted for the statistical reports. Stephen Clark (ISO) said it would be a challenge to achieve good data quality across the industry with the annual statement data. He said data quality is extremely important with the data that the ISO submits for the statistical reports. He said if there is a willingness to accept lesser data quality checks, it may be possible to accelerate the timeline. Mr. Burton (ISS) agreed that less rigorous data checks could speed up the timeline, but it would still depend on when they receive the data from companies. Mr. Birnbaum said the data reported in the annual statement would not be as granular as the data currently requested in the statistical reporting. He said statistical agents that receive transaction-level data are able to quality check their data much quicker. He said the data quality checks that go into the statistical reporting are much more time-consuming than the data in the annual statement because of its granularity.

Mr. Chou asked if Mr. Birnbaum’s annual statement proposal is adopted, is there a concern that average premium numbers derived from that data could be significantly different from the statistical reports that would be released two years later and if there could be misuse of those numbers. Mr. Birnbaum said he would not expect those numbers to be significantly different. He said data such as premium and exposures should be simple for companies to report on a statewide basis. He said he is not concerned with misuse because currently the statistical reports are two years behind, and the use of two-year-old average premium data would be more concerning.

Mr. Schwartz asked why it would take 10 months to report to submit data when companies should have the premium and exposure data shortly after the end of the year. He said the Working Group should spend time researching why certain companies cannot provide that data sooner and if there is a way to speed up the process. Ms. Darby asked if the data source for Texas could speed up their reporting if only premium and exposure data was collected. Mr. Burton said the earned exposure is what takes a long time to collect, and some larger companies are not able to submit that data quickly. He said it would require analysis to see if the report can be submitted without the earned exposure piece.

Mr. Bradner said the statistical data that is submitted to states involves an antiquated process that needs change and updating. Mr. Birnbaum said if all statistical agents were receiving transactional data, it would be much quicker to report that data. He said that type of reporting would require a rethinking of the statistical process. He said his proposal is not intended to do that and that it is a modest proposal to get specific information. Mr. Chou asked if the Working Group is fine with the current antiquated process of data collection or if they should investigate an alternative that would offer a more updated and technological approach. Ms. Darby agreed that the Working Group should continue to investigate the statistical reporting process and how it can be improved without losing data quality.

Ms. Darby said from the responses of the submitting statistical agents, she does not see a way to provide the data in its current form any faster. Mr. Citarella said his response to the request from the Casualty Actuarial and Statistical (C) Task Force would be that the Working Group would not recommend sacrificing completeness for speed.

Ms. Darby said the Working Group will hold another meeting to have a more in-depth discussion with the statistical agents about what information they would be able to provide and what can be done to speed up their processes.

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

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