



Data Now Program (DNP)
Exposure and Claim Topic Series
Claim/Loss and Expense Topics

Key Takeaways

- Report a Claim When Required
- Accurately Report
 - Loss amounts to the correct loss data component
 - Injury information
 - Lump-sum amounts
 - Single-claim data

Chapter 1—Non-reportable Claims

- Claims closed without any payments and no ALAE as of the 1st unit report
 - Claims with ALAE only are reportable
- Claims with accident dates outside of the policy period and no corresponding exposure
 - Required to be paid due to an official ruling

Chapter 2—Loss Data Components

Gross Incurred Loss = Indemnity (Paid & Outstanding) + Medical (Paid & Outstanding)

Indemnity Loss

Indemnity Loss includes:

- Claim reserves set aside to make future indemnity payments to the injured worker
- Paid compensation benefits for the employees lost wages or inability to work
- Claimant Attorney Fees
- Employers Liability Losses and EL ALAE
- Indemnity-related expenses benefiting the claimant
- Awards
- Penalties for delays in compensation payments
- Vocational Rehabilitation (Return-to-Work) Expenses including
 - Testing
 - Job Placement
 - Schooling
 - Evaluation
 - Training
 - Job Modification
 - Part-Time Employment

Medical Loss

Medical Loss includes:

- Claim reserves set aside to make future medical payments to the injured worker.
- All doctor and hospital payments.



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- Expenses for impartial examinations ordered by an industrial board.
- Other medical items such as transportation expenses associated with the medical treatment.
- Bonuses or return-to-work incentives paid by the carrier to the medical care provider when the policy is written with contract medical.
- Medical-related expenses incurred benefiting the claimant or that the carrier is required to produce for the benefit of the claimant.
- Physical rehabilitation expenses that include medical activities to achieve maximum medical recovery or a cure. Such activities must be provided by medically trained personnel and include evaluations, therapies, consultations, and coordination of services.

Medical or Legal Expenses Excluded From Losses

Medical or legal expenses excluded from losses include loss adjustment expenses incurred for the benefit of the carrier. There are two types.

Allocated Loss Adjustment Expense (ALAE)

Allocated Loss Adjustment Expense includes the following:

- Expenses allocated to a specific claim
- Medical activities to achieve maximum medical recovery
- Attorney fees (staff or hired)
- Court expenses
- Dispute resolution
- Medical cost containment
- Claim expenses required by statute or regulation

Unallocated Loss Adjustment Expense (ULAE)

Unallocated Loss Adjustment Expense is excluded from being reported in the Unit Statistical data. Expenses include (but are not limited to) the following:

- Carrier Employee Salaries, Overhead, Travel
- Fees Paid to Independent Claim Services or Attorneys (Performing Claim Adjuster Duties)
- Penalties for Delays in Making Compensation Payments



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Review

Assign each payment to the correct component—Indemnity, Medical, or ALAE.

Indemnity	Medical	ALAE

Payments for:

- A visit to a doctor’s office
- Lost wages
- Medical cost containment
- Physical rehab
- Vocational rehab
- Insurance company employee salaries

Chapter 3—Claim Injury Fields

These fields provide information about a claimant’s injury.

Injury Types

Injury Type must represent the carrier’s estimate of the ultimate injury type of the claim.

- Does not have to correspond to the type of benefit being paid as of the valuation date
- Is determined as of each valuation date; therefore, it could change from one report level to the next

Injury Description

Injury description codes consist of the following:

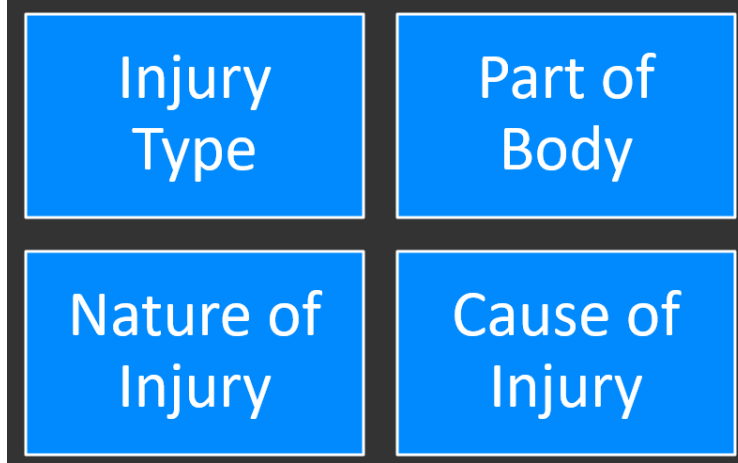
1. **Part of Body** is the specific body part affected by the injury that is the most significant contributor to the expected overall cost of the claim.
 - Code 65 (Insufficient Information to Properly Identify) is used when the body part affected by the injury cannot be determined by the first report. Once determined, correct the code at all applicable report levels.
2. **Nature of Injury** is the type of injury for a given claim.
3. **Cause of Injury** identifies the cause of the injury for a given claim.



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Review

Which of these fields is not part of the injury description?



Chapter 4—Additional Loss Reporting Rules

Lump-Sum Claim Settlement

Lump-sum claim settlement is an agreement between two parties to settle or close out whole or part of a claim.

- Benefits are paid all at once and the settlement is at a discounted/commuted rate
- When a claim is settled as a lump-sum settlement, then report the lump-sum indicator as “Y” for Yes.
- Allocate the settlement between medical and indemnity (should not be an automatic 50/50 split)

Single-Claim Reporting

Single-claim reporting applies in these situations.

When there is an accident with losses under ...	Then ...	And report ...
Workers Compensation (WC) and Employers Liability (EL) benefits	combine the loss amounts within one claim	Type of Claim Code 03 (WC and EL)
State Act and USL&HW Act benefits		Loss Condition Act Code 02 (USL&HW Act benefits)

Resources

- NCCI’s *Statistical Plan*
- *Unit Statistical Reporting Guidebook*