




Data Now Program (DNP) Advanced Claim and Loss Reporting Topics for Unit Data

Resources

- Reporting rules:
 - NCCI's *Statistical Plan Manual*
 - NCCI's *Experience Rating Plan Manual*

Important Note

- NCCI Statistical Plan
 - National rules
 - NCCI states and IN
 - State exceptions
- Independent Bureaus Statistical Plans




NCCI's DATA NOW PROGRAM
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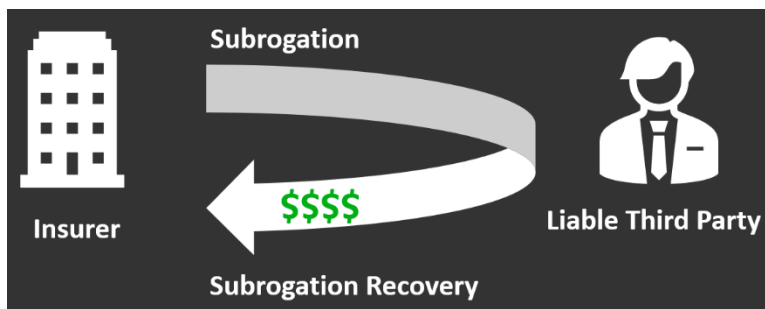
Chapter 1: Subrogation Recovery

Subrogation

What is subrogation?



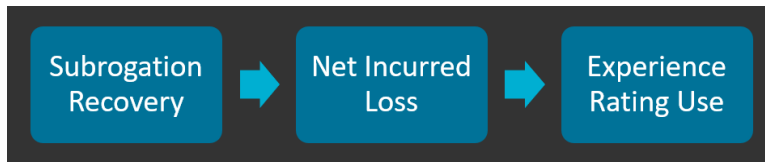
Policy condition
"Recovery From Others"





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When a subrogation recovery is received, the **Statistical Plan** requires the net incurred loss to be reported:



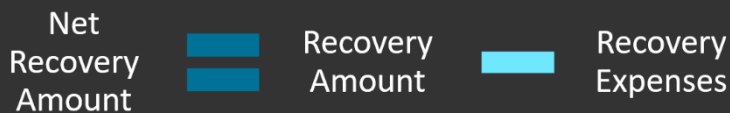
Data Used in Experience Ratings

- Latest values, including corrections at each report level

1/1/25 Rating	
1/1/23–1/1/24	→ 1st Report Level
1/1/22–1/1/23	→ 1st and 2nd Report Level
1/1/21–1/1/22	→ 1st, 2nd, and 3rd Report Level

Subrogation Recovery

Subrogation Date	Recovery Amount	Recovery Expenses	Allocation between indemnity and medical



Determine Latest Report Level

Based On Subrogation Recovery Date

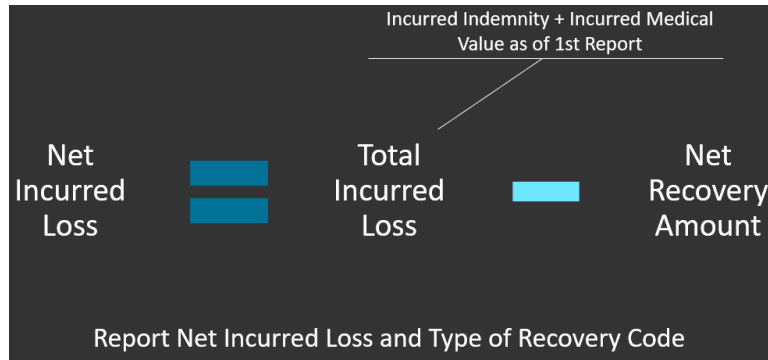
Before or as of 1st report valuation	After 1st but within one year after the 5th report due date	As of the 6th report due date or subsequent
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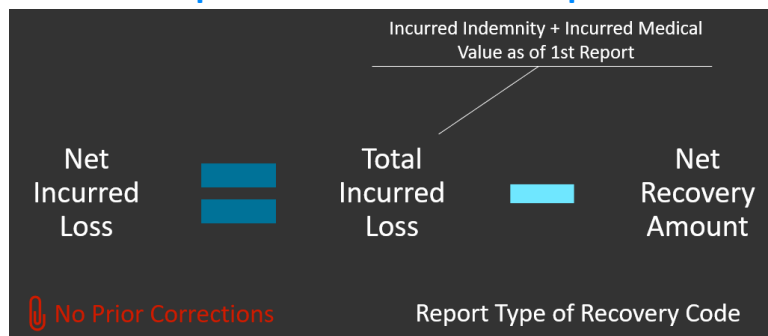


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Before or as of 1st Report Valuation



As of 6th Report Due Date or Subsequent



Steps to Apply

After 1st but within one year after the 5th report due date

1. Calculate Net Recovery
2. Determine latest reported valuation
3. Apply 10% rule
4. Calculate Net Incurred and Net Paid Amounts
5. Allocate recovery between Medical and Indemnity
6. Correct latest report level
7. Determine if other prior reports need correction

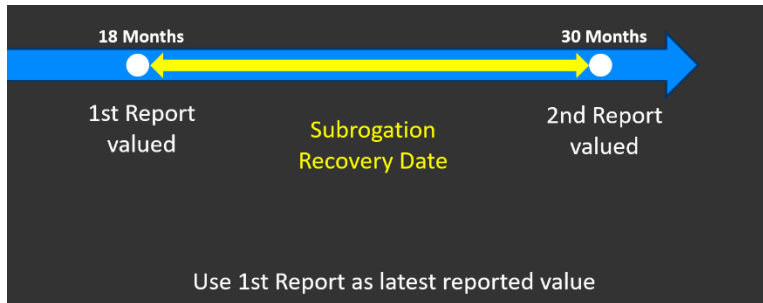
After 1st but Within One Year After the 5th Report Due Date

When the subrogation date is		Then the latest reported value of the claim is from the
After	But before	
1st report valuation date	2nd report valuation date	1st report
2nd report valuation date	3rd report valuation date	2nd report
3rd report valuation date	4th report valuation date	3rd report
4th report valuation date	5th report valuation date	4th report
5th report valuation date	1 year after the 5th report due date	5th report

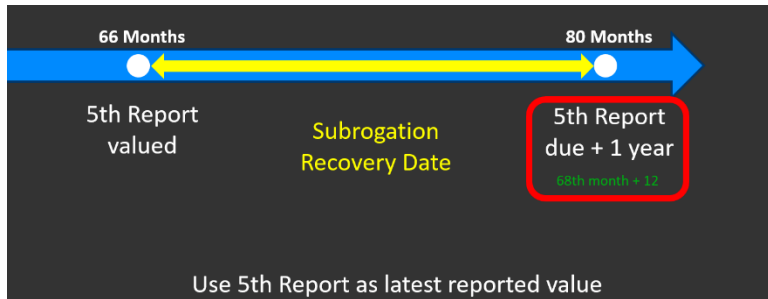


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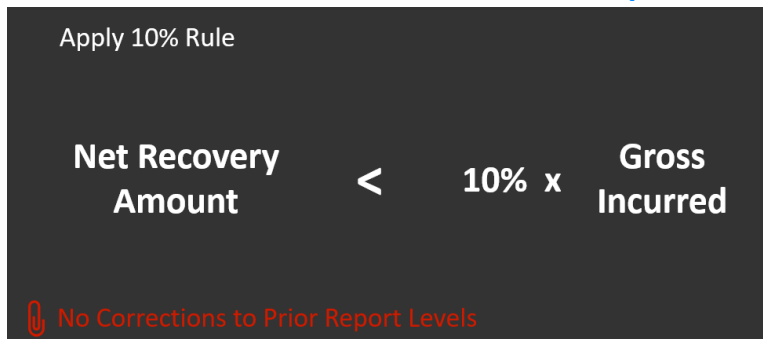
Determine the Latest Valuation—Examples



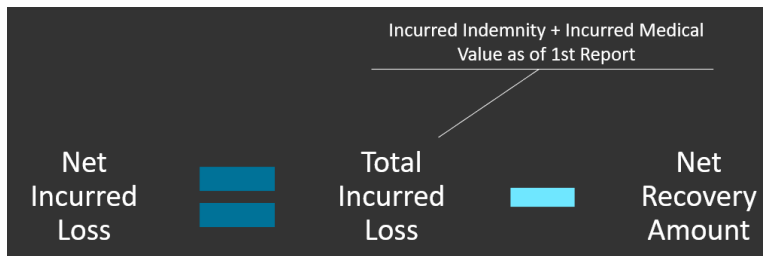
Determine the Latest Valuation—Examples



Determine Whether Corrections Are Required



After the 1st but Within One Year After the 5th Report Due Date

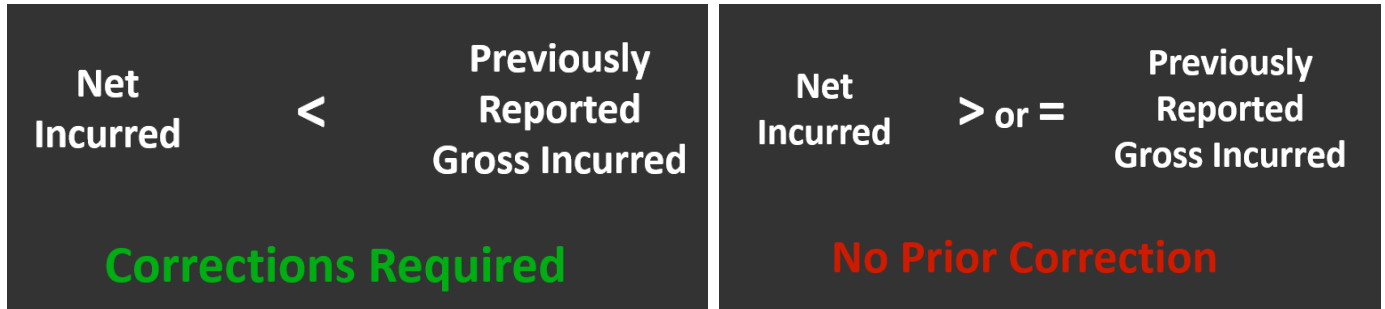




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Determine Which Report Levels Need Corrections

If the total recovery is 10% or more, next determine which report levels need corrections. Do this by comparing the Net Incurred loss amount to the Total Gross Incurred loss amount.



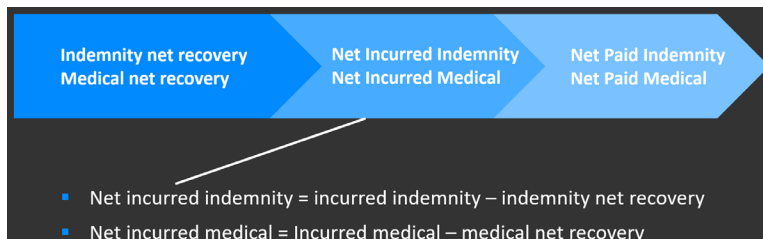
Allocation of Net Recovery Amount

Known = Use the known allocation

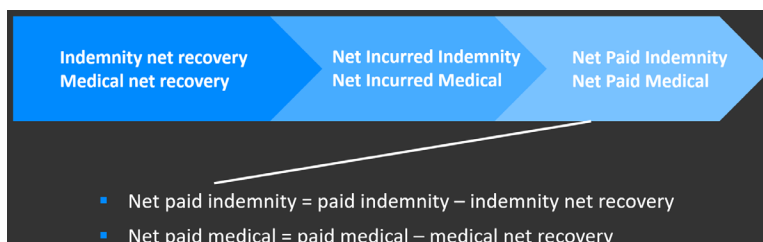
Unknown = Base allocation on original incurred indemnity and medical amounts at most recent valuation



Calculate Net Incurred Amounts



Calculate Net Paid Amounts



Apply Net Incurred and Net Paid Amounts

To latest valuation

- Apply Net Incurred Indemnity and Net Incurred Medical
- Apply Net Paid Indemnity and Net Paid Medical



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To previous reports prior to latest valuation

- Apply Net Incurred Indemnity Loss when lower
- Apply Net Incurred Medical Loss when lower
- Do not increase any incurred loss amounts

To previous reports prior to latest valuation

- Apply Net Paid when lower
- Do not increase any paid loss amounts
- Total of paid amounts may not equal Net Paid Loss

Type of Recovery Code

Type of Recovery—Loss Conditions	
Code	Description
03	Subrogation Only (Third Party)
04	Subrogation With Second Injury Fund (Third Party)

Report one of these codes when you:

- Correct prior report levels to the net incurred or paid, or
- Submit report levels valued after receiving the recovery

If you don't correct a prior report level for subrogation, don't report one of these codes on that report level.

You must report one of these codes on report levels valued after receiving the recovery.

Recap—Correction Reports

- After the 1st report valuation date, but within one year after the 5th report due date
- Apply the 10% Rule
- Only make corrections when the Net Incurred Loss is less than the previously reported Gross Incurred Loss
- Report:
 - Only to qualifying prior reports
 - Type of Recovery Code
 - Net incurred and net paid amounts based on allocation of net recovery amount
- Do not revise other claim values (i.e., injury type, injury description codes, type of claim, type of loss, claim status)



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Recap—Subsequent Reports

- Claim is open or reopens and continues to remain open at the next valuation level
- Report:
 - Net recovery and all adjustments to the claim based on normal loss development
 - Type of Recovery Code
 - Allocation of net recovery amount



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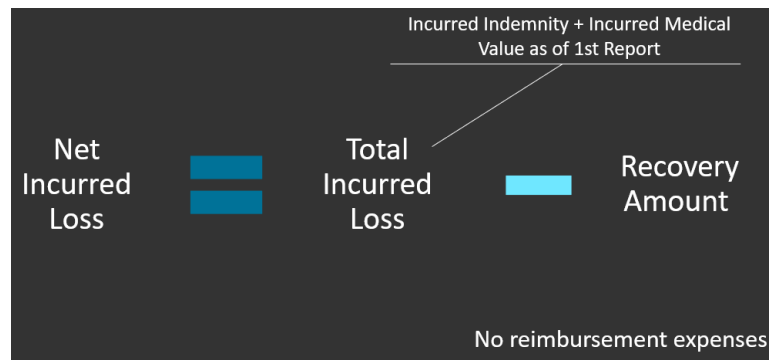
Chapter 2: Special Fund Reimbursement

In some states, there are special funds such as a second injury fund or a handicapped Workers' Reserve Fund.

With these funds, a claim is eligible for reimbursement to the insurer. When the insurer receives or anticipates a fund reimbursement, reduce the total incurred and paid cost of the claim by the amount of any anticipated or paid reimbursement from the fund.



Calculated Net Incurred Loss



Determine When the Reimbursement Was Anticipated



Type of Recovery Code

Report the code for all report levels where you report the Net Incurred Loss.

Type of Recovery—Loss Conditions	
Code	Description
02	Second Injury Fund Only
04	Subrogation and Second Injury Fund Reimbursement



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for Unit Data**

Chapter 3: Subrogation Recovery and Special Fund Reimbursement: Related Edits

Validation Edit L331

- Claim is reported with type of recovery code and net incurred loss is lower than gross incurred losses in prior report levels
- Data Grade 5
- Correction reports or detailed explanations are required

Type of Recovery—Loss Conditions	
Code	Description
02	Second Injury Fund Only
03	Subrogation Only (Third Party)
04	Subrogation and Second Injury Fund Reimbursement

Validation Edit L332

- Claim is reported with inconsistent type of recovery across report levels
- Data Grade 2
- Correction reports or detailed explanations are required

Incorrect Application of Subrogation Recovery or Special Fund Reimbursement Rules



Insurer



**Receipt of payment to reduce incurred loss amounts –
Not subrogation recovery or special fund reimbursement**



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Chapter 4: Noncompensable Claims

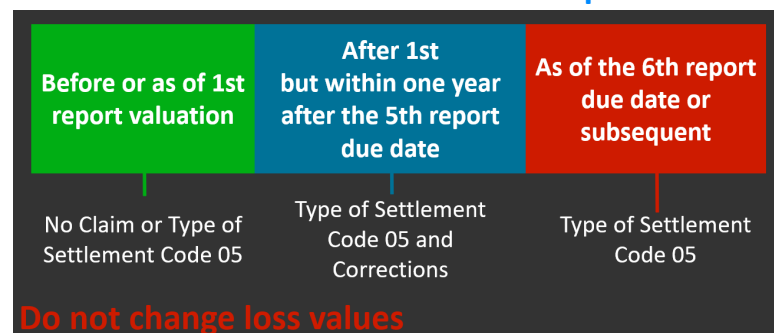
A claim that meets one or more of the following:

- Official ruling denies benefits
- Claimant fails to file for benefits
- Claimant fails to prosecute a claim following carrier's denial of claim

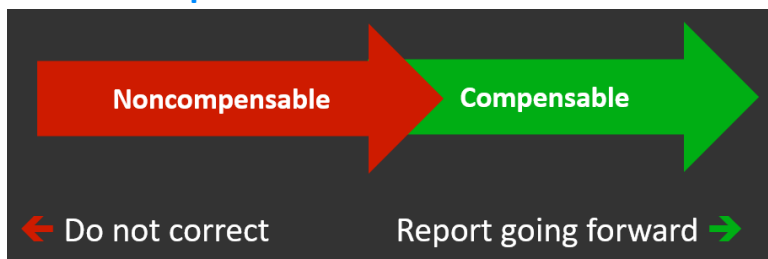
Type of Settlement Code

Code	Type of Settlement	Description
05	Dismissal or Take Nothing (Noncompensable)	The claim meets one or more of the following: <ul style="list-style-type: none">• Official ruling denying benefits• Claimant's failure to file for benefits• Claimant's failure to prosecute claim following carrier's denial of the claim

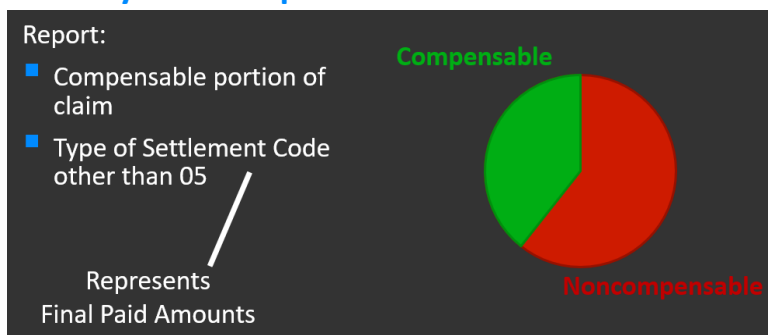
Determine When Claim Was Noncompensable



Loss Development



Partially Not Compensable





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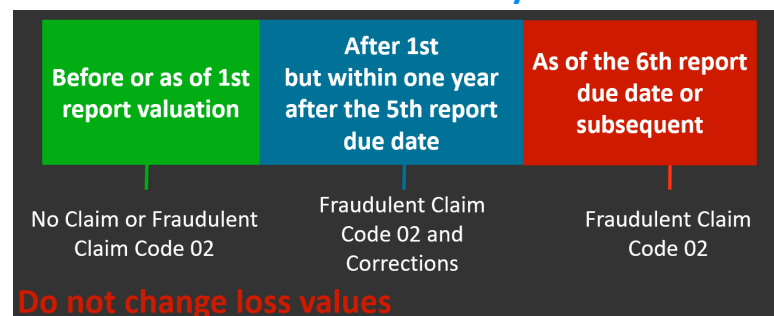
Chapter 5: Fraudulent Claims

A claim that has been ruled or officially declared fraudulent by a court decision.

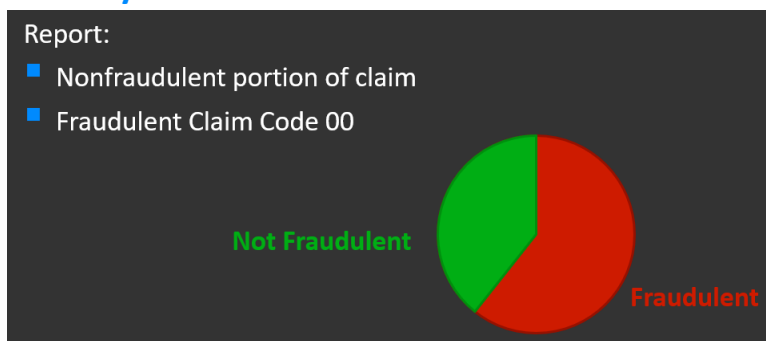
Fully Fraudulent Claim Code

Code	Type of Fraudulent Claim Code	Description
02	Fully Fraudulent	The entire claim is determined to be fully fraudulent in accordance with NCCI's Statistical Plan rules.

Determine When Claim Was Fully Fraudulent



Partially Fraudulent



Recap

- Calculating Net Incurred Loss is fundamental for subrogated and special fund reimbursed claims
- Code values for Type of Recovery, Type of Settlement, and Fully Fraudulent Claim
- Report code values on applicable report levels
- Do not change loss values for noncompensable and fully fraudulent claims

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