Objectives

To provide an understanding of the importance of Financial Call data validation, discuss other validation tools and methods used, and review the potential impact of Data Quality Compliance Programs
Agenda

• Introduction to Validation
  • Use of data
  • Call relationships
• Editing
  • Overview
  • Edit validation
  • Working examples
• Other Validation Tools
• Data Quality Compliance Impact—Reporting Issues
Use of Financial Call Data

- Validation ensures that the financial data is accurate and complete
- Quality Financial Call data is critical:
  - Used for development of adequate loss costs and rates (state rate and loss cost filings)
  - Used to support overall market analysis and research
  - Used to respond to state regulatory requirements

Rate/Loss Cost Filing Components

<table>
<thead>
<tr>
<th>Definition:</th>
<th>Loss Ratios</th>
<th>Development</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ultimate losses divided by ultimate premium</td>
<td>How premium (due to audits), losses, and claim count mature over time</td>
<td>Compares cost of claims between indication period and filing period</td>
</tr>
<tr>
<td>Data used:</td>
<td>Losses/Designated Statistical Reporting Level Premium</td>
<td>Premium, losses, and indemnity claim counts</td>
<td>Premium, losses, and indemnity claim counts</td>
</tr>
<tr>
<td>Data arranged:</td>
<td>Use of policy year or calendar-accident year data</td>
<td>Adjust to ultimate level—including prior row</td>
<td>Adjust to ultimate level</td>
</tr>
<tr>
<td>How much?</td>
<td>Use of the most recent complete 2–5 years</td>
<td>Up to 6 valuations</td>
<td>5, 8, or more years</td>
</tr>
</tbody>
</table>
Illustration of Development Factors

Over time, the % of ultimate losses that are paid increases:

Illustration of Trend Factors

Trend compares movements in indemnity and medical costs to movements in payroll.
The Data

- Results of Financial Call data analyses are used for …

- If/when data corrections are in order, the adjustments may be required for …

---

Financial Call Data Relationships

Calls: 16 of the 22 for Data Comparisons

<table>
<thead>
<tr>
<th>Call #</th>
<th>Call Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Calendar Year Call for Workers Compensation Net Direct Written Premium</td>
</tr>
<tr>
<td>1A</td>
<td>Calendar Year Call for Direct Assignment Net Direct Written Premium</td>
</tr>
<tr>
<td>3</td>
<td>Policy Year Call</td>
</tr>
<tr>
<td>3A</td>
<td>Policy Year—Assigned Risk Call</td>
</tr>
<tr>
<td>5</td>
<td>Calendar-Accident Year Call</td>
</tr>
<tr>
<td>5A</td>
<td>Calendar-Accident Year—Assigned Risk Call</td>
</tr>
<tr>
<td>8</td>
<td>Reconciliation Report</td>
</tr>
<tr>
<td>10</td>
<td>Schedule Rating and Other Prospective Premium Adjustments Call</td>
</tr>
<tr>
<td>14</td>
<td>Calendar Year Expense Call</td>
</tr>
<tr>
<td>20</td>
<td>Policy Year Large Deductible Call</td>
</tr>
<tr>
<td>21</td>
<td>Calendar-Accident Year Large Deductible Call</td>
</tr>
<tr>
<td>26</td>
<td>North Carolina Addendum for Calls #3, #5, and #19</td>
</tr>
<tr>
<td>31</td>
<td>Large Loss and Catastrophe Call</td>
</tr>
<tr>
<td>32A</td>
<td>Virginia Coal Mine Policy Year—Assigned Risk Call</td>
</tr>
<tr>
<td>32V</td>
<td>Virginia Coal Mine Policy Year—Voluntary Call</td>
</tr>
<tr>
<td>33</td>
<td>Virginia Coal Mine Large Loss and Catastrophe Call</td>
</tr>
</tbody>
</table>
Financial Call Data

Call Relationships

<table>
<thead>
<tr>
<th>Call Number</th>
<th>Validated Against Call(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1A</td>
</tr>
<tr>
<td>3</td>
<td>3A, 5, 10, 26, 31</td>
</tr>
<tr>
<td>3A</td>
<td>3, 5A, 31</td>
</tr>
<tr>
<td>5</td>
<td>3, 5A, 8, 26, 31</td>
</tr>
<tr>
<td>5A</td>
<td>3A, 5, 31</td>
</tr>
<tr>
<td>8</td>
<td>5, 21</td>
</tr>
<tr>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td>14</td>
<td>26</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Call Number</th>
<th>Validated Against Call(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>21, 31</td>
</tr>
<tr>
<td>21</td>
<td>8, 20, 31</td>
</tr>
<tr>
<td>26</td>
<td>3, 5, 14</td>
</tr>
<tr>
<td>31</td>
<td>3, 3A, 5, 5A, 20, 21</td>
</tr>
<tr>
<td>32A</td>
<td>33</td>
</tr>
<tr>
<td>32V</td>
<td>33</td>
</tr>
<tr>
<td>33</td>
<td>32A, 32V</td>
</tr>
</tbody>
</table>

Point in the Workflow

In using the recommended Financial Data Reporting Workflow:

- Review and update Deviators' Loss Cost Multiplier Information
- Create Financial Calls and Self-Audit Form
- Validate Financial Call data
  - Review Edit Log
    - Are there edits requiring correction or explanation?
      - Yes
        - Correct current Financial Call data and, if applicable, up to five previous valuations
      - Or
        - Provide explanations
    - No
      - Submit Financial Call data
What Are Edits?

- NCCI’s Editing Process Helps to Ensure That Submitted Data:
  - Is consistent with reporting requirements
  - Meets established quality standards
- Editing Is Performed on:
  - Each Financial Call
  - All columns of data
  - Each state
How Do Edits Work?

Edit tests look for:
• Incorrect arithmetic
• Data entry errors
• Significant increases or decreases reported from one valuation to the next

They check and compare:
• Values against expected ranges
• Totals between columns or rows on Calls
• Fields that relate to one another

What Do Edits Check?

<table>
<thead>
<tr>
<th>Premiums:</th>
<th>Losses:</th>
</tr>
</thead>
<tbody>
<tr>
<td>– Premium Development</td>
<td>– Loss Development</td>
</tr>
<tr>
<td>– DSR Level Premium</td>
<td>– Loss Ratios</td>
</tr>
</tbody>
</table>

Data Components

<table>
<thead>
<tr>
<th>Claim Counts:</th>
<th>Expenses:</th>
</tr>
</thead>
<tbody>
<tr>
<td>– Claim Count Development</td>
<td>– Defense and Cost Containment Expense (DCCE) Development</td>
</tr>
<tr>
<td>– Frequency</td>
<td>– Severity</td>
</tr>
</tbody>
</table>
Edit Information

• Financial Data Collection

<table>
<thead>
<tr>
<th>Edit</th>
<th>Applicable Values</th>
<th>Edit Description (Displayed on Edit Log)</th>
<th>Missing Inter</th>
<th>Critical</th>
<th>RQMT</th>
<th>Change Effective Date</th>
<th>Edit Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>011</td>
<td>Negative includes row Z)</td>
<td>Earnings not calculated accurately (negative, inter) Call (EI) outstanding, please correct data</td>
<td>Yes</td>
<td>Yes</td>
<td>12/11/2013</td>
<td>Updated the edit description</td>
<td></td>
</tr>
</tbody>
</table>

Critical Edits—Address These First!
Edit Types

**Intra-Call Edits**

- Comparisons within same Call—Ratio and Severity edits
- Compare same Call across valuations—Development edits

**Inter-Call Edits**

- Comparison of common components across Calls
- Flag on both of the Calls being compared
Pre-Submission Edits

Pre-Submission Validation of Edits:

• Reporting Workflow
  • Create all Calls for a state
  • Validate all Calls for a state

• Addressing the Edits
  • Correct data—Explanations
  • Incorrect data—Corrections

Post-Submission Edits

Post-Submission Validation Edits:

• If there is incorrect data on a cross-Call edit, which Call needs correction?

• After submitting corrections, always check for new edits

• Address new Inter-Call edits subject to the Aggregate Data Quality Incentive Program (ADQIP) that flag as a result of a correction within five business days

• Does an edit explanation need to be updated to reflect the changes from a correction submission?
Edit Explanations

Edit explanations should:

• Include confirmation that the data is correct
• Include detailed information
• Address all components in the Edit Description

Edit Corrections

Some common issues where Call corrections may be necessary:

- Typo
- Reported to wrong state
- Incorrect handling of data component
- Math/compilation error
Edit Corrections

If corrections are required:

- Is the issue isolated to one state or is it global in nature?
- Which Calls are affected?
- Which valuations are affected?
- Which policy and calendar-accident years are impacted?
- Don’t lump those calendar year corrections!

What Does Your Edit Log Indicate?

- High volume of edits
- High volume of a certain edit
- General patterns in the edits
Edit Examples

Example

Edit type and description

• Additional information/assumptions
  • Multiple
  • Choice
  • Answers
Edit Examples

Example
Loss Development: Large increase in Medical Paid losses for PY 2011 from the prior to the current valuation in the amount of $1.2 million.

- Source data is correct; large increase in medical paid during year for claim #W123
  A. Explanation: “Claims are correct as reported”
  B. Correction: Reducing losses
  C. Explanation: “Losses verified to be correct; development due to large payment of $1 million made on claim #W123 during the year”

Example
Claim Severity: Checks the ratio of claims to losses in a given observation year.

- Edit is flagging for low severity. Losses confirmed correct; indemnity and medical-only claims are being included in claim count.
  A. Correction: Decrease claims
  B. Explanation: “Losses and claims are verified to be correct”
  C. Correction: Remove medical-only claims
Edit Examples

Worksheet Example #1

Loss Ratio: Checks the ratio of losses to premium in a given observation year.

• Edit is flagging for a high ratio. Losses and premium are confirmed correct from source data.
  
  A. Correction: Decrease losses
  
  B. Explanation: “Losses and premium are correct; large claim #C4321 with incurred losses of $2.2 million causes high ratio”

  C. Correction: Increase premiums

Edit Examples

Worksheet Example #2

Accident Date Outside Expected Range: Compares the Accident Date and Policy Effective Date for a claim reported on Call 31.

• PED is 10/1/2012 and the Accident Date being used is 12/1/2013, but source data shows 12/1/2012 is the correct Accident Date

  A. Correction: Change Accident Date to 12/1/2012
  
  B. Explanation: “I will review this later and get back to you”

  C. Explanation: “It is only 14 months from the PED—we believe it is probably correct”
**Edit Examples**

**Worksheet Example #3**

Assigned Risk (Call 5A) Indemnity Case > Statewide (Call 5) Indemnity Case.

- Both case amounts verified as correct. Voluntary claim #S904 has a large anticipated recovery.
  
  A. Explanation: “Indemnity Case amounts are correct; anticipated recovery of $500,000 for voluntary claim #S904 included on Call 5, but not Call 5A”
  
  B. Correction: Reduce Call 5A Case amount
  
  C. Explanation: “Anticipated recoveries”

**Worksheet Example #4**

Premium Development: DSR premium development outside of expected range for given policy year.

- All components and calculations for DSR premium were verified as correct. An audit was completed for the flagged policy year.
  
  A. Correction: Reduce prior valuation DSR premium amount
  
  B. Correction: Increase current valuation DSR premium amount
  
  C. Explanation: “Premium is correct; development is due to an audit completed this year”
**Edit Examples**

**Worksheet Example #5**

Claim Count Development: Claim count development outside of expected range for Policy Year 2012.

- Source data indicates counts are correct for both valuations. You write a lot of policies with December effective dates in this state.
  
  A. Explanation: “Claims are correct; some claims from December-effective policies were not reported to us as of 12/31/2012”
  
  B. Correction: Add claims to Policy Year 2012 for the prior valuation
  
  C. Correction: Add claims to Policy Year 2013 for the current valuation

**Worksheet Example #6**

Calendar Year DSR premium amounts differ. PY Call Line Z does not equal CY Call latest observation.

- A correction to PY 2013 DSR premium was just submitted to Call 3, which updated the Line Z amount on the Call. The corrected amount was verified to be accurate.

  A. Explanation: “Call 3 DSR premium is correct”
  
  B. Correction: Correct Line Z on Call 3
  
  C. Correction: Correct the latest observation year on Call 5
Notifications

Edit Notifications in **Financial Data Collection**:

- Necessary when edit explanations are:
  - Missing
  - Incomplete or vague
    (example: “Data is correct”)
- Explanation advises that the current valuation or prior valuation was reported incorrectly
What Do You Recall?

True Concept About Call Relationships?

A. Call Relationships determine Trend Factors  OR  B. Many of the Financial Calls are validated against one or more other Financial Calls  OR  C. The data reported on a given Financial Call is always independent of any other Financial Call
What Do You Recall?

True Concept About Financial Call Editing?

A. Critical Edits only invoke when a Call has 10 or more edits

B. Edits do not check the math of the Financial Call data reported

C. Always check for new edits after submitting a Call correction

OR

A. When explaining an edit, provide details like amounts and Claim Numbers

B. It is acceptable to submit Calls with unexplained edits as long as you explain them later

C. If an edit invokes, as long as you have verified the data is correct, no other explanation is necessary
What Do You Recall?

True Concept About Financial Call Editing?

A. Address edits that invoke in the pre-submission phase before actually submitting the Calls

OR

B. Wait until you submit your Financial Calls to address edits

OR

C. Creating, validating, and submitting all Call 3’s together follows the Workflow

What Do You Recall?

True Concept About Financial Call Edit Notifications?

A. Edit Notifications are sent via US Mail

OR

B. It is not necessary to click the respond to notification box when finished

OR

C. NCCI actuaries can create and send “custom” edit notifications for Call data
Other Validation Tools

- NAIC Annual Statement Reconciliation
- Cross-Data Type Comparisons
- Actuarial Inquiries
- Self-Audit Form
Reconciliation—
NAIC Annual Statement

A process of comparing the Financial Call data (premiums, losses, and expenses) to your NAIC Annual Statement:

• Call #1—Direct comparison of premium
• Call #8—Comparison of all financial data components, with details about differences between sources

Cross-Data Type Comparisons

Fin/Stat:

• A process of comparing the Financial Call data (premiums, losses, and claim counts) to the Unit Statistical data
• Compares a carrier’s most recent Policy Year Call (Call #3) data submissions to the Unit Statistical data reported through the date the analysis is run
  • Example: Financial data valued at 12/31/2014 compared to Unit Statistical data reported through the date of the Fin/Stat run
• Includes a policy list of units used in the comparison
Comparable Unit Statistical Data

Fin/Stat—To ensure unit data is comparable to financial data:

- Exclusions are considered (large deductible, F-Class, etc.)
- Loss information—pulled by report level most closely matched to Call observation
- Other adjustments as needed; e.g., Kentucky losses on the Financial Calls are net of the deductible (instead of gross as in all other states)

Criteria for Performing the Analysis

- Significant state market share
- Data Quality issues identified—Prior or current reporting season
- Patterns with Financial data edits in Financial Data Collection
- Unacceptable/vague edit explanations
Fin/Stat Discrepancy Follow-Up

Financial data vs. Unit Statistical data: Policy Years 2008–2012
Financial Data Valuation 2013 (Call 3—Policy Year Call): Submissions through 04/01/2014
Unit Statistical data: Data available through 04/01/2014

Considerations for questioning a Fin/Stat:
- Large dollar or percentage differences
- Volume of data
- Patterns across states and/or policy years
- Previously identified or suspected data issues

Resolving Fin/Stat Discrepancies

1. Research data and analyze policy list
2. Determine if discrepancy is due to financial data or unit data issue
3. Inform NCCI of findings—impacted states, Calls, valuations, policy/calendar years
4. Provide a list of all policies that require corrections (unit issues)
5. Submit corrections to appropriate data type or provide explanations
Large Loss Claim Edit

Edit Details
- Claim: 3156
- Observations: 12/21/2013
- Type: Original

Description: There is a loss of large claim in the prior valuation that is not reported in the current valuation. Please correct the data or explain.

Large Loss Claim Review

Financial to Unit Analysis:
NCCI compares Financial Call 31 to losses reported on the units

- Check for consistent reporting across both data types—looking at claim numbers, policy numbers, accident dates, loss amounts
Resolving Large Loss Reviews

Review necessary claims in **Financial Data Collection** and in Unit Statistical data

Identify any inconsistencies for the claims across valuations on the Calls or between Financial Call and unit data, and inform NCCI of your findings

If needed, make corrections to the appropriate Calls or units

Respond to the Large Loss Review spreadsheet with all necessary explanations and resolution activity

Actuarial Inquiries

Premium Analysis—Comparison of DSR Level Premium or Company Standard Premium between Financial Calls and Unit Statistical data

<table>
<thead>
<tr>
<th>Policy Year</th>
<th>PY Call</th>
<th>Unit Stat</th>
<th>Diff</th>
<th>% Diff</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>15,000,000</td>
<td>14,995,000</td>
<td>5,000</td>
<td>0.0%</td>
</tr>
<tr>
<td>2010</td>
<td>18,000,000</td>
<td>15,001,000</td>
<td>2,999,000</td>
<td>20.0%</td>
</tr>
<tr>
<td>2011</td>
<td>20,000,000</td>
<td>20,050,000</td>
<td>-50,000</td>
<td>-0.2%</td>
</tr>
<tr>
<td>2012</td>
<td>21,500,000</td>
<td>24,000,000</td>
<td>-2,500,000</td>
<td>-10.4%</td>
</tr>
</tbody>
</table>
Actuarial Inquiries

- Loss Development—Development of losses (Indemnity and/or Medical) across valuations on the Financial Calls
- Claim Development—Development of indemnity claim counts across valuations on the Financial Calls
- General questions relating to any aspect of financial data reporting
- 8000 series edits

Resolving Actuarial Inquiries

Review information provided by your Financial Data Validator or in the **Financial Data Collection** system on an 8000 edit

Inform NCCI of your findings and any planned correction activity needed in response to the inquiry

Make corrections as needed to your Financial Calls

Respond to your validator or the edit with any relevant details regarding your explanation or correction for the inquiry
Self-Audit Form Analysis

Comparison of Self-Audit Form information to Financial Call data reported

- Reviewed for consistency
- Compared to prior valuation
- If Call corrections are submitted to address an issue, ensure that any corrections needed to Self-Audit Form are submitted
# Self-Audit Form

Utilized during validation process

To verify and confirm Financial Call components

Provides NCCI with information to facilitate validation

## Self-Audit Form to Call 8 Comparison

### Part 1—Self-Audit Form—Checklist

<table>
<thead>
<tr>
<th>#</th>
<th>Item</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Large deductible experience is excluded (Reporting Guidebook, Part 6, #7)</td>
<td>Confirmed Review</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>#</th>
<th>Item</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>F-class experience is excluded (Reporting Guidebook, Part 6, #7)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>#</th>
<th>Item</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Large deductible experience is excluded (Reporting Guidebook, Part 6, #7)</td>
<td>Does Not Apply</td>
</tr>
</tbody>
</table>

If Experience Is Relevant and Verified

If Experience Is Not Relevant

## Data Reported to NCCI

<table>
<thead>
<tr>
<th>#</th>
<th>Item</th>
<th>$ amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Industrial Classifications, including large deductible policies on a net basis</td>
<td></td>
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</tbody>
</table>

## Reconciliation Items

<table>
<thead>
<tr>
<th>#</th>
<th>Item</th>
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</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>F-Classifications, including large deductible policies on a net basis</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Maritime and other FICA classifications, including large deductible policies on a net basis</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Underground coal mine, including large deductible policies on a net basis (normal exception)</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>National defense projects, including large deductible policies on a net basis</td>
<td></td>
</tr>
</tbody>
</table>

**Large Deductible Policies on a Net Basis - Industrial Classifications**

State: Valuation Date: 12/31/2014

Carrier Group: Call: 8 Reconciliation Report
Self-Audit Form to Unit Data Comparison

Comparing Item #24 to Unit Data:
Were there any Schedule Rating statistical codes reported on unit data?

Self-Audit Form—Provide Details
Part 2—Self-Audit Form—Additional Details
Provide the details ... Questions 1, 2, and 3:

- Method used for DSR calculations
- If reporting differences (financial and unit) or data issues are identified:
  - State the volume of the issue
  - Identify states, observations, and valuations impacted
- What are the plans to correct the issue?
NCCI May Follow Up

Self-Audit Form responses are handled much like edits, if...

• Explanations or comments on the form are incomplete or vague
• The form indicates that the current valuation or prior valuations were reported incorrectly

Questions and Answers

• What type of premium on the Financial Calls is compared to your NAIC Annual Statement premium?
• What two data types are looked at in a Fin/Stat analysis?
• What two data types are looked at in a premium analysis?
Data Quality Compliance Programs

Purpose:
Recognize the importance of timely, accurate, and verified data

- Data is used to develop NCCI’s state rate and loss cost filings
- Inaccurate data may have an impact on the rates and loss costs
Data Quality Compliance Programs

Applicable to Financial Calls:

- Acknowledgment Process (Form)
- Self-Audit Program (Form)
- Aggregate Data Quality Incentive Program (ADQIP)
- Carrier Data Quality Report Program (Report Card)
- Data Quality Remediation Program

Data Quality Forms—Impact

Submission of Quality Forms:

- **Acknowledgment Form**
  - For carriers required to report the Financial Calls due by April 1 (ratemaking Calls)

- **Self-Audit Form**
  - For carriers required to report Calls #3 and #5

- Both quality forms have timeliness impact for the *Aggregate Data Quality Incentive Program (ADQIP)*
ADQIP—Impact

• The **Aggregate Data Quality Incentive Program (ADQIP)** has timeliness and quality components

• **ADQIP** applies in all states where NCCI is the statistical agent for Financial Calls

<table>
<thead>
<tr>
<th>Quality and Timeliness</th>
<th>Timeliness Only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy Year Calls: 3, 3A, 20, 32A, and 32V</td>
<td>Quality Forms: Acknowledgment Form and Self-Audit Form</td>
</tr>
<tr>
<td>Calendar Year Calls: 5, 5A, and 21</td>
<td>Premium-Based Billing Call: 1</td>
</tr>
<tr>
<td>Reconciliation Report: 8</td>
<td>Supplemental Calls: 10 and 19</td>
</tr>
<tr>
<td>Large Loss and Catastrophe Calls: 31 and 33</td>
<td>State-Specific Calls: 10T, 14, and 26</td>
</tr>
</tbody>
</table>

ADQIP—Incentive

Incentive of Early Reporting Credits:

• For Calls 3 and 5:
  • Of good quality
  • Submitted early, by March 15 (calculated through March 31)

• Each data Call is considered a submission for the purpose of calculating credits:
  • Per-day credit varies, depending on the data provider’s individual state market share
ADQIP—Assessments

Assessments—To reallocate the impact of late (timeliness) and/or inaccurate (quality) reporting back to those carriers:

<table>
<thead>
<tr>
<th>Timeliness Assessments Basis:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Call/form, per day, per state, based on each carrier’s state market share</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quality Assessments Basis:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Per edit occurrence</td>
<td></td>
</tr>
</tbody>
</table>

Additional assessments apply to uncorrected/unexplained edits, vague/incomplete edit explanations, or edits that require a notification

Report Card Evaluation—Impact

Annual Evaluation—The Carrier Data Quality Report Program (Report Card):

- Applies to ratemaking Calls as expected for each carrier group
- Issued at carrier group level
- A measure of timeliness and quality:

<table>
<thead>
<tr>
<th>Grading:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Timeliness—Grade is based on the average days late (grade of A–F)</td>
<td></td>
</tr>
<tr>
<td>Quality—Grade is based on the average number of errors (grade of Pass or Fail)</td>
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Data Quality Remediation Program—Impact

When a data provider has significant data reporting issues to resolve, the Remediation Program is employed:

- NCCI works with the data provider to meet data reporting standards:
  - Timeline for resolving issues
  - Regular communication between NCCI and the data provider
- Regulatory monitoring/participation, if warranted

Monitoring Your Data

Via the online Data Manager Dashboard on ncci.com

- **ADQIP**—Carriers can monitor Call submissions, timeliness, and quality assessment status
- **Report Card**—Carriers can track their results using the monthly Report Card
Data Availability

Data is considered for use in the rate filings when:

• Financial Calls are submitted and available
  • Edits have been addressed—with corrections and/or complete explanations
  • Actuarial/validation inquiries have been resolved
• Self-Audit Form is completed and submitted
• Acknowledgment Form is received

The above requirements have the potential for escalation if not met.

Data Quality Reporting Issues

If financial data is unavailable and/or quality is poor, it could mean:

• Significant quality ADQIP assessments
• Initiation of a Remediation Program
• Regulatory involvement
• Exclusion of data from rate/loss costs filings
• Additional ADQIP quality assessments:
  • NCCI may charge up to $5,000 per state for any significant data quality issue that is not resolved and results in exclusions from rate or loss cost filings.
Questions and Answers

Q1: This program provides carriers with an incentive to submit Financial Call data in a timely and accurate manner.

A1:

Q2: What are the two key factors (measures) that determine a good data reporting outcome for Financial Calls?

A2:

BonuS Question:

Where can the rules and requirements for reporting NCCI Financial Calls be found?

Answer:
Final Thoughts

- Use of Financial Call Data and Call Relationships
- Editing
- Other Validation Tools
- Data Quality Compliance Program Impact

Financial Data Validation
Thank you for attending!
Supplemental Information
Presenter Biographies

Robin Regester has 20 years of experience in the workers compensation field. She joined NCCI in 1995 and currently works in Data Services, where her responsibilities include supporting data reporting compliance, working with external edit review groups, and industry communications. She serves as the project lead on NCCI’s Financial Call Reporting Guidebook.

Robin holds a bachelor of business administration-business management degree from Florida Atlantic University.

Scott Wendt has been with NCCI since 2005. He joined NCCI as an experience rating analyst, where he produced experience rating modifications and ownership rulings, and processed CCPAP applications, among other duties. In 2008, he joined the Financial Data Validation Team in the Data Quality and Compliance Department, where he is now a senior data analyst. His primary duties include working with carriers on collecting and validating financial data, both internal and external training, and supporting testing and issue resolution for the Financial Data Collection tool.