

# Private Passenger Automobile Insurance Data Call

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## Timeline

Issued Data Call 

Deadline for Company Submissions 

## Purpose

The purpose of the data call is to collect data that allows state insurance regulators to conduct market assessments of the private passenger automobile insurance industry, including possible analyses of affordability and availability issues.

Zip code data is widely available by most insurers and provides a suitable basis for in-depth analysis. Insurers will have ready access to the ZIP code corresponding to the “place of principle garaging” for each insured automobile. In addition, many states already require ZIP code-level reporting, such that many companies will already have systems in place to produce such data.

Many other data sets are collected by ZIP code, which will facilitate merging the insurance data with demographic data, complaint data, agent location data and rating territory data, among others. For example, the American Community Survey (ACS) produced by the U.S. Census Bureau contains detailed demographic data by ZIP code. The ability to merge insurance data with other data sets makes possible a broad array of analyses relevant to addressing questions of affordability and availability.

## Summary of Analysis

Once compiled, the data will permit regulators to address the following questions:

1. Do average premiums vary significantly between ZIP codes? If so, are there characteristics common to high-premium and low-premium ZIP codes? For example, is average household income lower in high-premium ZIP codes, thus raising questions about affordability?
2. Is less coverage / basic limits more prominent in certain ZIP codes? Do bind ratios and/or declination ratios vary significantly between ZIP Codes? Are there characteristics common to any outlier ZIP codes? When compared to population statistics, are these indicators of availability concerns?
3. Do patterns of loss ratios across ZIP codes indicate systematic differences in pricing? Over the long run, are there identifiable characteristics for which the relationship between price and risk appear to depart from statewide norms?
4. Do complaint rates (gathered independently from this data call) vary in systematic ways across geographies? If so, what might account for such variations? If variations exist, are they caused by a different mix of companies prominent in specific areas or do the variations exist within individual companies as well?
5. How significant is the issue of uninsured vehicles? Is this an indicator of affordability issues, availability issues or both? The data may be used to estimate the rate of uninsured vehicles by combining insurance and

vehicle registration data. Unfortunately, many states do not possess registration data appropriate for this task (for example, many states fail to clearly differentiate commercial from private vehicles). For states that do possess the necessary registration data, patterns in uninsured vehicles can be reasonably estimated.

6. Does the structure of rating territories contribute to affordability problems within identifiable geographies? If so, to what extent?

7. What is the geographic distribution of standard and non-standard risks? How do average loss experience, average premiums and uninsured motorist populations vary in proportion to these distributions?

8. How significant is the residual market across different geographies? Does the market share of the residual market across geographies indicate availability concerns?

## **File Submission Guide**

Please submit all files in [redacted] format. Files should be named [redacted]. Each company should submit one file with all years.

**Questions or concerns regarding data elements, submission guidelines or ability to participate should be directed toward [redacted]**

## **Data Elements**

### ***Primary Data Table***

<b>Column</b>	<b>Data Element</b>	<b>Format</b>	<b>Character Limit</b>
A	Company Code	Numeric	5
B	Year	Numeric	4
C	Zip Code	Numeric	5
D	Territory Factor	Numeric	
E	Voluntary or Assigned Risk	Alphanumeric	1
F	Risk Class	Alphanumeric	1
G	Coverage Type	Numeric	1
H	Policy Limit	Numeric	1
I	Deductible Range	Alphanumeric	1
J	Earned Premium at Historic Rate	Numeric	
K	Earned Premium at Current Rate	Numeric	
L	Earned Exposures	Numeric	
M	Paid Loss	Numeric	
N	Incurred Loss	Numeric	
O	Count of Claims Reported	Numeric	
P	Count of Claims Closed without Payment	Numeric	
Q	Count of Claims Closed with Payment	Numeric	

### ***Loss Development Factor Table***

<b>Column</b>	<b>Data Element</b>	<b>Format</b>	<b>Character Limit</b>
A	Coverage Type	Numeric	1
B	Year	Numeric	4
C	Loss Development Factor for Paid Loss	Numeric	
D	Loss Development Factor for Incurred Loss	Numeric	

### ***Quote Data Table***

<b>Column</b>	<b>Data Element</b>	<b>Format</b>	<b>Character Limit</b>
A	Zip Code	Numeric	5
B	Number of Applications Received	Numeric	
C	Number of Refusals to Write Coverage	Numeric	
D	Number of Applications Received Resulting in Policy Issuance	Numeric	

## Description of Data Elements

**Company Code** – This should be your assigned NAIC company code. Each company should only submit one file with their complete set of data for all years and types of coverage.

**Experience Year** – Premiums and exposures should be reported on a calendar year ending 12/31 basis. Claims and losses should be reported on an accident year ending 12/31 basis. Three years of data will be collected. Please identify the year for which the data in each row applies. All years should be included in one company file.

**Zip Code** – Enter valid ZIP codes as designated by the United States Postal Service (<http://www.usps.com/>) for the garaging address of the insured exposure. If possible, each record should include a zip code for a physical address not a P.O. Box. If more than 1% of the data records included in the file contain unrecognized zip codes the file will be sent back invalid. Please limit inputs to the first five numbers of a zip code. **DO NOT** include zip+4 as it these will not be accepted in the data call and will cause your file to be returned unusable.

**Territory Factor** – If you have multiple territory factors per zip code for the same coverage type, report each as a separate record.

**Voluntary or Assigned Risk** – Please indicate if the business reported for this row is for the voluntary market or assigned risk.

Data field entry options are as follows:

Voluntary	V
Assigned Risk	A

**Risk Class** – Please indicate the policy's (policies') risk class. Category options provided are: standard and non-standard, consistent with MCAS reporting. If your risk classification system is more granular please try to correlate the data as closely as possible into one of the three categories provided.

Data field entry options are as follows:

Standard	S
Non-Standard	N

**Coverage Type** – Please indicate the coverage type. Category options provided are: liability, personal injury protection, collision and comprehensive.

Data field entry options are as follows:

Liability	1
Personal Injury Protection	2
Collision	3
Comprehensive	4
Uninsured Motorists Bodily Injury	5

**Policy Limit** – Please indicate if the policy is written for state minimum limits or more than the state required minimum. An option is also provided where state minimums do not apply.

Data field entry options are as follows:

State Minimum Limit	M
Over Minimum Limits	O
Not Applicable	N

**Deductible Range** – Please indicate if the policy has a low or high deductible. Ranges provided are 0-\$500 and over \$500

Data field entry options are as follows:

0-\$500	A
\$501 +	B

**Earned Premium at Historic Rate** – Total premium earned during the calendar year (standard accounting year) for each year required to be reported in the data call. Premiums earned in this field should be reported at the historic rate. Data should not be rounded.

**Earned Premium at Current Rate** – Total premium earned during the calendar year (standard accounting year) for each year required to be reported in the data call. Premiums earned in this field should be reported at the current rate level as of the date that this data call is issued. Data should not be rounded.

**Earned Exposures** – Exposures should be reported in vehicle months. For example: 3 cars insured for one year = 36 vehicle months. 3 cars insured for one year but canceled after 3 months from policy inception = 9 vehicle months.

**Paid Loss** – Total loss payment reported by accident year. Paid losses should exclude loss adjustment expenses (LAE) or defense and cost containment (DCC) expenses. Losses paid are also reduced by salvage and subrogation. Data should not be rounded. All data must be reported on a direct basis and prior to any reinsurance assumption. For example: a \$100,000 loss for which \$50,000 is retained by the direct insurer and \$50,000 is assumed by the reinsurer should be reported as \$100,000.

**Incurred Loss** – Total loss payments plus case reserves reported by accident year. This should include payments on accidents plus reserves for accidents occurring in the year indicated for each data row. This should exclude Incurred But not Reported (IBNR), BULK reserves, and loss adjustment expenses (LAE) or defense and cost containment (DCC) expenses. Case losses incurred are also reduced by salvage and subrogation before the Loss Development Factor is applied to calculate the Ultimate Incurred Losses. Data should not be rounded. All data must be reported on a direct basis and prior to any reinsurance assumption. For example: a \$100,000 loss for which \$50,000 is retained by the direct insurer and \$50,000 is assumed by the reinsurer should be reported as \$100,000.

**Count of Claims Reported** – This should include all claims reported for a given experience year including those that included payment as well as those that did not. A claim on which more than one payment is made for one coverage type shall be counted once and recorded when the case reserve is initially established. A case involving a loss payment under two or more coverages or types of loss shall be counted as a claim for each loss under each coverage or type of loss. Claims should be reported per occurrence. In other words, all demands for payment, for the same coverage type, due to one accident should be counted as one claim. For example, if two people are injured in an accident and have a claim for bodily injury this should be counted as one bodily injury claim. Salvage, subrogation, and other recoveries (not reinsurance) shall be recorded, as a credit to claim count only if the recovery is the total loss cost of the claim under that type of loss code.

**Count of Claims Closed without Payment** – This should include only claims closed without payment for a given experience year. Claims should be reported per occurrence. In other words, all demands for payment, for the same coverage type, due to one accident should be counted as one claim. For example, if two people are injured in an accident and have a claim for bodily injury this should be counted as one bodily injury claim.

**Count of Claims Closed with Payment** – A claim on which more than one payment is made for one coverage type shall be counted once and recorded when the case reserve is initially established. A case involving a loss payment under two or more coverages or types of loss shall be counted as a claim for each loss under each coverage or type of loss. Salvage, subrogation, and other recoveries (not reinsurance) shall be recorded, as a credit to claim count only if the recovery is the total loss cost of the claim under that type of loss code. Claims should be reported per occurrence. In other words, all demands for payment, for the same coverage type, due to one accident should be counted as one claim. For example, if two people are injured in an accident and have a claim for bodily injury this should be counted as one bodily injury claim.

### ***Loss Development Factors***

**Loss Development Factor for Paid Loss** – Loss development factors for paid losses should be reported for paid losses only (excluding any reserve amounts) and NET of salvage and subrogation. The LDFs are to be calculated separately by coverage and accident year.

**Loss Development Factor for Incurred Loss** – Loss development factors (LDF) for incurred losses are applied to loss data to project the ultimate loss amounts based on the company's actual historical loss experience. Loss development factors should be reported on a case incurred losses (Paid Losses + Case Reserve) basis and NET of salvage and subrogation. The LDFs are to be calculated separately by coverage and accident year.

### ***Quotes***

**Number of Applications Received** – Please include all applications received regardless of whether it ended up as a policy written.

**Number of Refusals to Write Coverage** – This should include only declinations.

Number of Applications Received Resulting in Policy Issuance – Include all policies issued based on the calendar year in which the application was received. For example, if the application was received in December 2015 and the policy was written in January 2016, include this count in 2015.