

COMMONWEALTH OF VIRGINIA

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STATE CORPORATION COMMISSION

BUREAU OF INSURANCE

April 14, 1995

Administrative Letter 1995-2

TO: All Companies Licensed to Write Commercial Liability Insurance

**RE: Report of Certain Liability Claims as Required by Virginia Code Section 38.2-2228.1
Due September 1, 1995**

Virginia Code Section 38.2-2228.1 requires that all liability claims for commercial liability insurance as defined in Sections 38.2-117 (Personal Injury Liability) and 38.2-118 (Property Damage Liability) be reported annually to the State Corporation Commission (SCC). The SCC Bureau of Insurance has developed the attached exhibits and reporting forms that insurers should utilize to meet the data reporting requirements of the Code.

A separate report must be submitted for each market definition by **each insurer not exempt from the** data reporting requirements. For the purposes of the data report, 'insurer' shall mean an individual insurer or a group of insurers under common ownership or control. A combined report must indicate that it is a group report and must include the group name and group NAIC number as well as the name and NAIC number of each individual insurer comprising the group. The reports, or exemption forms, must be filed by September 1, 1995.

Mutual assessment insurers are exempt from all reporting requirements. Other insurers with 1994 written premiums for "Other Liability," "Products Liability," and "Medical Professional Liability" (lines 17, 18, and 11 respectively of page 14 of the Annual Statement) combined totaling \$100,000 or less are exempt from the data reporting requirements. Insurers claiming the premium volume exemption should refer to Exhibit 1 for instructions on completing the exemption form (Exhibit 2). Any insurer who is not eligible for an exemption must complete a reporting form for all lines with written premium; **THERE IS NO BY LINE EXEMPTION FOR LINES WITH LESS THAN \$100,000 IN WRITTEN PREMIUMS.** The exemption threshold of \$100,000 applies only to the sum of lines 11, 17, and 18 from the NAIC annual statement.

Insurers not exempted by the paragraph above shall report data in the detail prescribed by the report formats. If some information is not available, insurers should estimate appropriate figures to complete the report forms. Any insurer that is experiencing difficulty in completing typed reporting form numbers VCR1, VCR2, VCR3, VCR4, VCR5, and VCR6 may reproduce these forms, enlarging the size of the page but not changing the layout or format, in order to insure readability.

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The market definitions provided in Exhibit 3 are to be used as a guide in defining specific markets which are required to be reported. Insurers should also report the required information for policies written under any comparable classification in use by the individual insurer.

Insurance Services Office (ISO) members or subscribers should contact their liaison officer for assistance regarding the computerized transmission of data.

Should you have any questions, please direct them to:

Eric C. Lowe
Senior Insurance Analyst
Property and Casualty Division
State Corporation Commission
Bureau of Insurance
1300 E. Main Street
Richmond, VA 23219
(804) 371-9628

Virginia Code Section 38.2-218 provides that any person who knowingly or willfully violates any provision of the insurance laws shall be punished for each violation by a penalty of not more than \$5,000. Failure to file a substantially complete and accurate liability claims report by the due date may be considered a willful violation and may subject the insurer to an appropriate penalty.

Sincerely,

Steven T. Foster
Commissioner of Insurance

STF:ecl

Attachments

**EXHIBIT 1
GENERAL LIABILITY CLAIMS REPORT
COMPLETION INSTRUCTIONS AND DEFINITIONS**

The following outline will assist insurers in properly completing the claims reports. Determine the applicable individual reporting method and follow the instructions for that section only. Insurers should review the definitions section at the end of this exhibit for further completion instructions.

Reports for all insurers, regardless of reporting method, must include the complete verbal name and NAIC number of each individual insurer. The group name and number are required if the reports are on a group basis. Be sure to list all insurers within the group.

Reports must be filed by September 1, 1995.

Determine the applicable reporting method and refer to the following specific instructions for that method.

1. EXEMPT INSURERS:

- A. If the insurer had no written premium in 1994 for Line 18 - Products Liability, Line 17 Other Liability, and Line 11 - Medical Professional Liability as reported on page 14 of the annual statement, then only Exhibit 2 of this Administrative Letter must be filed. Please indicate in the "Zero Premium" column A of Exhibit 2 all of the lines with no written premiums.
- B. If the insurer had a combined written premium in 1994 totaling \$100,000 or less for Line 17- Other Liability, Line 18 - Products Liability, and Line 11 - Medical Professional as reported on page 14 of the annual statement, file only Exhibit 2. Indicate those lines with written premiums and those lines with no written premiums by checking the appropriate Column of Exhibit 2.
- C. Mutual Assessment insurers are exempt from the data reporting requirements and no response to this Administrative Letter is required.

NOTE: Insurers exempt under A or B above must file Exhibit 2 by September 1, 1995, to record the exemption from the data reporting requirements.

11. INSURERS USING ISO MAGNETIC TAPE REPORTING SERVICES:

- A. The ISO Liaison Officer will be the insurer's contact for the procurement of these services.
- B. Tapes submitted from ISO must be clearly labeled with the names and NAIC numbers of all of the insurers for which data is included on the tape. This label must be attached to the tape reel.
- C. Any corrections to the tape data submitted must be made on the ISO paper reports that accompany the tapes. All reports with corrections made must be clearly noted in red ink on the first page of the corrected report.
- D. Complete Exhibit 2 to indicate those market definitions with no written premiums in 1994. All other market definitions should be reported by ISO on the tape.

EXHIBIT I
GENERAL LIABILITY CLAIMS REPORT
COMPLETION INSTRUCTIONS AND DEFINITIONS
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- E. The tape, Exhibit 2, and the corrected paper reports, if any, must be filed by September 1, 1995. Failure to submit by this date may subject the insurer to penalties as outlined in the Administrative Letter.

111. INSURERS REPORTING ON PAPER (VCR1-6):

- A. Do not change the report layout or format. The form may be enlarged to ensure readability and to ease completion.
- B. Only one report should be submitted per market definition and per coverage code. **DO NOT REPORT SUBLINES WITHIN MARKET DEFINITIONS. ALL SUBLINES SHOULD BE COMBINED WITHIN THE APPLICABLE MARKET DEFINITION.** Coverage codes are shown on VCR1 (1/95) and market definitions are shown in Exhibit 3. Do not combine markets or sublines and do not separate classifications within a market definition. **A REPORT MUST BE SUBMITTED FOR EACH LINE WITH WRITTEN PREMIUMS. THE EXEMPTION IS NOT A LINE BY LINE EXEMPTION. IF YOU ARE NOT EXEMPT PER 1. ABOVE, A REPORT MUST BE COMPLETED FOR EACH LINE.**
- C. Deductible and non-deductible liability data should be combined within market definitions.
- D. Bodily Injury, Property Damage, and Medical Payments data should be combined within market definitions.
- E. Complete Exhibit 2 to indicate those market definitions with no written premiums in 1994.
- F. The reports and Exhibit 2 must be filed by September 1, 1995. Failure to submit by this date may subject insurers to penalties as outlined in the Administrative Letter.

IV. REPORTING ON DISKETTE PROHIBITED

- A. Information will not be accepted on computer diskette from any insurer for the 1995 reports.

Calendar Year Earned Premium

Report premium that is earned during the Calendar year beginning January 1st and ending December 31st for each year.

Incurred But Not Reported (IBNR) Loss and Allocated Loss Adjustment Expenses

Report IBNR loss and allocated loss adjustment expense reserves segregated by year of accident or occurrence at annual intervals for each accident year. IBNR is the amount held in reserve for claims which have occurred but have not yet been reported, plus the amount held in reserve for the deficiency (or redundancy) of known case reserves. It is the estimated ultimate incurred loss and allocated loss adjustment expenses for each accident year as of the particular evaluation date, minus the incurred loss and allocated loss adjustment expenses for all reported accidents as of the particular evaluation date.

Evaluation Dates

Report data on a cumulative basis for the valuation points indicated up to 108 months for IBNR (VCR6) and 114 months for all other (VCR 2-5) requested information. The data should be evaluated through June 30, 1994, for all data items unless otherwise specified in the question.

Market Definitions

The attached Insurance Services Office (ISO) Commercial Statistical Plan (CSP) subline and classification codes are to be used as a guide in defining specific markets which are required to be reported. Insurers should also report the required premium and loss data written under any comparable classification in use by the individual insurer.

Attorney's Fees

Attorney's fees are all expenses billed by an attorney to the insurer including hourly billings, expert or other witnesses, stenographic, summons and copies of documents.

INSURER

NAIC #

EXHIBIT 2
EXEMPTION REQUEST FORM

Check Column A when you had no written premium in 1994. Check Column B when you had 1994 written premiums of \$100,000 or less for "Medical Professional Liability," "Other Liability," and "Products Liability" combined (lines 11, 17, and 18 respectively of page 14 of the Annual Statement).

<u>Column A</u>	<u>Column B</u>
Zero Premium	Less Than \$100,000

C0001	OWNERS, LANDLORDS, AND TENANTS INCLUDING STOREKEEPERS' LIABILITY	_____	_____
C001 1	MANUFACTURERS AND CONTRACTORS LIABILITY	_____	_____
C0022	PREMISES/OPERATIONS LIABILITY	_____	_____
C0023	LIQUOR LIABILITY	_____	_____
C0024	PROFESSIONAL LIABILITY OTHER THAN MEDICAL OR LAWYERS	_____	_____
C0030	LAWYERS PROFESSIONAL LIABILITY	_____	_____
C0031	DIRECTORS AND OFFICERS LIABILITY	_____	_____
C0032	ENVIRONMENTAL IMPAIRMENT LIABILITY	_____	_____
C0033	PRODUCTS AND COMPLETED OPERATIONS LIABILITY	_____	_____
C0034	CONTRACTUAL LIABILITY	_____	_____
C0035	OWNERS AND CONTRACTORS PROTECTIVE LIABILITY	_____	_____
C0036	COMMERCIAL UMBRELLA LIABILITY	_____	_____
C0037	MEDICAL PROFESSIONAL LIABILITY	_____	_____
C0099	ALL OTHER COMMERCIAL LIABILITY NOT REPORTED IN ANY OF THE ABOVE MARKETS, INCLUDING COMPOSITE RISKS AND EXCESS INSURANCE NOT INCLUDED IN C0036	_____	_____

Signed:
Printed Name
:

Title
Date

Telephone

**EXHIBIT 3
Market Definitions**

Market Number and Name(CSP) Classes		Commercial Statistical Plan
C0001	OWNERS, LANDLORDS, AND TENANTS INCLUDING STOREKEEPERS' LIABILITY	All Subline 314 Classes and 326 Classes
C00011	MANUFACTURERS AND CONTRACTORS LIABILITY	All Subline 313 Classes
C0022	PREMISES/OPERATIONS LIABILITY	All Subline 334 Classes
C0023	LIQUOR LIABILITY	All Subline 312 and 332 Classes
C0024	PROFESSIONAL LIABILITY OTHER THAN MEDICAL AND LAWYERS	All Subline 317 Classes
C0030	LAWYERS PROFESSIONAL LIABILITY	81113,81330,81114, 81400, and 81420.
C0031	DIRECTORS AND OFFICERS LIABILITY	73140, 73144, 73145 (Subline 317)
C0032	ENVIRONMENTAL IMPAIRMENT LIABILITY	Subline 325 Class 90000, and Subline 350 Classes 90100, 90105, and 90110
C0033	PRODUCTS AND COMPLETED OPERATIONS LIABILITY	All Subline 316 and 336 Classes
C0034	CONTRACTUAL LIABILITY	All Subline 311 Classes and Vehicle Service Contracts
C0035	OWNERS AND CONTRACTORS PROTECTIVE LIABILITY	All Subline 315 and 335 Classes
C0036	COMMERCIAL UMBRELLA LIABILITY	99935 (Subline 325)
C0037	MEDICAL PROFESSIONAL LIABILITY	All Subline 210, 220, 230, 240, 250, 260, 270 and 280 Classes
C0099	ALL OTHER COMMERCIAL LIABILITY NOT REPORTED IN ANY OF THE ABOVE MARKETS INCLUDING COMPOSITE RATED RISKS AND EXCESS INSURANCE NOT INCLUDED IN C0036	All Subline 325 Classes not reported above All Subline 322, 323, 324, 342, 343 and 344 Classes All Commercial General liability excess classes not including excess auto or excess WC

ANNUAL REPORT OF VIRGINIA COMMERCIAL LIABILITY CLAIMS
AS REQUIRED BY SECTION 38.2-2228.1 OF
THE CODE OF VIRGINIA COMPANY NAIC #
(and If Group Report GROUP NAIC#)

Insurer:

Address:

Coverage Code

(Please check one only)

- 1 - Claims Made
- 2. Claims Made Tail Coverage
- 3. Occurrence
- 4. Claims Made - No retroactive date

This report is due September 1, 1995. For each market described in the attached, provide the information requested for the Commonwealth of Virginia.

Market number and description (see Exhibit 3)

(\$000 omitted)

	1988	1989	1990	1991	1992	1993	6 months 1994
2. Calendar year earned premium.							
3. Total amount of attorney's fees paid In connection with the claim(s) to the extent these amounts are known (evaluated as of 3/31/94 on an accident year basis).							XXX
4. Total amount of paid and outstanding unallocated loss adjustment expense in connection with the claim(s) to the extent these amounts are known (evaluated as of 3/31/94 on an accident year basis).							XXX
5. Signed: Telephone:							
Date:							
				6. Title: Print Name:			

Accident Year	63	66	69	72	75	78	81	84	87	90	93	96	99	102	105	108	111	114
1985																		
1986																		
1987																		
1988																		
1989																		
1990																		
1991																		
1992																		
1993																		
1994																		

VCR2(1/95)

DO NOT PUT NUMBERS IN THE SHADED AREAS

VIRGINIA LIABILITY CLAIMS REPORT

Coverage Code
(Please check one only)

- 1. Claims Made
- 2. Claims Made Tail Coverage
- 3. Occurrence
- 4. Claims Made - No retroactive date

Insurer
NAIC # or GROUP I

Market
(from #1 on VCRI)

9. For accident years beginning with 1985, list the case outstanding loss and allocated loss adjustment expense (excluding IBNR) at the various points in time.

CASE OUTSTANDING LOSS AND ALLOCATED LOSS (\$000 Omitted) ADJUSTMENT EXPENSES EVALUATED THROUGH 6-30-94:

Accident Year	6 Mos	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60
1985																		
1986																		
1987																		
1988																		
1989																		
1990																		
1991																		
1992																		
1993																		
1994																		

	63	66	69	72	75	78	81	84	87	90	93	96	99	102	105	108	111	114
1985																		
1986																		
1987																		
1988																		
1989																		
1990																		
1991																		
1992																		
1993																		
1994																		

DO NOT PUT NUMBERS IN THE SHADED AREAS

VIRGINIA LIABILITY CLAIMS REPORT

Insurer
NAIC # or GROUP #

Market
(from #1 on VCRI)

Coverage Code
(Please check one only)

1. Claims Made
2. Claims Made Tall Coverage
3. Occurrence
4. Claims Made - No retroactive date
5. Claims Made Tall - No retroactive date

12. For accident years beginning with 1985, list the cumulative number of incurred claims at the various points in time.

ACTUAL NUMBER OF INCURRED CLAIMS THROUGH 6-30-94:

Accident Year	6 Mos	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60
1985																		
1986																		
1987																		
1988																		
1989																		
1990																		
'1991																		
1992																		
1993																		
1994																		

Accident Year	63	66	69	72	75	78	81	84	87	90	93	96	99	102	105	108	111	114
1985																		
1986																		
1987																		
1988																		
1989																		
1990																		
1991																		
1992																		
1993																		
1994																		

VIRGINIA LIABILITY CLAIMS REPORT

Coverage Code
(Please check one only)

- 1. Claims Made
- 2. Claims Made Tail Coverage
- 3. Occurrence
- 4. Claims Made - No retroactive date
- 5. Claims Made Tail - No retroactive

Insurer
NAIC # or GROUP #

13. Market
(from 91 on VCRI)
date

14. For accident years beginning with 1985, list the IBNR for loss and allocated loss adjustment expense for each evaluation.

INCURRED BUT NOT REPORTED (IBNR) LOSS AND ALLOCATED LOSS ADJUSTMENT EXPENSE EVALUATED THROUGH 12-30-93:

(\$000 Omitted)

Accident Year	12	24	36	48	60	72	84	96	108
1985									
1986									
1987									
1988									
1989									
1990									
1991									
1992									
1993									
1994									

