



Division of Insurance Market Regulation

11 June 2021

Rebecca Rebholz, Chair
Market Conduct Annual Statement (MCAS) Blanks Working Group

Re: MCAS Digital Claims Data Collection Proposal – Homeowners & Private Passenger Auto

Dear Ms. Rebholz,

Thank you for the opportunity to provide comments on the proposed collection of digital claims data for the Homeowners & Private Passenger Auto MCAS statements.

Interrogatory Question - List of Third Party Vendors (PPA Line 1-25; HO Line 1-20)

We do not support the inclusion of the interrogatory question requesting a list of vendors used by the company to provide third party data and algorithms used in the digital claim settlement process. We believe that question as currently phrased will not achieve the stated goals of being able to identify the types of data used and to “assess whether consumer outcomes are associated with particular vendors, data sources or algorithms”.

As currently proposed, the information will be provided in a free form comment field. The unstructured nature of comment fields greatly reduces the value of the data provided. Unstructured data will not be provided in a uniform fashion, will vary greatly from company to company, and will require manual review to derive any actionable insight.

Furthermore, regulators will have no way to tie a particular vendor name with any process or claim outcome reported in the statement. We will have no way of knowing what services, data sources and/or algorithms the insurer may be using from any of the vendors listed. Nor will we know what processes a vendors products may or may not be tied to.

Finally, this question does not provide any insight on any internal data sources and/or algorithms used in the digital claims settlement process. Focusing on only third party provided services, data sources, and/or algorithms provides only a partial picture.

Our preference would be to request this type of information from a company in the event our analysis indicates a potential issue with a company’s digital claims handling process.



Other Breakouts

The list of coverages to which the digital breakdown applies appears cumbersome and creates some confusion. We recommend deleting the 'Other Breakouts' section in its entirety and moving this information to the Coverage table. We believe the presentation of the reporting requirement in a table format will be easier to interpret. See attached drafts.

Median Days

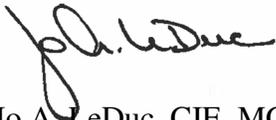
For those coverages subject to reporting on the Digital Claim Handling Process Level of Detail, Missouri recommends that the Median days to final payment (PPA Line 2-34 and HO Line 2-28) be reported at both the digital claim level and an overall level. This will allow regulators to continue to use this data element in their trending analysis and provide a sense of how quickly digital claims are handled. We believe reporting this data element at both levels is especially important if the claims payment buckets are not going to be refined as a part of this proposal.

Digital Claim Definitions

Missouri believes that the definition of each new reporting element should be able to stand on its own and clearly convey the reporting requirement. Any examples that accompany a definition should aide in the understanding of the definition, not expand it or raise additional questions. Based on our understanding of the information intended to be collected under this proposal, we have attempted to clarify the definitions. See attached drafts.

Again, thank you for the opportunity to provide comments. If you have any questions, please feel free to contact me at jo.leduc@insurance.mo.gov or 573-522-9869.

Sincerely,



Jo A. LeDuc, CIE, MCM, CPCU, FLMI, AIDA
Director, Insurance Market Regulation Division

Property & Casualty Market Conduct Annual Statement

Homeowner Data Call & Definitions

Line of Business: Homeowners

Reporting Period: January 1, ~~2022~~-~~2023~~ through December 31, ~~2022~~~~2023~~

Filing Deadline: April 30, ~~2023~~~~2024~~

Contact Information

MCAS Administrator	The person responsible for assigning who may view and input company data.
MCAS Contact	The person most knowledgeable about the submitted MCAS data. This person can be the same as the MCAS Administrator.
MCAS Attestor	The person who attests to the completeness and accuracy of the MCAS data.

Schedule 1—Interrogatories

ID	Description	Comment
1-01	Were there policies in-force during the reporting period that provided Dwelling coverage?	Yes/No
1-02	Were there policies in-force during the reporting period that provided Personal Property coverage?	Yes/No
1-03	Were there policies in-force during the reporting period that provided Liability coverage?	Yes/No
1-04	Were there policies in-force during the reporting period that provided Medical Payments coverage?	Yes/No
1-05	Were there policies in-force during the reporting period that provided Loss of Use coverage?	Yes/No
1-06	Was the Company still actively writing policies in the state at year end?	Yes/No
1-07	Does the Company write in the non-standard market?	Yes/No
1-08	If yes, what percentage of your business is non-standard?	Comment
1-09	If yes, how is non-standard defined?	Comment
1-10	Has the company had a significant event/business strategy that would affect data for this reporting period? Yes/No	Yes/No
1-11	If yes, add additional comments	Comment
1-12	Has this block of business or part of this block of business been sold, closed or moved to another company during the reporting period?	Yes/No
1-13	If yes, add additional comments	Comment
1-14	How does company treat subsequent supplemental payments on previously closed claims (or additional payments on a previously reported claim)? Re-open original claim/open new claim	Comment
1-15	Does the company use Managing General Agents (MGAs)?	Yes/No

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Homeowner Data Call & Definitions

ID	Description	Comment
1-16	If yes, list the names of the MGAs.	Comment
1-17	Does the company use Third Party Administrators (TPAs)?	Yes/No
1-18	If yes, list the names of the TPAs.	Comment
1-19	Does the company use digital claim settlement?	Yes/No
1-20	If yes, list the vendors providing third-party data and algorithms used in the digital claim settlement process.	Comment
1-21	Claims Comments	Comment
1-22	Underwriting Comments	Comment

Coverages

<u>Coverages</u>	<u>Reported at the Digital Claim Handling Process Level of Detail</u>
Dwelling (includes – Other Structures)	<u>X</u>
Personal Property	<u>X</u>
Liability	-
Medical Payments	-
Loss of Use	-

~~Other Breakouts:~~

~~The Dwelling and Personal Property coverages are also broken out to identify Digital Claims, Digital/Traditional Hybrid Claims and Traditional/Other than Digital Claims (This applies only to claims related data elements and not to lawsuit data elements.)~~

Schedule 2—Homeowners Claims Activity, Counts Reported by Claimant and by Coverage

Report the number of reserves/lines/features opened for each coverage part per claim. For example, if one claim results in a reserve/line/feature opened for two liability claimants, two medical payment claims, one dwelling claim for the insured, and one personal property claim for the insured, you would report as follows: Dwelling – 1; Personal Property – 1; Liability – 2; Medical Payments – 2. The number of days to final payment (if payment is made) would be calculated separately for each claimant.

ID	Description
2-23	Number of claims open at the beginning of the period
2-24	Number of claims opened during the period
2-25	Number of claims closed during the period, with payment
2-26	Number of claims closed during the period, without payment
2-27	Number of claims open at the end of the period

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Homeowner Data Call & Definitions

Date the Claim was Reported – The date an insured or claimant first reported his or her loss to either the company or insurance agent.

Digital Claims Handling Process Level of Detail Breakdown-Reporting-Definitions:

Digital Claim Settlement – A claim involving a loss appraisal and claim settlement determination which was accepted by the insured/claimant without adjustment whereby the entire claim was handled without human intervention on the part of the insurance company in the loss appraisal process, settlement determination, and/or in the production of the initial loss settlement offer. Digital claims utilizing only digital information only to establish the extent of damage and to produce a loss settlement determination through the application of one or more automated loss algorithms applied to digital information. No human inspection or appraisal of the damaged property is conducted by the insurance company, independent adjuster, or other person relied upon by the insurance company during the life cycle of the claim.

with no human on-site visual inspection or appraisal of the vehicle or property by the insurance company, body shop, independent adjuster or any other person relied upon by the insurance company. Examples of digital claim settlement information include, but are not limited to, claim settlements based on photos taken by a claimant or insured, photos taken by a plane or drone, and/or data provided by in-vehicle or in-property sensors with no in-person inspection or appraisal by the insurance company, body shop, independent adjuster or any other person relied upon by the insurance company.

Includes the following scenario:

- Insured suffers roof damage and notifies the insurer. Insurer utilizes aerial photographs, applies one or more loss settlement algorithms to photo data with no human inspection of the roof, offers the algorithm developed value to the insured as the loss settlement and the insured accepts the offer.

Digital/Traditional Hybrid eClaim settlement – A claim whereby the initial loss settlement determination began as a digital claim, however, at some point in the claim life cycle required the use of human resources in the loss appraisal process, settlement determination, and/or in the production of the initial or subsequent loss settlement offer involving loss appraisal and initial claim settlement offer utilizing digital information only with subsequent human on-site visual inspection or appraisal by the insurance company body shop, independent adjuster or any other person relied upon by the insurance company.

Includes the following scenario:

- Insured suffers roof damage and notifies the insurer. Insurer utilizes aerial photographs, applies one or more loss settlement algorithms to photo data with no human inspection of the roof, offers the algorithm developed value to the insured as the loss settlement. Insured does not accept, hires an engineering

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Homeowner Data Call & Definitions

~~firm to assess the damage, forwards the information to the insurer with a request for a revised loss settlement offer.~~

~~**Traditional/Other Than Non Digital Claims Settlement** – means any claim other than a Digital Claim Settlement claim or a Hybrid claim Claim settlement.~~

~~Includes the following scenario:~~

- ~~• Insured suffers roof damage, hires an engineering firm to assess the damage, includes the engineering firm’s report when filing the claim with the insurer and insurer considers the engineering firm’s report when developing the loss settlement offer.~~

~~Additional Digital Claims Settlement Guidance:~~

	Digital Claim Settlement	Hybrid Claim Settlement	Other Than Digital Claim Settlement
Initial Loss Settlement Offer or Claim Denial Involves No Human Inspection	YES	YES	NO
Initial Loss Settlement Offer Accepted	YES	NO	N/A
Two or More Loss Settlement Offers	NO	YES	N/A

Direct Written Premium - The total amount of direct written premium for all policies covered by the market conduct annual statement (new and renewal) written during the reporting period.

Calculation Clarification:

- Premium amounts should be determined in the same manner as used for the financial annual statement.
- If premium is refunded or additional premium is written during the reporting period (regardless of the applicable policy effective date), the net effect should be reported.
- If there is a difference of 20% or more between the Direct Written Premium reported for market conduct annual statement and the Direct Written Premium reported on the financial annual statement, provide an explanation for the difference when filing the market conduct annual statement in order to avoid inquiries from the regulator receiving the market conduct annual statement filing.
- Reporting shall not include premiums received from or losses paid to other carriers on account of reinsurance assumed by the reporting carrier, nor, shall any deductions be made by the reporting carrier for premiums added to or for losses recovered from other carriers on account of reinsurance ceded.

Dwelling – A personally occupied residential dwelling.

Calculation Clarification:

**Property & Casualty Market Conduct Annual Statement
Private Passenger Auto Data Call & Definitions**

Line of Business: Private Passenger Auto

Reporting Period: January 1, ~~2022~~-~~2023~~ through December 31, ~~2022~~~~2023~~

Filing Deadline: April 30, ~~2023~~~~2024~~

Contact Information

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MCAS Attestor	The person who attests to the completeness and accuracy of the MCAS data.

Schedule 1—Interrogatories

ID	Description	Comments
1-01	Were there policies in-force during the reporting period that provided Collision coverage?	Yes/No
1-02	Were there policies in-force during the reporting period that provided Comprehensive/Other Than Collision coverage?	Yes/No
1-03	Were there policies in-force during the reporting period that provided Bodily Injury coverage?	Yes/No
1-04	Were there policies in-force during the reporting period that provided Property Damage coverage?	Yes/No
1-05	Were there policies in-force during the reporting period that provided Uninsured Motorists and Underinsured Motorists (UMBI) coverage?	Yes/No
1-06	Were there policies in-force during the reporting period that provided Uninsured Motorists and Underinsured Motorists (UMPD) coverage?	Yes/No
1-07	Were there policies in-force during the reporting period that provided Medical Payments coverage?	Yes/No
1-08	Were there policies in-force during the reporting period that provided Combined Single Limits coverage?	Yes/No
1-09	Were there policies in-force during the reporting period that provided Personal Injury Protection coverage?	Yes/No
1-10	Was the Company still actively writing policies in the state at year end?	Yes/No
1-11	Does the Company write in the non-standard market?	Yes/No
1-12	If yes, what percentage of your business is non-standard?	Percentage
1-13	If yes, how is non-standard defined?	Comment

**Property & Casualty Market Conduct Annual Statement
Private Passenger Auto Data Call & Definitions**

ID	Description	Comments
1-14	Has the company had a significant event/business strategy that would affect data for this reporting period?	Yes/No
1-15	If yes, add additional comments	Comment
1-16	Has this block of business or part of this block of business been sold, closed or moved to another company during the reporting period?	Yes/No
1-17	If yes, add additional comments	Comment
1-18	How does company treat subsequent supplemental payments on previously closed claims (or additional payments on a previously reported claim)? Re-open original claim/open new claim	Comment
1-19	Does the company use Managing General Agents (MGAs)?	Yes/No
1-20	If yes, list the names of the MGAs.	Comment
1-21	Does the company use Third Party Administrators (TPAs)?	Yes/No
1-22	If yes, list the names of the TPAs.	Comment
1-23	Does the company use telematics or usage-based data?	Yes/No
1-24	Does the company use digital claim settlement?	Yes/No
1-25	If yes, list the vendors providing third-party data and algorithms used in the digital claim settlement process.	Comment
1-26	Claims Comments	Comment
1-27	Underwriting Comments	Comment

Coverages

Coverages	Reported at the Digital Claim Handling Process Level of Detail
Collision	X
Comprehensive/Other Than Collision	X
Bodily Injury	-
Property Damage	X
Uninsured Motorists and Underinsured Motorists (UMBI)	-
Uninsured Motorists and Underinsured Motorists (UMPD)	X
Medical Payments	-
Combined Single Limits	-
Personal Injury Protection	-

Other Breakouts:

~~The Collision, Comprehensive/Other Than Collision, Property Damage and Uninsured~~

Property & Casualty Market Conduct Annual Statement
Private Passenger Auto Data Call & Definitions

~~Motorists and Underinsured Motorists (UMPD) coverages are also broken out to identify Digital Claims, Digital/Traditional Hybrid Claims and Traditional/Other than Digital Claims (This applies only to claims-related data elements and not to lawsuit data elements.)~~

Schedule 2—Private Passenger Auto Claims Activity, Counts Reported by Claimant, by Coverage

Report the number of reserves/lines/features opened for each coverage part per claim. For example, if one claim results in a reserve/line/feature opened for two bodily injury claimants (one property damage claimant, one collision claim for the insured, and one medical payment claim for the insured), it would be reported as follows: Collision – 1, Bodily Injury – 2; Property Damage – 1; and Medical Payments – 1. The number of days to final payment (if payment is made) would be calculated separately for each claimant.

ID	Description
2-26	Number of claims open at the beginning of the period
2-29	Number of claims opened during the period
2-30	Number of claims closed during the period, with payment
2-31	Number of claims closed during the period, without payment.
2-32	Number of claims closed during the period, without payment, because the amount claimed is below the insured's deductible.
2-33	Number of claims remaining open at the end of the period
2-34	Median days to final payment
2-35	Number of claims closed with payment within 0-30 days
2-36	Number of claims closed with payment within 31-60 days
2-37	Number of claims closed with payment within 61-90 days
2-38	Number of claims closed with payment within 91-180 days
2-39	Number of claims closed with payment within 181-365 days
2-40	Number of claims closed with payment beyond 365 days
2-41	Number of claims closed without payment within 0-30 days
2-42	Number of claims closed without payment within 31-60 days
2-43	Number of claims closed without payment within 61-90 days
2-44	Number of claims closed without payment within 91-180 days
2-45	Number of claims closed without payment within 181-365 days
2-46	Number of claims closed without payment beyond 365 days
2-47	Number of lawsuits open at beginning of the period
2-48	Number of lawsuits opened during the period

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Private Passenger Auto Data Call & Definitions

Example:

- A claim is open on 11/1/00 and final payment is made on 12/1/00. The claim is left open until 2/1/01 to allow time for supplemental requests.
 - The claim would be reported as open in the "00" MCAS submission and closed in the "01" MCAS submission.
 - The number of days to final payment would be calculated as 30 days and reported in the "01" MCAS submission.

Date the Claim was Reported – The date an insured or claimant first reported his or her loss to either the company or insurance agent.

Digital Claims Handling Process Level of Detail Reporting Breakdowns Definitions:

Digital Claim Settlement— A claim involving a loss appraisal and claim settlement determination which was accepted by the insured/claimant without adjustment whereby the entire claim was handled without human intervention on the part of the insurance company in the loss appraisal process, settlement determination, and/or in the production of the initial loss settlement offer. Digital claims utilize only digital information only to establish the extent of damage and to produce a loss settlement determination through the application of one or more automated loss algorithms applied to digital information. No human inspection or appraisal of the damaged property is conducted by the insurance company, independent adjuster, or other person relied upon by the insurance company during the life cycle of the claim.

with no human on-site visual inspection or appraisal of the vehicle or property by the insurance company, body shop, independent adjuster or any other person relied upon by the insurance company. Examples of digital claim settlement information include, but are not limited to, claim settlements based on photos taken by a claimant or insured, photos taken by a plane or drone, and/or data provided by in-vehicle or in-property sensors with no in-person inspection or appraisal by the insurance company, body shop, independent adjuster or any other person relied upon by the insurance company.

Includes the following scenarios:

- Insured has vehicle damage resulting from an insured event, takes photos of the vehicle, send photos to insurer. Insurer applies one or more automated loss settlement algorithms to photo data with no human visual inspection of the vehicle, offers the algorithm developed value to the insured as the loss settlement and the insured accepts.
- Insured has vehicle damage resulting from an insured event, brings vehicle to auto repair shop, auto repair personnel take photos of the vehicle and send photos and no other information to insurer at request of the insured. Insurer applies one or more automated loss settlement algorithm to photo data with no human visual inspection of the vehicle, offers the algorithm developed value to the insured as the loss settlement and the insured accepts.

**Property & Casualty Market Conduct Annual Statement
Private Passenger Auto Data Call & Definitions**

~~**Digital/Traditional-Hybrid claim-Claimsettlement**— A claim whereby the initial loss settlement determination began as a digital claim, however, at some point in the claim life cycle required the use of human resources in the loss appraisal process, settlement determination, and/or in the production of the initial or subsequent loss settlement offer involving loss appraisal and initial claim settlement offer utilizing digital information only with subsequent human on-site visual inspection or appraisal by the insurance company body shop, independent adjuster or any other person relied upon by the insurance company.~~

~~Includes the following scenario:~~

- ~~• Insured has vehicle damage resulting from an insured event, brings vehicle to auto repair shop, auto repair personnel take photos of the vehicle and send photos and no other information to insurer at request of the insured. Insurer applies loss settlement algorithm to photo data with no human visual inspection, offers the algorithm developed value to the insured as the loss settlement. Insured does not accept the offer and requests a revised offer. Insurer then performs a visual inspection of the vehicle to either confirm or revise the loss settlement offer.~~

~~**Traditional/Other ThanNon--Digital Claims Settlement** – means any claim other than a Digital Claim Settlement claim or a Hybrid claim-Claimsettlement.~~

~~Includes the following scenario:~~

- ~~• Insured has vehicle damage resulting from an insured event, brings vehicle to auto repair shop, auto repair personnel take photos of the vehicle and send photos and no other information to insurer at request of the insured. Insurer receives the photos and asks the repair shop for cost estimate before providing a loss settlement offer.~~

~~Additional Digital Claims Settlement Guidance:~~

	Digital-Claim Settlement	Hybrid-Claim Settlement	Other Than Digital Claim Settlement
Initial Loss Settlement Offer or Claim Denial Involves No Human Inspection	YES	YES	NO
Initial Loss Settlement Offer Accepted	YES	NO	N/A
Two or More Loss Settlement Offers	NO	YES	N/A

Direct Written Premium - The total amount of direct written premium for all policies covered by the market conduct annual statement (new and renewal) written during the reporting period.

Calculation Clarification: