

COMMONWEALTH OF VIRGINIA



STEVEN T. FOSTER
COMMISSIONER OF INSURANCE

Box 1157
RICHMOND, VA 23209
TELEPHONE: (804) 786-3741

STATE CORPORATION COMMISSION BUREAU OF INSURANCE

March 10, 1989

**Administrative Letter
1989-3**

TO: All Companies Licensed to Write Commercial
Liability Insurance

RE: Additional Instructions for Completion of
Administrative Letter 1989-1 Regarding the Filing
of Supplemental Reports Required by Virginia Code
Section 38.2-1905.2

Enclosed are additional instructions for completion of the supplemental reports for certain lines and subclassifications of liability insurance outlined in Administrative Letter 1989-1.

To answer any further questions regarding Administrative Letter 1989-1, a meeting will be held on Wednesday, March 29, 1989 at 10:00 A.M. in the A Level Auditorium of the Federal Reserve Building, 701 E. Byrd Street, Richmond, Virginia. We must have the names of all company representatives who wish to attend this meeting.

Please call (804) 786-4600 or send your written response for reservations to:

JoAnne Goodman Scott
Bureau of Insurance
State Corporation Commission
P. O. Box 1157
Richmond, VA 23209

Sincerely,

Steven T. Foster
Commissioner of Insurance

STF:dw
Enclosure

SUPPLEMENTAL REPORT LINE NOS.

Additional Instructions for Completion of
Administrative Letter 1989-1

<u>Item No.</u>	<u>Data Item Name</u>	<u>Definition</u>
1.	Insurers	The exact verbal name of the insurer.
2.	NAIC Number	NAIC number for each insurer.
3.	Line	Annual Statement Line of Business - General Liability/ Medical Malpractice/C.M.P.
4.	Subline	A subcategorization of Line. See Specific Note #1.
5.	Standard Classification	A classification defined by ISO/CSP.
6.	Other Classification	A classification unique to Virginia AL 1989-1 and not assigned a specific classification in ISO/CSP. See Specific Note #2.
7.	Market Definition	Defined by Virginia AL 1989-1
8.	Calendar Year	Standard definition.
9.	Policy I. D.	Standard definition. This is an enabling item for Number of Policies.
10. <u>1.</u>	Number of Policies Written	A count of policies written in a calendar year within a Market Definition. The count should be annualized. See Specific Note #3.
11. <u>2.</u>	Direct Written Premium	Standard definition.
12. <u>3.</u>	Direct Earned Premium	Standard definition.
13.	Accident Year	Standard definition. This is an enabling item.
14. <u>4.A.(1)</u>	Direct Losses Paid During the Calendar Year for the Current Accident Year.	See Specific Notes #4 & #6.
15. <u>4.A.(2)</u>	Direct Losses Paid During the Calendar Year for Prior Accident Years.	See Specific Notes #5 & #6.
16. <u>4.B.(1)</u>	Reserves for Reported Losses at the End of the Calendar Year for the Current Accident Year.	See Specific Notes #7 & #9.
17. <u>4.B.(2)</u>	Reserves for Reported Losses at the End of the Calendar Year for Prior Accident Years.	See Specific Notes #8 and #9.
18. <u>4.C.</u>	Reserves for Reported Losses at the End of the Previous Calendar Year.	Sum of Items #16 & #17 for the prior year end.

- | | | |
|--------------------|--|---|
| 19. A.D.(1) | Reserves for Incurred But Not Reported Losses at the End of the Calendar Year for the Current Accident Year. | See Specific Notes #10 & #12. |
| 20. A.D.(2) | Reserves for Incurred But Not Reported Losses at the End of the Calendar Year for Prior Accident Years. | See Specific Notes #11 & #12. |
| 21. A.E. | Reserves for Incurred But Not Reported Losses at the End of the Previous Calendar Year. | Sum of Items #19 & #20 for the prior year end. |
| 22. A.F. | Accident Year Incurred Losses | As defined in AL 1989-1 (Line 4F) |
| 23. A.G. | Calendar Year Incurred Losses | As defined in AL 1989-1 (Line 4G) |
| 24. | Claim I.D. | A company's individual claim identification. This is an enabling item for Number of Claims. |
| 25. | Open/Closed Status | An indication in the company's records as to whether the claim is open or closed. This is an enabling item. |
| 26. 5. | Number of Claims Closed With Payment During the Calendar Year. | A count of claims with indemnity and/or medical payments only. |
| 27. 6. | Number of Open Claims at the End of the Calendar Year. | Self defining. |
| 28. 7. | Investment Income Allocated to This Line or Subclassification (in Dollars). | Investment income should include income on surplus allocated to this market definition. |

General Notes

1. This analysis has confined itself to those parts of Virginia AL 1989-1 relating to experience data reporting. We have omitted analysis of those portions of the call that relate to company policy or marketing.
2. Enabling items are those items which, while not themselves present on the Virginia forms, are necessary for developing the reported items.
3. All accident year data should be evaluated as of the end of each calendar year being reported.

Specific Notes

1. Where necessary to refer to a statistical plan CSP (ISO) has been used as the benchmark.

Related Subline values in CSP:

Premises/Operations (334)
Products (316 & 336)
OL&T (314)
M&C (313)
Professional Liability/Non Medical (317)
Professional Liability/Medical (210; 220; 230; 240)

Data for the Homeowners Day Care Liability Endorsement should NOT be included in Supplemental Report - Exhibit 7.

2. Other Classifications:

Landfill Liability - Market 11.
Law Enforcement Agency Liability - Market 12.
School Board E & O - Market 24.
Underground Tanks Liability - Market 29.

3. Policy counts should be annualized (e.g. 6 months policies should be counted once in a given year and 3 year policies should be counted in each year).
4. Calendar year paid amounts are divided between (1) paid amounts where the accident year is the same as the calendar year and (2) other accident years. Where the calendar year and accident year are the same, this paid amount is reported under Item #14.

(Paid losses in this item exclude Loss Adjustment Expense.)

5. Calendar year paid amounts are divided between (1) paid amounts where the accident year is the same as the calendar year and (2) other accident years. Where the calendar and accident year are NOT the same, this paid amount is reported under Item #15.

(Paid losses in this item exclude Loss Adjustment Expense.)

6. The sum of Items in #14 & #15 equals the total calendar year paid.

7. Reserves for reported losses at the end of the calendar year are divided between (1) those in which the accident year is the same as the calendar year and (2) other accident years. Where the calendar and accident year are the same, this reserve amount should be reported under Item #16.

(Reserves in this item exclude Loss Adjustment Expense.)

8. Reserves for reported losses at the end of the calendar year are divided between (1) those in which the accident year is the same as the calendar year and (2) other accident years. Where the calendar year and accident year are NOT the same, this reserve amount should be reported under Item #17.

(Reserves in this item exclude Loss Adjustment Expense.)

9. The sum of Items #16 & #17 equals the total reserves at the end of the calendar year.

10. IBNR reserves at the end of the calendar year are divided between (1) those in which the accident year is the same as the calendar year and (2) other accident years. Where the calendar year and accident year are the same, this IBNR amount should be reported under Item #19.

(This figure should exclude Loss Adjustment Expense.)

11. IBNR reserves at the end of the calendar year are divided between (1) those in which the accident year is the same as the calendar year and (2) other accident years. Where the calendar year and accident year are NOT the same, this reserve amount should be reported under Item #20.

12. The sum of Items #19 & #20 equals the total IBNR reserves at the end of the calendar year.

13. Enabling items for Items #26 & #27 are Items #24, #25 and Market Definition.

ADDITIONAL INSTRUCTION - ITEM Nos.

SUPPLEMENTAL REPORT REQUIRED BY VIRGINIA CODE SECTION 38.2-1905.2
FOR CERTAIN LINES OR SUBCLASSIFICATIONS OF LIABILITY INSURANCE

BY ORDER OF THE STATE CORPORATION COMMISSION THIS REPORT IS DUE ON OR BEFORE MAY 1, 1989, AT THE STATE CORPORATION COMMISSION BUREAU OF INSURANCE, P. O. BOX 1157, RICHMOND, VIRGINIA 23209.

All insurers licensed to write the classes of insurance defined in Section 38.2-117 (Personal injury liability) and 38.2-118 (Property damage liability) shall file a report showing their direct experience in the Commonwealth attributable to the line or subclassification of liability insurance below which has been designated by the Commission in accordance with subsection B of Section 38.2-1905.1.

For the line or subclassification designated, provide the information requested:

Line or Subclassification: 3 & 4
Insurer: 1
Market Definition Number 7 NAIC# 2 (Each insurer must report separately, group reports are not permitted)
CSP Code(s) 5 & 6

	8. Calendar Year				
	1984	1985	1986	1987	1988
1. Number of policies written	<u>10</u>				
2. Direct premium written	<u>11</u>				
3. Direct premium earned	<u>12</u>				
4. Direct losses incurred					
A. Direct losses paid during the calendar year					
(1) for the current accident year	<u>14</u>				
(2) for prior accident years	<u>15</u>				
B. Reserves for reported losses at the end of the calendar year					
(1) for the current accident year	<u>16</u>				
(2) for prior accident years	<u>17</u>				
C. Reserves for reported losses at the end of the previous calendar year	<u>18</u>				
D. Reserves for incurred but not reported losses at the end of the calendar year					
(1) for the current accident year	<u>19</u>				
(2) for prior accident years	<u>20</u>				
E. Reserves for incurred but not reported losses at the end of the previous calendar year	<u>21</u>				
F. Accident year incurred losses [A(1) + B(1) + D(1)]	<u>22</u>				

G. Calendar year incurred losses
[A(1) + A(2) + B(1) + B(2) -
C + D(1) + D(2) - E]

23. _____

5. Number of claims closed with payment
during the calendar year

26. _____

6. Number of open claims at the end of the
calendar year

27. _____

7. Investment income allocated to this line
or subclassification (in dollars)

28. _____

8. Have you sought to write or obtain new business within this line or subclassification
within the past year?

Yes _____ No _____

Signed: _____

Title: _____

Telephone: _____

Print Name: _____

Date: _____

- Note:
1. All figures are to be reported in whole numbers or dollars. Do not include dollar signs, decimal points, or commas.
 2. Losses exclude all loss adjustment expenses.
 3. For Item 1, policies written for other than a 12 month term should be adjusted to an annual basis.