



NCCI'S 2016 DATA EDUCATIONAL PROGRAM

YOUR BLUEPRINT
for data reporting success

Unit Statistical Data— Loss and Claim Conditions

January 26–29, 2016

Palm Beach County Convention Center
West Palm Beach, FL



Unit Statistical Data— Loss and Claim Conditions

Presented by:

Richard Saltzman and Bruce Hallman

2016 DATA EDUCATIONAL PROGRAM

YOUR **BLUEPRINT**
for data reporting success

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

Objective

Become familiar with Unit Statistical loss reporting
and claim conditions topics.

2016 DATA EDUCATIONAL PROGRAM

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

2



Agenda

1

- Reporting of Losses

2

- Claim Conditions

3

- Loss Limited/Excluded From Experience Rating

4

- Additional Loss Rules

5

- Case Study

2016 DATA EDUCATIONAL PROGRAM

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

3



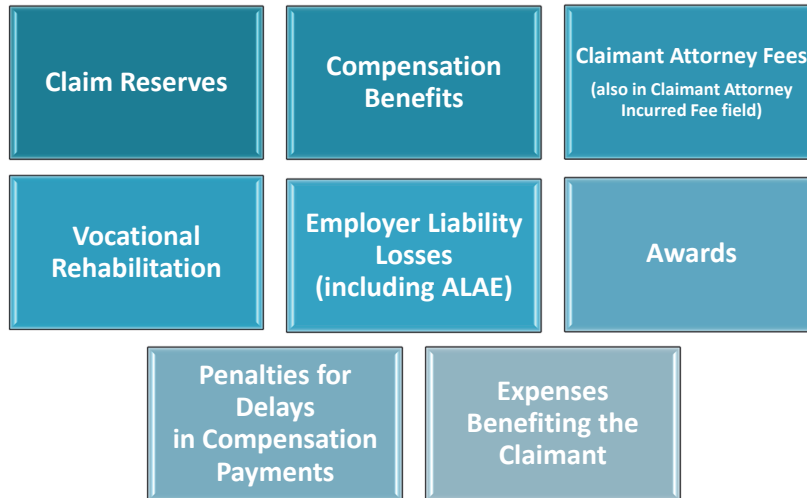
Reporting of Losses

YOUR **BLUEPRINT**
for data reporting success

2016 DATA EDUCATIONAL PROGRAM

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

Indemnity Losses



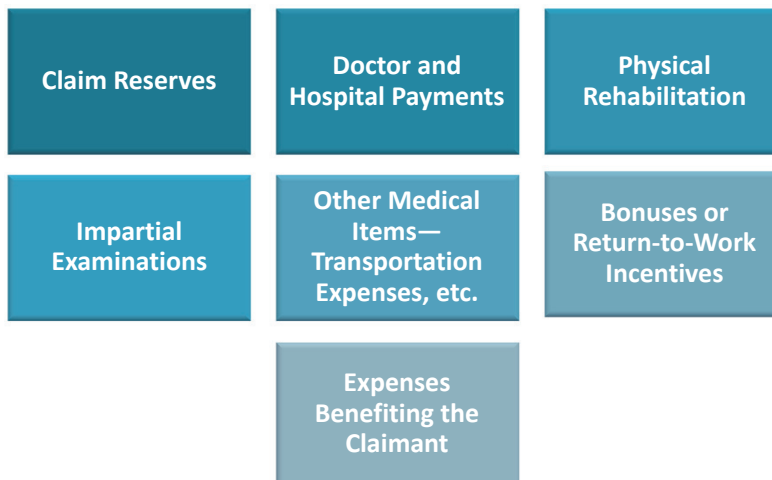
2016 DATA EDUCATIONAL PROGRAM

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

5



Medical Losses



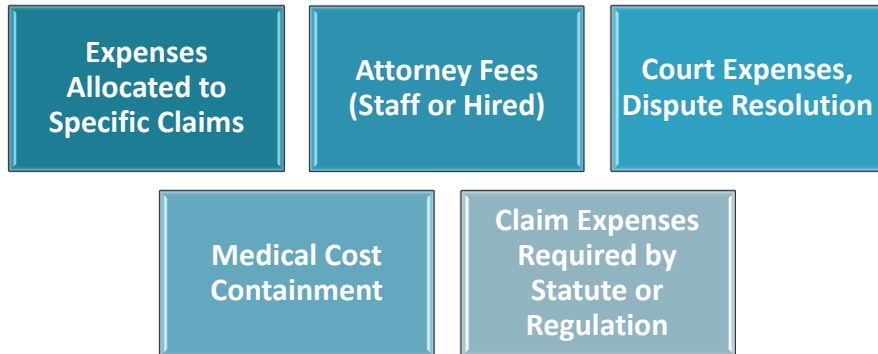
2016 DATA EDUCATIONAL PROGRAM

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

6



Allocated Loss Adjustment Expense (ALAE)



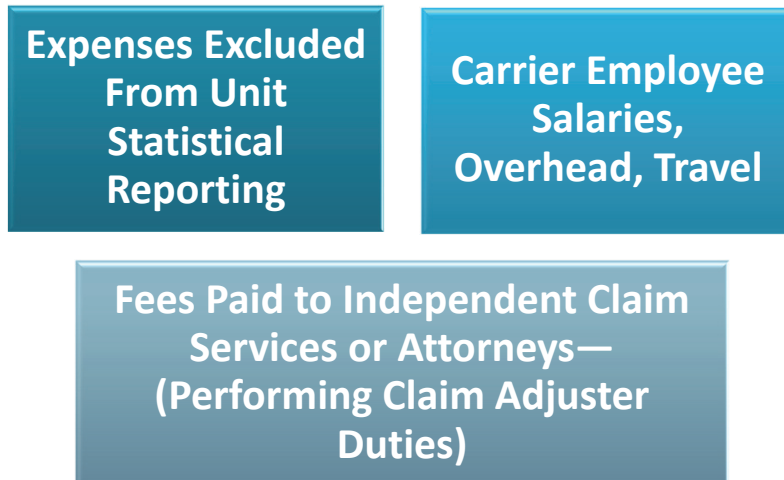
2016 DATA EDUCATIONAL PROGRAM

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

7



Unallocated Loss Adjustment Expense (ULAE)



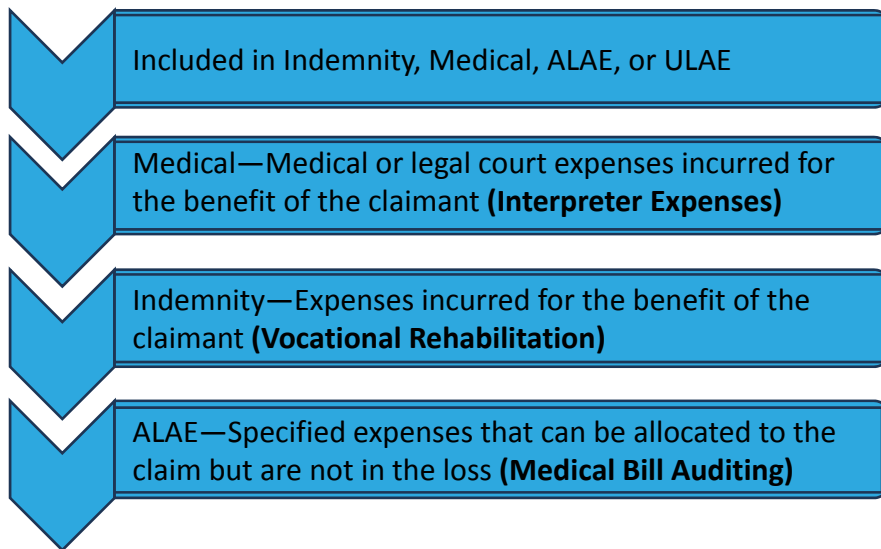
2016 DATA EDUCATIONAL PROGRAM

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

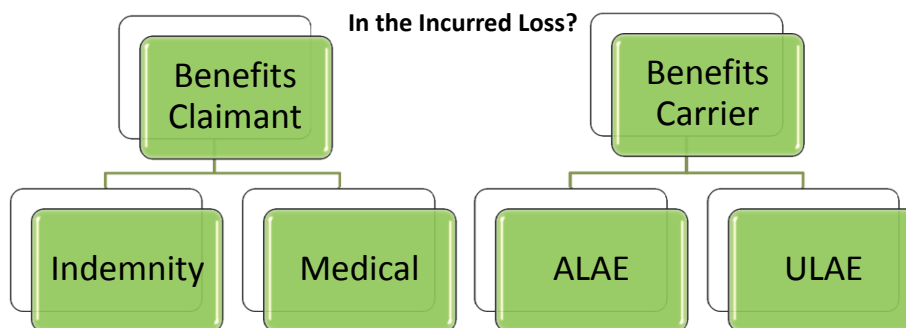
8



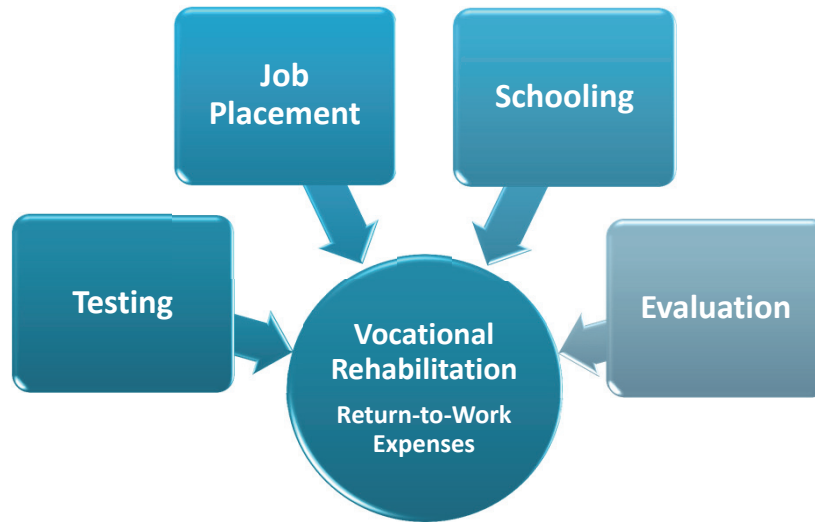
Claim Expenses



Loss/Expenses



Vocational Rehabilitation



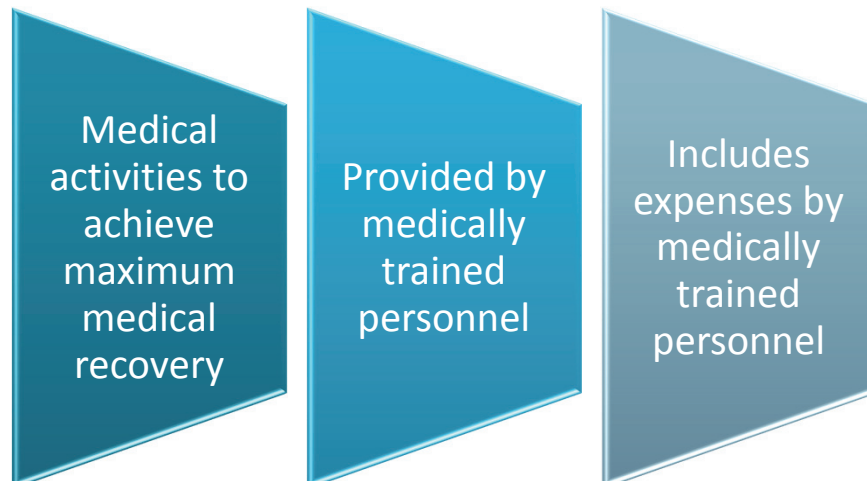
2016 DATA EDUCATIONAL PROGRAM

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

11



Physical Rehabilitation



2016 DATA EDUCATIONAL PROGRAM

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

12



Injury Description Codes

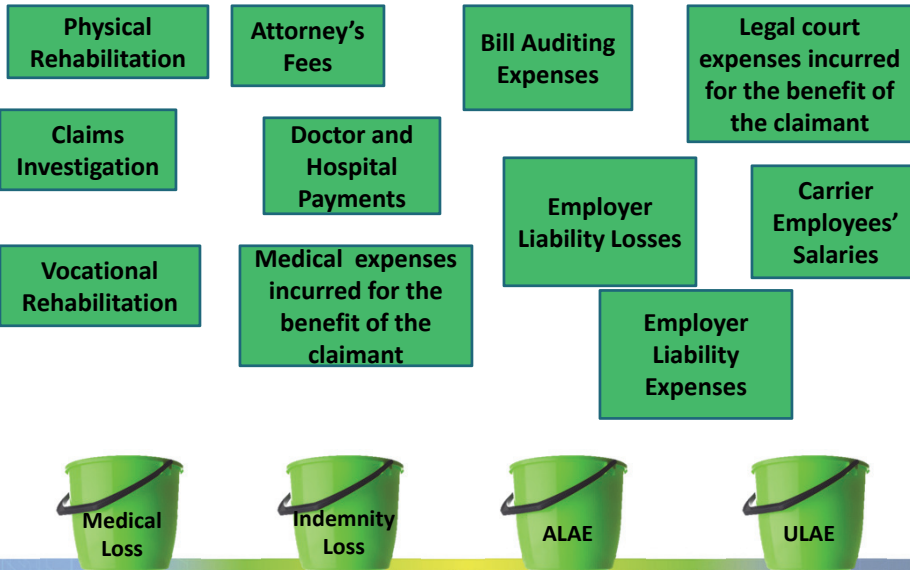
Six-digit field composed of three components:

Part of Body What got injured?	Foot
Nature of Injury What was the result?	Burn
Cause of Injury What caused it?	Fire

Accident Date

Required for All Claims	<ul style="list-style-type: none">• Traumatic, Occupational Disease, and Cumulative Injuries• Consistent throughout life of claim
Traumatic Injuries	<ul style="list-style-type: none">• Actual Accident Date• Within policy period
Occupational Disease and Cumulative Injuries	<ul style="list-style-type: none">• If known—Actual Accident Date• If not known—Last date of exposure to conditions causing the injury

Claim Expense—Pick the Bucket



2016 DATA EDUCATIONAL PROGRAM

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

15



Claim Conditions

YOUR **BLUEPRINT**
for data reporting success

2016 DATA EDUCATIONAL PROGRAM

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

16

Claim Conditions

- Loss Development
- Loss Reduction Conditions
- Loss Limited/Excluded From Experience Rating
- Additional Loss Rules
- Case Study



Loss Development

YOUR **BLUEPRINT**
for data reporting success

Loss Development

- Any changes in loss from one report level to next
 - Indemnity and medical loss reserves
 - Indemnity and medical payments
 - ALAE paid/incurred amounts
 - Change in Injury Type code
- Loss development is on a going-forward basis—
Never submit correction reports



Loss Reduction Conditions

YOUR **BLUEPRINT**
for data reporting success

Loss Reduction Conditions

Subrogation

Special Fund
Reimbursement

Subrogation

The carrier receives a recovery from a third party entity with a legal liability for the claim.

The gross incurred loss must be reduced by the recovery less recovery expenses.

Type of Recovery—Loss Conditions

Code	Description
03	Subrogation Only (Third Party)
04	Subrogation and Second Injury Fund Reimbursement

Subrogation

Determine Total Incurred Loss

$\text{Total Incurred Loss} = \text{Total Incurred Indemnity} + \text{Total Incurred Medical}$

Calculate Net Incurred Cost

$\text{Total Incurred Loss} - (\text{Subrogation Recovery} - \text{Subrogation Expenses}) = \text{Net Incurred Loss}$

Determine Which Units Require Corrections

Compare Net Incurred Loss to previous report levels

When was the recovery received?

2016 DATA EDUCATIONAL PROGRAM

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

23



Subrogation Allocation

Subrogation Allocation Is Known

Allocate to Indemnity and/or Medical, based on the allocation

Subrogation Allocation Is Not Known

Allocate to Indemnity and/or Medical, based on the proportion of original loss amounts

2016 DATA EDUCATIONAL PROGRAM

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

24



Subrogation Reporting

Subrogation Recovery Prior to 1st Report

Include calculated subrogation recovery in claim value

Type of Recovery Code 03 (Subrogation) or 04 (Subrogation and SIF)

Subrogation Recovery After 1st but Before 6th Report

Calculate the Net Incurred Loss (as of latest report level)

Determine if correction reports are needed

Type of Recovery Code 03 (Subrogation) or 04 (Subrogation and SIF)

Subrogation Recovery as of 6th Report

Include calculated subrogation recovery in claim value

Type of Recovery Code 03 (Subrogation) or 04 (Subrogation and SIF)

Subrogation Example

■ Scenario:

- Between the 2nd and 3rd units, carrier receives a subrogation recovery of \$25,000 and expended \$3,000 (expenses)
- Subrogation allocated 50/50 for Indemnity and Medical

■ Action:

- Determine Net Incurred Cost of the claim
- Correction reports apply when Net Incurred Loss < Previously Reported Incurred Loss
- Submit correction(s) as needed

USRG Example: Part 5-H

Subrogation Example

1st Report Fields:

- Incurred Indemnity: \$15,000
- Incurred Medical: \$15,000
- **Total Incurred Loss = \$30,000**
- Paid Indemnity: \$12,000
- Paid Medical: \$13,000

2nd Report Fields:

- Incurred Indemnity: \$35,000
- Incurred Medical: \$25,000
- **Total Incurred Loss = \$60,000**
- Paid Indemnity: \$15,000
- Paid Medical: \$20,000

Correction Report Fields:

- Incurred Indemnity: \$24,000
- Incurred Medical: \$14,000
- **Net Incurred Loss = \$38,000**
- Paid Indemnity: \$4,000
- Paid Medical: \$9,000
- Type of Recovery: 03

USRG Example: Part 5-H

Subrogation Example

Pol Nbr: W123456		Carrier Cd: 99990		Pol Eff Dt: 01/01/07						
Rpt Nbr: 2		Corr Seq Nbr: 1		Exp St: 10						
Update Type		Claim Nbr	Accident Dt	Nbr of Claims	Class Code	Injury Type	Claim Status	Cat Nbr	Jurisdiction St	
P		12345	06/01/07	1	8810	09	0	0	10	
Incurred Indemnity	Paid Indemnity	Incurred Medical	Paid Medical	Paid ALAE	Deductible Reimbursement	Emp Attny Fees Incurred		Cimt Attny Fees Incurred		
35,000	15,000	25,000	20,000	100	00	00		00		
Loss Conditions Code (type of):				Injury Description Code:						
Act	Loss	Recovery	Claim	Settlement	Part	Nature	Cause	Voc Rehab	Lump-Sum	Fraud Claim
01	01	01	01	00	36	40	18	N	N	00
Update Type		Claim Nbr	Accident Dt	Nbr of Claims	Class Code	Injury Type	Claim Status	Cat Nbr	Jurisdiction St	
R		12345	06/01/07	1	8810	09	0	0	10	
Incurred Indemnity	Paid Indemnity	Incurred Medical	Paid Medical	Paid ALAE	Deductible Reimbursement	Emp Attny Fees Incurred		Cimt Attny Fees Incurred		
24,000	4,000	14,000	9,000	100	0	0		0		
Loss Conditions Code (type of):				Injury Description Code:						
Act	Loss	Recovery	Claim	Settlement	Part	Nature	Cause	Voc Rehab	Lump-Sum	Fraud Claim
01	01	03	01	00	36	40	18	N	N	00

USRG Example: Part 5-H

Subrogation Example

Corr Seq Nbr: 1

Corr Type Cd: L

Pol Nbr: W123456	Carrier Cd: 99990	Corr Seq Nbr: 1	Corr Type Cd: L	Pol Eff Dt: 01/01/07
Rpt Nbr: 2	Claim Nbr: 12345	Accident Dt: 06/01/07	Nbr of Claims: 1	Class Code: 8810
Update Type: P	Injury Type: 09	Claim Status: 0	Cat Nbr: 0	Jurisdiction St: 10
Incurred Indemnity: 35,000	Paid Indemnity: 15,000	Incurred Medical: 23,000	Paid Medical: 20,000	Paid ALAE: 100
Loss Conditions Code (type of):		Injury Description Code:		
Update Type: R	Recovery: 01	Claim: 01	Settlement: 00	Part: 36
				Nature: 40
				Cause: 18
				Voc Rehab: N
				Lump-Sum: N
				Fraud Claim: 00
Incurred Indemnity: 24,000	Paid Indemnity: 4,000	Incurred Medical: 14,000	Paid Medical: 9,000	
Act: 01	Lo: 0	Settlement: 00	Part: 36	Nature: 40
				Cause: 18
				Voc Rehab: N
				Lump-Sum: N
				Fraud Claim: 00

USRG Example: Part 5-H

2016 DATA EDUCATIONAL PROGRAM

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

29



What Is Not Subrogation

Firms may offer payments to be applied to reduce the claim cost

These are **not** from a third party with a legal liability for the claim

The intent is to apply the payment to specific claims to reduce the incurred loss

This inappropriately may lower an employer's experience rating factor and/or reduce the employer's premium

Carriers must not apply these payments as reductions to the incurred loss

If losses are inappropriately reduced, correction reporting is required to reinstate the original incurred loss

2016 DATA EDUCATIONAL PROGRAM

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

30



Special Fund Reimbursements

- Claims eligible for carrier reimbursement from a special fund (Second Injury Fund, etc.) require anticipated reimbursement
- The gross incurred loss must be reduced by the anticipated reimbursement

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

Special Fund Reporting

Special Fund Anticipated Reimbursement Prior to 1st Report

Include anticipated reimbursement in claim value

Type of Recovery Code 02 (SIF only) or 04 (Subrogation and SIF)

Special Fund Anticipated Reimbursement After 1st but Before 6th Report

Calculate the Net Incurred Loss (as of latest report level)

Determine if correction reports are needed

Type of Recovery Code 02 (SIF only) or 04 (Subrogation and SIF)

Special Fund Anticipated Reimbursement as of 6th Report

Include anticipated reimbursement in claim value

Type of Recovery Code 02 (SIF only) or 04 (Subrogation and SIF)



Loss Limited/Excluded From Experience Rating

YOUR **BLUEPRINT**
for data reporting success

2016 DATA EDUCATIONAL PROGRAM

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

Losses Limited/Excluded From Experience Rating

- Noncompensable Claim
- Fraudulent Claim
- Catastrophe Number
- Net Deductibles
- Compensation Reimbursements

2016 DATA EDUCATIONAL PROGRAM

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

34



What Is a Noncompensable Claim?

A claim that meets one or more of the following:

- Official ruling denying benefits
- Claimant's failure to file for benefits
- Claimant's failure to prosecute claim following carrier's denial of claim

Noncompensable Claim Reporting

Determined Noncompensable Prior to 1st Report

No claim to report

Determined Noncompensable After 1st but Before 6th Report

Report corrections to applicable units

Do NOT change loss values

Type of Settlement Code 05 (Noncompensable)

Determined Noncompensable as of 6th Report

Do not report corrections

Type of Settlement Code 05 (Noncompensable)

Noncompensable to Compensable Claim Development

- A previous noncompensable claim can develop to become compensable
- This is considered loss development
- Report the change to compensable on a going-forward basis
- Do not submit correction reports going back

Fraudulent Claim

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

Fraudulent Claim Reporting

Determined Fraudulent Prior to 1st Report

No claim to report

Determined Fraudulent After 1st but Before 6th Report

Report corrections to applicable units

Do NOT change loss values

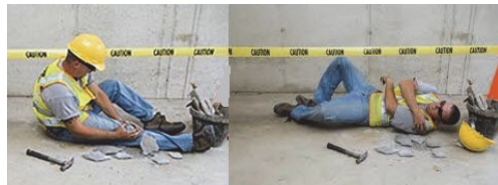
Fraudulent Claim Code 02 (Fully Fraudulent)

Determined Fraudulent as of 6th Report

Do not report corrections

Fraudulent Claim Code 02 (Fully Fraudulent)

Catastrophe Claims (Nonextraordinary Loss)



One employer

One accident involving two or more reportable claims, per state, per policy

- Catastrophe Codes 01 to 10
- Assigned by the carrier

Subject to loss limitation rules

Catastrophe Claims (Extraordinary Loss Event)



- | | |
|--|--|
| <p>Multiple employers</p> <p>A significant loss event that may involve many claims</p> | <ul style="list-style-type: none"> A unique Catastrophe Code (11 to 99) Assigned by the WC bureau for the event Reviewed on a case-by-case basis May be excluded from experience ratings and state loss cost/rates |
|--|--|

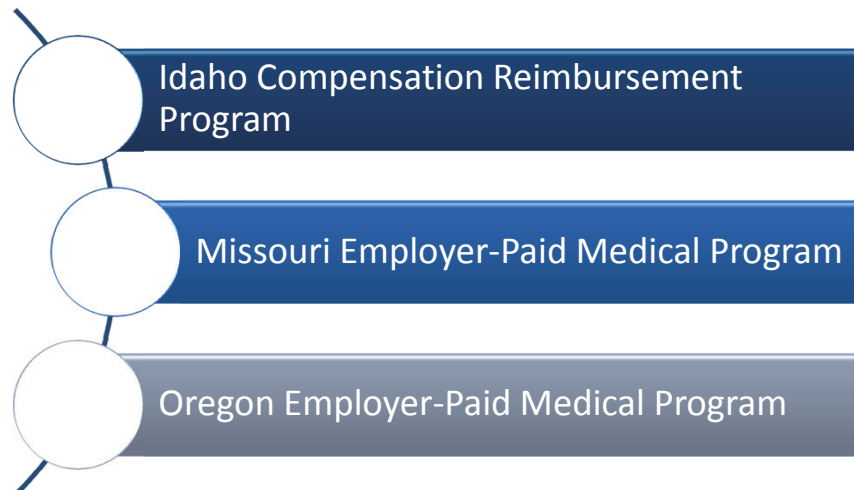
Extraordinary Loss Events

ELE Catastrophe Code	Description
2013	
14	Tornado and storms—OK
98	West Fertilizer plant explosion—TX
2010	
93	Kleen Energy Systems fire and explosion—CT
2009	
77	ConAgra plant explosion—NC
2008	
28	Imperial Sugar Company explosion and fire—GA
2001	
48	Terrorist attacks—DC, NY, and PA
87	World Trade Center rescue, recovery, and cleanup—NY

Net Deductible States

State	Deductible Program	Correction Reports	Reimbursement Cap
AL	Small	No	None
CO	Small and Large	No (Anticipated)	15,500
GA	Small and Large	Yes	2,500
IA	Small	No	None
KS	Small and Large	No (Anticipated)	None
ME	Small and Large	No	5,000
MO	Small and Large	No	None
NM	Small	No	None
OK	Small	No	1,000
SD	Small	No	None

Compensation Reimbursement Programs





Additional Loss Rules

YOUR **BLUEPRINT**
for data reporting success

2016 DATA EDUCATIONAL PROGRAM

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

Additional One Claim Reporting Rules

Accident with losses under both WC and EL with combined loss experience

- Type of Claim Code 03 (WC and EL)
- Accident with losses under State Act benefits only—Report State Act Code 01
- Accident with losses under USL&HW Act benefits only—Report USL&HW Act Code 02
- Accident with losses under both State Act and USL&HW Act benefits—Report Act Code 02 with combined loss experience

2016 DATA EDUCATIONAL PROGRAM

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

46

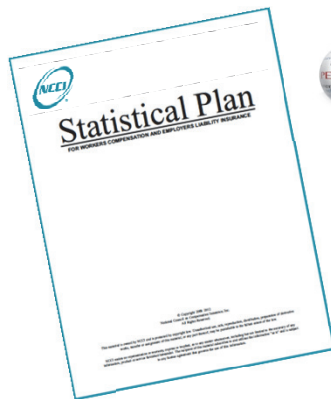


Not Reportable Claim Rules

- Claims closed without any payments and ALAE as of the 1st unit report
- Claims with Accident Dates outside of the policy period and no corresponding exposure—and required to be paid due to an official ruling



Pension Table Overview



Determining the present value of expected lifetime benefit payments



Applies to Death and Permanent Total claims that result in lifetime benefits



Incurred loss = total of all paid and outstanding indemnity and medical amounts as of the valuation date



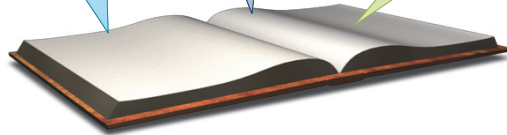
Pension Tables—Statistical Plan

Statistical Plan for Workers Compensation and Employers Liability Insurance—Part 7:

Overview,
Applicability,
Terminology, and
Effective Dates

Pension
Table Usage
Guide

19 Pension
Tables and 4
Examples



Pension Table Information

- Benefit Type (Fatal or Permanent Total)
- Jurisdiction
- State Act or USL&HW
- Accident Date
- Claimant Gender and Age
- Spouse's Age
 - Age at widowhood
 - Attained age
- Weekly Benefit at Injury
- Escalation Rate

Recap

Questions	Answers
Occupational Disease Accident Date if Unknown	Injury Type
Claim outside policy period and no corresponding exposure	Medical Cost Containment
Identifies claimant's benefits	Last Date of Exposure
Physical Rehabilitation	Not Reportable
ALAE	Medical Loss



Case Study

YOUR **BLUEPRINT**
for data reporting success

Case Study—NoLeeks Plumbing



2016 DATA EDUCATIONAL PROGRAM

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

53



Case Study—Reporting the Claim

I'm reporting two claims. Bruce and Richard ran into NCCI Headquarters. The brakes did not work!

NoLeeks has two W/C claims, and the brakes may have been faulty.

I'll provide that info to the insurance company.

OK. I'll let the adjuster know we have a subrogation opportunity.



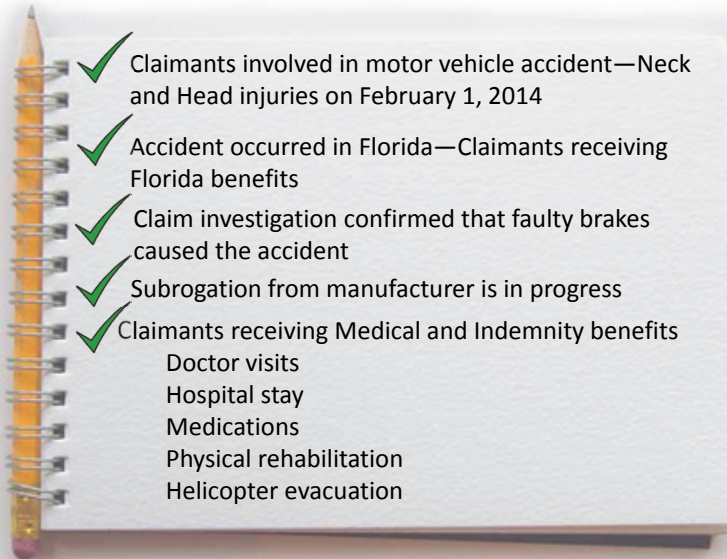
2016 DATA EDUCATIONAL PROGRAM

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

54



Claim Fact Sheet



NoLeeks Plumbing Loss



Since we were both injured in the same accident, is that considered a catastrophe claim?

a. Yes

b. No



NoLeeks Plumbing Loss

I sprained my neck. So what is my Injury Description—Part of Body?

- a. Neck—Soft Tissue (20)
- b. Neck—Vertebrae (21)**
- c. Head—Skull (11)

2016 DATA EDUCATIONAL PROGRAM
© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

57

Carrier Claim System—Richard and Bruce

Claim Components	Richard	Bruce
Injury Type	Temporary Injury	Permanent Partial Injury
Part, Nature, Cause	Head—Soft Tissue, Laceration, Motor Vehicle	Neck—Vertebrae, Sprain, Motor Vehicle
Exposure/Accident State	FL—09	FL—09
Jurisdiction State	FL—09	FL—09
Catastrophe Number	01	01
Wage Loss Benefits	\$10,000	\$30,000
Hospital Payments	\$8,000	\$40,000
Medical Treatments	\$5,000	\$20,000
Physical Therapy	\$0	\$15,000
Helicopter Evacuation	\$10,000	\$10,000
Subrogation	\$10,000	\$10,000
Subrogation Expenses	\$5,000	\$5,000
Medical Cost Containment	\$2,000	\$5,000
Claim Adjuster Time	5 hours	15 hours

2016 DATA EDUCATIONAL PROGRAM
© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

58

Claim Dollar Mapping—Richard

Claim Mapping—Carrier System to Unit Reporting					
Claim Components	Claim System	Indemnity	Medical	ALAE	ULAE
Wage Loss Benefits	\$10,000				
Hospital Payments	\$8,000				
Medical Treatments	\$5,000				
Physical Therapy	\$0				
Helicopter Evacuation	\$10,000				
Subrogation*	\$10,000				
Subrogation Expenses*	\$5,000				
Medical Cost Containment	\$2,000				
Claim Adjuster Time	5 hours				

*Applied in Net Loss calculation

Loss Reporting—Richard

Claim Status	Injury Type	Accident State	Jurisdiction State	Part of Body	Nature of Injury	Cause of Injury
Closed	TT 05	FL 09	FL 09	Head 18	Laceration 40	Motor Vehicle 50

Act	Type of Loss	Type of Recovery	Type of Claim	Type of Settlement	Incurred Indemnity	Incurred Medical	ALAE
State 01	Traumatic 01	No Recovery 01	WC Only 02	Not Subject 00	\$10,000	\$23,000	\$2,000

Subrogation

Subrogation Recovery	\$10,000
Subrogation Expense	\$5,000

Incurred Loss Calculation

$$\$33,000 - (\$10,000 - \$5,000) = \$28,000$$

Loss Reporting—Richard

Claim Status	Injury Type	Accident State	Jurisdiction State	Part of Body	Nature of Injury	Cause of Injury
Closed	TT 05	FL 09	FL 09	Head 18	Laceration 40	Motor Vehicle 50

Act	Type of Loss	Type of Recovery	Type of Claim	Type of Settlement	Incurred Indemnity	Incurred Medical	ALAE
State 01	Traumatic 01	Subrogation 03	WC Only 02	Not Subject 00	\$8,400	\$19,600	\$2,000

Subrogation

Subrogation Recovery	\$10,000
----------------------	----------

Subrogation Expense	\$5,000
---------------------	---------

Incurred Loss Calculation

$$\$33,000 - (\$10,000 - \$5,000) = \$28,000$$

Injury Description Code—Bruce

Part of Body
What got injured?

Neck

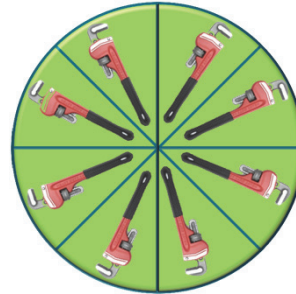
Nature of Injury
What was the result?

Sprain

Cause of Injury
What caused it?

Motor Vehicle

WOBBLY WHEEL GAME



**WE SPIN,
YOU WIN!**

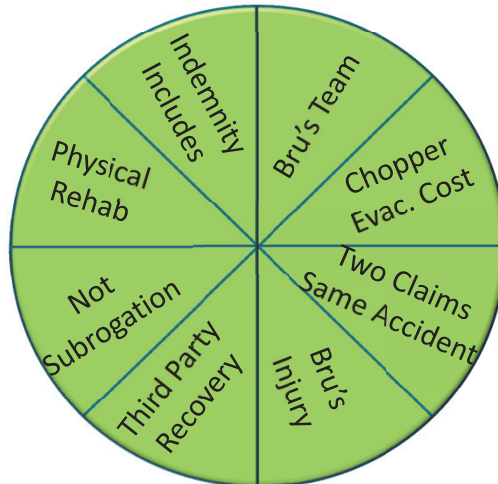
2016 DATA EDUCATIONAL PROGRAM

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

63



WOBBLY WHEEL GAME



Wage Loss Benefits

Philly Eagles

Catastrophe Number

**Achieve Maximum
Medical Recovery**

Neck—Vertebrae

Subrogation

Firm Offering Payment

Medical Loss

2016 DATA EDUCATIONAL PROGRAM

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

64





Thank you for attending.

YOUR **BLUEPRINT**
for data reporting success

2016 DATA EDUCATIONAL PROGRAM

© Copyright 2016 National Council on Compensation Insurance, Inc. All Rights Reserved.

Supplemental Information

Presenter Biographies

Richard Saltzman has more than 30 years of experience in the insurance industry, including 20 years of insurance company experience. Richard works in Data Services, and his responsibilities include data reporting compliance projects, industry communications, and NCCI's data reporting manuals.

Bruce Hallman, AIDM, has worked in NCCI's Data Services Department for 19 years. He is a product support manager, subject matter expert, and the data liaison between NCCI and the independent bureaus. Bruce participates in many projects, including enhancements to Unit and Policy edits. He is actively involved in various industry groups, including the Workers Compensation Insurance Organization, Policy Advisory Task Group, and Advisory Statistical Work Group Committees.

Bruce earned the Associate Insurance Data Manager designation from the Insurance Data Management Association (IDMA). Before joining NCCI, he worked for the Pennsylvania Compensation Rating Bureau.