



# The Data Connection

January 2019

Welcome to **The Data Connection**, an NCCI communication series that keeps you informed on important data reporting news, data quality updates, data reporting enhancements, recent communications, and more. **The Data Connection** is released twice a year and features key information to help you perform your data reporting activities.

Look for more information on these topics on [ncci.com](http://ncci.com).



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- **Data Tip**—Carrier Report Card Time Is Almost Here!

NCCI’s 2019 **Data Educational Program** theme was **Your Source for Data**

**Quality**, and this edition of **The Data Connection** shares that data quality focus.

This edition includes a wide array of interesting articles, with topics ranging from how NCCI ratemaking starts with data to preparing for the 2019 Financial Call reporting season. It also presents several valuable data tips. In our centerfold article, you’ll find the Roadmap to Reporting for the new Indemnity Data Call. This new data type will provide the source data that will be used for legislative pricing and research related to indemnity benefits.

## Prepare for the 2019 Financial Call Reporting Season

The 2019 Financial Call reporting season will not include any significant reporting changes. As announced in Circular **CALLS-2018-01**, a new Electronic Import Record Template and corresponding layout have been implemented in the **Financial Call Reporting Guidebook** and the **Financial Data Collection** tool. NCCI will continue to provide and support both the previous and new templates during your transition from one to the other.

In March, NCCI will announce the availability of extended customer support to assist you in reporting your Financial Call data for the 2019 season.

For additional information, refer to the [Financial Call Season Preview article posted on \[ncci.com\]\(http://ncci.com\)](#).



## “In the Know”—2018 Data Communications Highlights

In addition to the communications discussed in this publication, NCCI released the following key communications on [ncci.com](https://www.ncci.com) in 2018:

### Data Reporting

- 2018 Provisions for Workers Compensation Terrorism Data—Federal Insurance Office (FIO) Section 111 of TRIPRA of 2015 (Circular FYI-DR-2018-02): Reaffirmed that NCCI will continue to coordinate terrorism insurance data reporting for all NCCI states and independent bureaus
- NAIC Data Call Related to Terrorism Risk Insurance Coverage (Circular FYI-DR-2018-01): Announced the NAIC Data Call request that data for Policy Year 2015 be submitted by March 1, 2018, and that carriers do not need to take any action for this call

### Policy

- Implementation of New Policy Edits (Circular POLS-2018-01): Provided a listing of new edits released on the Production Edit Matrix in the ***Policy and Proof of Coverage Reporting Guidebook***
- Virginia—Proof of Coverage Update for Employee Leasing Policies (Circular FYI-POC-VA-2018-01): Provided updated information regarding how to properly report when there is more than one PEO insured on a policy
- Idaho—Proof of Coverage Update (Circular FYI-POC-ID-2018-01): Advised that the Idaho Industrial Commission requires the Legal Status of Insured and the Legal Status of Employer data elements through Proof of Coverage
- Enhanced Federal Coverage Service for USL&HW and Federal Mine Safety and Health Act (Circular POLS-2018-02): Summarized that NCCI will begin to provide Federal Coverage Service for workers compensation policy transactions that cover North Dakota, Ohio, Washington, and Wyoming
- Alabama—Proof of Coverage Update (Circular POC-AL-2018-01): Announced that the Alabama Department of Labor has transitioned to using the International Association of Industrial Accident Boards and Commissions (IAIABC) Electronic Data Interchange (EDI) Proof of Coverage (POC) 3.0 format

**Unit Statistical**—During First Quarter 2018, circulars were released announcing the implementation of the new ***Unit Data Collection*** tool, which contained enhanced features and functionality (Circulars UNITS-2018-01, UNITS-2018-02, and UNITS-2018-03).

### Indemnity

- New Indemnity Data Call Resources—Available on [ncci.com](https://www.ncci.com) (Circular IND-2018-02): Announced an array of Call-related resources
- New Indemnity Data Call Effective Second Quarter 2020 (Circular IND-2018-01): Announced the new Indemnity Data Call

## Transform the Way You Work With Class Look-Up:

### A Modern Approach to Classification

**Class Look-Up** is an intuitive, industry-leading application that lets you easily access workers compensation class codes, stat codes, and much more.

The screenshot shows the 'Class Look-Up' web application interface. At the top, there's a search bar with 'Search ncci.com' and links for 'Contact Us', 'Log Out', and 'My Profile'. Below the header, there's a section titled 'About'. The main search area has a dropdown menu for 'What would you like to look up?' with 'Class Codes' selected. To the right, there are filters for 'Code Elements' (13 of 27 Items Selected), 'State(s)' (All States Selected), and 'Phraseology Status' (Active). A 'Search By' section has radio buttons for 'Class/Stat Code' (selected) and 'Keyword'. Below this is a text input field for 'Enter class/stat code numbers separated by commas'. A 'Show me how to search' link is also present. At the bottom, there are 'Search' and 'Clear' buttons.

### Choose your search:

This screenshot shows a dropdown menu for 'What would you like to look up?'. The 'Class Codes' option is selected and highlighted in blue. Other options listed are 'Statistical Codes', 'Loss Costs/Rates', and 'All Code Information'.

### Select from up to 31 code elements

This screenshot shows the 'Code Elements' selection interface. It has a dropdown menu with 'All Elements Selected' and a search bar. Below the search bar, there are four checkboxes, all of which are checked: 'Select All', 'State', 'State Indicator', and 'Code Type'.

Start taking advantage of everything that **Class Look-Up** offers. Go to **ncci.com** today or call our **Customer Service Center** at 800-NCCI-123 (800-622-4123).

### Key Features

- See comprehensive results in one view
- View results by state
- Filter your search to target your results
- Print or Download\* the details—it's your choice

The screenshot shows a table of search results. The table has columns for State, State Indicator, Class Code, Code Status, Code Effective Date, Code Discontinued Date, Phraseology Status, Phraseology Effective Date, Phraseology Discontinued Date, Hazard Group, and Phraseology Source. The results are filtered for 'Roofing-All Kinds & Drivers' and show entries for Alaska, District of Columbia, Florida, and Georgia. Each entry includes a note about the scope of the code and its effective/discontinued dates.

Click any phraseology for a comprehensive snapshot of class and stat code information, including phraseology, code status, effective date, and hazard group.

This screenshot shows the detailed view for 'Florida: Classification Code 5551'. It includes sections for 'Phraseology Specific Information' (Roofing-All Kinds & Drivers), 'Phraseology State Applicability' (active as of 09-06-2018), 'Additional Florida Phraseologies' (active as of 09-06-2018), 'Code Specific Information' (Effective Date: 1/1/2010, Discontinuation Date: None, Replacement Code: None, Class Schedule: 277 - Erection, Class Group: 277 - Roofing And Waterproofing, Hazard Group: G), 'Code State Applicability' (active as of 09-06-2018), and 'Florida Rates for Classification Code 5551'. The rates table shows values for 1/1/2016, 1/1/2015, and 1/1/2014.

\*Available to NCCI affiliates and regulators only.





## Connecting With Actuarial & Economic Services (AES)

### NCCI Ratemaking Starts With the Data

By Kirt Dooley, FCAS, MAAA, Practice Leader & Senior Actuary, NCCI

*The following includes excerpts from a July 2018 article published on [ncci.com](https://www.ncci.com). The full article is available under **Workers Compensation Insights, Topics of Interest**.*

As we approach the close of another year, affiliated insurance providers start to prepare for the annual closing of their financials. By April 1, data providers compile and report these year-end values to NCCI on the Financial Calls. This marks the beginning of a new ratemaking cycle, during which NCCI will make rate and loss cost recommendations for 37 states and the District of Columbia.

#### **What data does NCCI use to determine the yearly recommended change in loss cost and rate levels?**

NCCI relies on Financial Call data, which includes premiums, losses, claim counts, and expenses reported on an aggregated basis by state and by year. NCCI collects both **policy year** and **calendar-accident year** data in these Financial Calls. For both types, data providers report the values as of December 31, so they include the same transactions, allocated differently.

#### **How does the timing of the annual loss cost and rate filings relate to the reporting of the Financial Call data?**

The most common effective date for NCCI rate and loss cost filings is January 1. For rates and loss costs that will be effective beginning January 2019:

- Data is valued as of year-end 2017, meaning that premium earned, and claims experience incurred, during Calendar Year 2017 will be included
- The data relied upon to determine appropriate average loss cost levels will include policies that have expired through year-end 2017
- Data from policies that are still in effect as of year-end 2017 (expiring in 2018) may also be considered in the determination of trend

There are many state-specific factors that determine when NCCI submits annual filings to state insurance regulators—and the effective dates of those filings. With the majority of filings sharing a common effective date, NCCI's Financial Call validation activity peaks in the late spring and early summer months. Data providers likely experience a high volume of Financial Call data quality notifications during those months.

#### **Why does NCCI emphasize quality reporting of Financial Calls?**

After workers compensation carriers submit Financial Calls to NCCI by April 1, our data analysts and actuaries validate and analyze this data, which serves as the basis for rate and loss cost filings. A lead actuary for each state makes determinations—including the data used—in developing a rate or loss cost recommendation that is not excessive, inadequate, or unfairly discriminatory.



A material reporting error can have an adverse impact on determining the overall change in a loss cost or rate, which would impact the health of a state's workers compensation market. Anomalous data, even if correctly reported, can also impact ratemaking decisions. Therefore, NCCI analysts and actuaries sometimes ask data providers for additional information to better understand the circumstances surrounding reported data and whether they should be expected to continue.

In partnership with data providers, NCCI employs a suite of data quality programs and tools to identify anomalous data and potential reporting errors for research and resolution.

### Additional Resources

For more information about the ratemaking process and timelines, view our Webinar on Demand, NCCI Ratemaking: How Fresh Is the Data?, in the **Learning Center** on [ncci.com](http://ncci.com).

For more information about the Financial Call reporting process and quality programs, visit NCCI's **Manuals Library** and reference the *Financial Call Reporting Guidebook* and the *Data Quality Guidebook*.



Value. Efficiency. Flexibility.

Tools	Benefit
<b>Now Available!</b> <i>Experience Rating Split Data Reporting Guide</i>	NCCI has expanded its <b>Manuals Library</b> to include the <i>Experience Rating Split Data Reporting Guide</i> . The guide was enhanced with additional instructions on split data for ownership changes and hard copy forms.

**Webinars on Demand**—These online training modules allow customers to view and listen to valuable training at their convenience. Here are the latest modules:

2019	Webinars on Demand
Available	Data Transfer via the Internet—Overview
Available	Indemnity Data Call—Overview (Recorded Live)
Available	Indemnity Data Call—Transactional Record (Recorded Live)
Available	Indemnity Data Call—Quarterly Record (Recorded Live)

# Indemnity Data Call—Roadmap to Reporting

In mid-2020, the new Indemnity Data Call will begin. Between now and then, future reporting companies will perform a variety of activities to successfully implement this new data type. This **Roadmap to Reporting** gives a visual representation of many of those activities.

## Record Layouts and Data Elements

Utilize the *Indemnity Data Call Implementation Guide* for the record layouts and data element requirements to understand the File Control Record, Transactional Record, and Quarterly Record.

## Jurisdiction Requirements

Apply the jurisdiction state requirement for Indemnity Call reporting. This is the state or federal law under which the claimant's benefits are being paid.

## File Submission Requirements

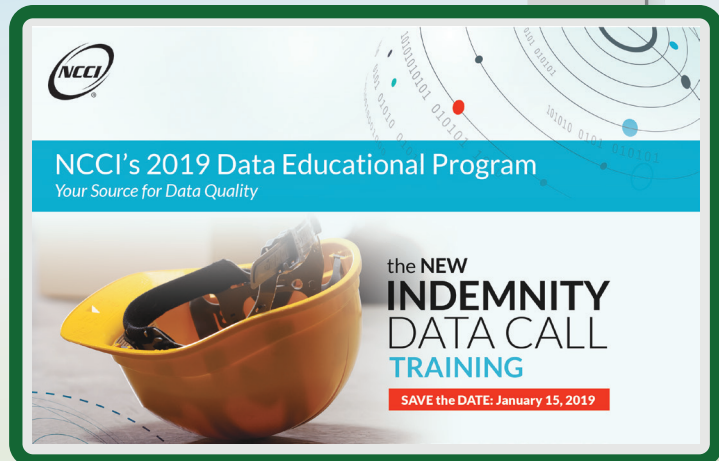
Review the file submission requirements provided in Part 8 of the *Indemnity Data Call Implementation Guide*, including the file naming conventions for the Transactional and Quarterly Records and specific requirements for the File Control Record.

## Reporting Triggers

Apply the Transactional and Quarterly Record reporting trigger rules to ensure proper future reporting.

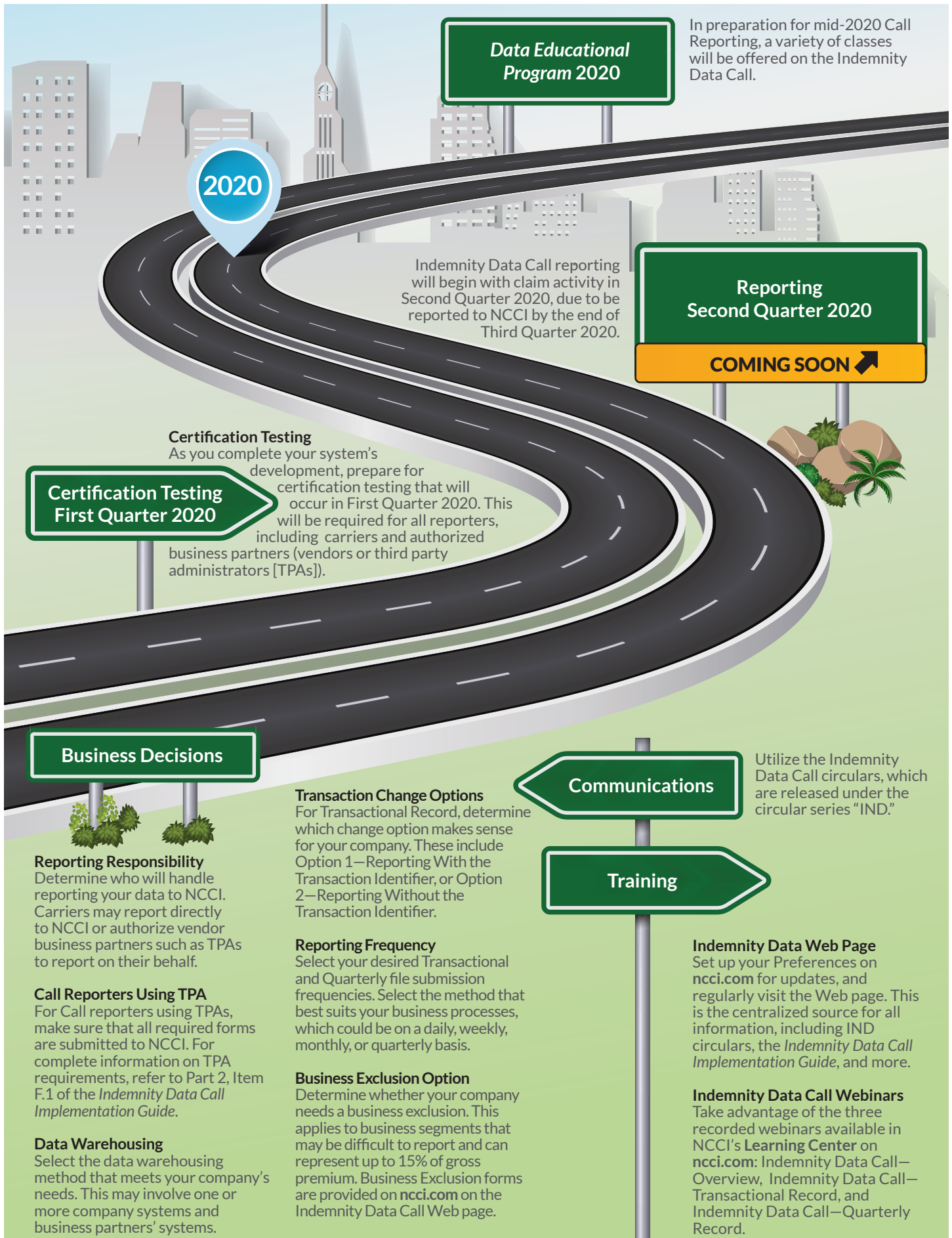
## Editing Strategy

Become familiar with NCCI's editing approach that will apply to your submissions. The editing process is explained in Part 9 of the *Indemnity Data Call Implementation Guide*. It is based on file acceptance and includes three quality components: Population Test, Validity Test, and Reasonableness Test.



Three Indemnity Data Call classes were provided: Overview of the new Call, Transactional Record, and Quarterly Record.







## DATA TIP

### Policy and Proof of Coverage Reporting Resources

Did you know that the data element reporting requirements for POC vary by state? NCCI has two key resources that can help you identify these requirements:

#### 1. *Policy and Proof of Coverage Reporting Guidebook*

In Part 10-D-2, you will find a link to an IAIABC POC Data Elements Chart. The chart displays the following information:

NCCI POC STATE		POC FORMAT	ACKNOWLEDGES IAIABC FILE
AL	Alabama	IAIABC 3.0	NO
AK	Alaska	IAIABC 2.1	YES (IN IAIABC 2.0 ACK FORMAT)
AZ	Arizona	NCCI DAILY	N/A
AR	Arkansas	POC INQUIRY ONLY	N/A
CO	Colorado	IAIABC 2.1	YES (IN IAIABC 2.0 ACK FORMAT)
CT	Connecticut	IAIABC 3.0	NO
DC	District of Columbia	POC INQUIRY ONLY	N/A
FL	Florida	IAIABC 2.1	YES
GA	Georgia	POC INQUIRY ONLY	N/A

State Formats IAIABC 2.0 and 2.1 IAIABC 3.0 NCCI DAILY +

#### 2. *Proof of Coverage State Guide*

You will find this guide on [ncci.com](http://ncci.com), under Data Reporting, Policy and POC, Resources.

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### POC State Guide - Alabama

Posted Date: July 06, 2018

Data Reporting » Proof of Coverage State Guide

As a POC service provider NCCI's approach is to provide guidance to carriers on proof of coverage reporting guidelines. This guide is not intended to provide carrier notice to insured filing requirements.

All information provided in this guide is subject to change and dependent on notification from the state. Please refer to the applicable Workers Compensation Statutes or Rules for additional information.

NCCI POC Service Start Date: March 1, 1987

**POC Contact Information**

Alabama Department of Labor—Workers Compensation Division  
6499 Monroe Street  
Montgomery, AL 36131

Contact Name: Sandy Hallmark  
Tel: 334-355-4033  
Fax: 334-353-8490  
Email: [sandyhallmark@dir.alabama.gov](mailto:sandyhallmark@dir.alabama.gov)

How NCCI Provides POC Data to State:

- IAIABC POC 3.0 format
- Proof of Coverage Inquiry

**POC Timeliness Reporting Requirements**

Transaction Received Date: NCCI's received date is used to determine timeliness on POC transactions accepted by the state.

Policies: State recommends reporting policies within 30 days after the Policy Effective Date. POC Notices may be reported if the policy will not be issued within 30 days after the Policy Effective Date. This does not eliminate the need to report the full policy.

Cancellations: State recommends reporting cancellations 10 days prior to the Cancellation Effective Date.

Reinstatements: State recommends reporting reinstatements within 30 days after the Reinstatement Effective Date.

Nonrenewals: Alabama is not a continuous coverage state. Nonrenewals are not required for POC—the Policy Expiration Date is recognized by the Alabama DOL. If a nonrenewal is reported, the transaction will be available through POC.

**POC Data Reporting Requirements**

**Data Elements:**

- Industry Code—Prefers a valid North American Industry Classification System (NAICS) code (2002, 2007, 2012, or 2017 codes)
- Deductible Data Elements—when a policy covers Alabama and the coverage is written under a deductible program, Record Type 43—Deductible Endorsement must be reported with the State Code 03 and the following elements:
  - Losses Subject to Deductible Code
  - Basis of Deductible Calculation Code
  - Deductible Amount Per Claim/Accident
- Refer to the POC Data Element Requirements Chart located in NCCI's *Policy and Proof of Coverage (POC) Reporting Guidebook* for all requirements

**Address Reporting—No Physical Location:**

- When there is no physical location in the state, Alabama will accept Employer Names linked to:
  - Address Type 6—No Physical Location
  - Address Type 2—Location of Operations with an Out-of-State Address reported with State Code Link 01
  - An out-of-state address is preferred

**State Processing Exceptions:**

- None

**POC Penalties and Appeals**

POC Fines: No fines are assessed for late reporting or missing POC data.

Appeals: No appeals process is in place because no POC fines are being assessed.

## DATA TIP

### Pool Data Large Loss Reporting

Pool data is quarterly financial and actuarial data for the residual market. This data is reported by servicing carriers of the NCCI-managed reinsurance pooling mechanisms.

Residual Market Large Loss (LGL) data is reported on a quarterly basis and has established paid and incurred thresholds for reporting (\$100,000/\$250,000 single claim or \$200,000/\$500,000 multiclaim). Here are some key points to remember:

- If a previously reported LGL claim falls below the threshold in a subsequent quarter, the claim is no longer required in the LGL data
- If this same claim goes above the threshold in the future, it would be required in the LGL data


For more information, refer to the [Pool Data Reporting Guidebook](#).

## DATA TIP

### Financial Calls

Did you know that starting with the 2018 Financial Call reporting season, large deductibles must be included, for all states, in Call #31 (Large Loss Catastrophe Call) and Call #33 (Virginia Coal Mine Large Loss and Catastrophe Call)?

When reporting large loss claims with large deductibles, Market Type 2 must be selected.

 **Financial Data Collection**

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State: **OKLAHOMA** Carrier Group: **45856-NCCI TRAINING COMPANY**  
Valuation Date: **12/31/2018** Call: **31 Large Loss and Catastrophe Call**

[Return to Search Results](#)

Header Unfixed

For Large Deductible  
Market Type = 2

Claim Number	Policy Number	Cat Nbr	Mkt Type	Policy Date	Accident Date	Clim Stus	Accumulated Paid Losses		Case Outstanding		Defense and Cost Containment Expense	
							Indemnity	Medical	Indemnity	Medical	Accumulated Paid	Case Outstanding
456	654	0	2	02/01/2016	05/01/2016	0	280,000	425,000	600,000	800,000	25,000	50,000
123	321	0	3	01/01/2017	03/01/2017	0	500,000	600,000	250,000	300,000	35,000	5,000

Market Type: 0 - Assigned Risk, **2 - Large Deductible**, 3 - Voluntary Claim Status: 0 - Open, 1 - Closed, 2 - Re-Opened

For more information, refer to Circular CALLS-2017-01 or the [Financial Call Reporting Guidebook](#).



## DATA TIP

### Data Transfer via the Internet

Did you know that in July 2018, NCCI enhanced **Data Transfer via the Internet (DTVI)** and its **File Tracking** feature? These enhancements make **DTVI** your one-stop shop for sending, receiving, and monitoring data files sent between you and NCCI.

File Type	File Name	Transfer Type	Transfer Date	Byte Count	Download
Policy	policy_2021985.txt	Receive	10/25/2018 5:01:04 AM	13,590	Download
Policy	policyDEPSCENARIO2019_20181024_110546306158675.txt	Send	10/24/2018 11:05:46 AM	9,731	Download

The tool upgrade includes:

- A single screen for sending and receiving data files to and from NCCI
- System alerts and enhancement pop-up messages
- File Tracking
- File Tracking Summary views for files sent and received from NCCI

To learn more about **DTVI**, view our [Webinar on Demand, Data Transfer via the Internet—Overview](#), in the [Learning Center](#) on [ncci.com](#).

## DATA TIP

### Unit Statistical Reporting—When Subrogation Does Not Apply

NCCI's **Statistical Plan** (Part 4-A) outlines specific conditions that allow a claim to be reported with reduced loss amounts, including subrogation recoveries.

Premium reduction companies may offer payments to carriers, with the intent that the payments be applied as loss reductions to claims and for corrections to be reported to NCCI with reduced claim amounts.

The underlying goal of this practice is to lower an employer's experience rating factor and/or reduce the employer's premium by applying the reduced losses. These payments are not subrogation recoveries and must not be applied as reductions to the claim.

For examples of loss reduction reporting, refer to [Circular UNITS-2013-02](#).






## DATA TIP

### Carrier Report Card Time Is Almost Here!

The 2018 preliminary **Carrier Report Card** will be released on January 25, 2019. You have a month to review the results and confirm the data executive role on file with NCCI. The final **Carrier Report Card**, with your data reporting grade, will be released on February 25, 2019, to the data executive role, with copies to data managers and the Financial Call actuaries.

Did you know that you can start monitoring your 2019 reporting performance in February by viewing the monthly **Carrier Report Card** in the **Data Manager Dashboard**? The monthly **Carrier Report Card** is updated on the second of each month and provides a view of your performance throughout the year.

 **Data Manager Dashboard**

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Available Report Cards

[2018 Monthly](#)

[2017 Final](#)

2018 Monthly Carrier Data Quality Report																
Company Specific Data Availability Results - Data Received or Due in 2018																
Carrier Group Code: 45856 - NCCI TRAINING COMPANY																
State	Financial Data						Unit Statistical Data			Policy Data			Detailed Claim Information			
	Evaluates financial call data due in 2018						Evaluates 1st through 10th unit reports due in 2018			Evaluates policies received in 2018			Evaluates Valuations due in 2018			
	Timeliness			Quality Tier I			Availability			Timeliness			Timeliness			
	# Expected Calls	Average Days Late	Grade	# Calls Received	Average # Fined Edits	Grade	# Units Expected	% Available On Time	Grade	# Policies Received	% Received Within 60 Days	Grade	# Expected 18 Month Valuations	% On Time**	# Expected > 18 Month Valuations	% On Time**
OVERALL	7	0.0	A	7	0.0	PASS	29	0.0%	F	57	87.7%	C	0	-	0	-
Alabama	4	0.0		4	0.0		1	0.0%		0	-		0	-	0	-
Arizona	0	0.0		0	0.0		1	0.0%		0	-		0	-	0	-
Arkansas	3	0.0		3	0.0		0	-		2	0.0%		0	-	0	-
Colorado	0	0.0		0	0.0		22	0.0%		2	0.0%		0	-	0	-
District of Columbia	0	0.0		0	0.0		0	-		1	0.0%		0	-	0	-
Florida	0	0.0		0	0.0		1	0.0%		52	92.3%		0	-	0	-
Georgia	0	0.0		0	0.0		0	-		2	0.0%		0	-	0	-
Hawaii	0	0.0		0	0.0		0	-		26	100.0%		0	-	0	-
Idaho	0	0.0		0	0.0		1	0.0%		0	-		0	-	0	-
Illinois	0	0.0		0	0.0		1	0.0%		1	0.0%		0	-	0	-
Kansas	0	0.0		0	0.0		1	0.0%		0	-		0	-	0	-
South Carolina	0	0.0		0	0.0		0	-		4	50.0%		0	-	0	-
Vermont	0	0.0		0	0.0		1	0.0%		0	-		0	-	0	-
Virginia*	0	0.0		0	0.0		0	-		2	0.0%		0	-	0	-



**National Council on Compensation Insurance**

901 Peninsula Corporate Circle

Boca Raton, FL 33487-1362

800-NCCI-123 (800-622-4123)

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