Unit Statistical Data Reporting 1\textsuperscript{st} Reports

Lesson 1: Overview and Requirements
LESSON 1: OBJECTIVES

• Basic understanding of Worker’s Compensation Unit Statistical Data and what it is used for

• General knowledge of the four key components that comprise a Unit Report

• List the reporting requirements that must be adhered to when reporting unit statistical data, including formats, report due dates, and submission methods

• Define the Unit Report Control (URC) Program and Data Quality Incentive Program
Unit Statistical Data Defined

Unit statistical data is derived from the issuance of workers compensation and employers liability insurance.

**Workers Compensation Insurance** provides coverage for the *statutory* obligation of an employer to provide benefits (e.g., medical, loss of work, rehabilitation, and death benefits) for employees, without regard to negligence, as required by law.

**Employers’ Liability Insurance** provides coverage for the *legal* obligation of an employer to pay damages (other than statutory damages) because of bodily injury due to accident or disease, including resulting death sustained by an employee. Employers’ liability insurance protects the employer against claims for occupational diseases or work-related injuries not covered under state compensation laws.
Unit Statistical Data Defined (Continued)

When workers compensation policies are issued, the exposure and premium are estimated. This estimated exposure and premium information is reported as policy data. Unit statistical data is the audited (actual or estimated) exposure and premium, in addition to the loss information first assessed at 18 months after policy effective date. If the 1st report was originally submitted with estimated payroll, the audited payroll must be submitted by the 22nd month after the Policy Effective Date. The audited payroll would be reported as a correction to the 1st report.

- Premium is the dollar amount charged to the employer for insurance coverage.
- Exposure is the method used to determine how much premium should be charged to the insured. Most often the exposure is the payroll amount, and it is usually based on the employer's actual, rather than estimated payroll.
- Losses are medical and indemnity claims from on-the-job injuries. The claim amounts consist of money already paid to the claimant by the insurance company, including expenses, plus money reserved for future payments. Losses are valued when the dollar amounts of incurred losses are assessed, 18 months after the policy effective date.
Unit Statistical Data Defined (Continued)

Unit statistical data is detailed data reported according to:

- Risk—Employer/Insured
- Exposure State—Where the payroll of the employer’s workers has been assigned
- Policy Period—Time frame of the policy from which the unit statistical data is reported
- Classification Code—Information that identifies the injured worker’s occupation based on the nature of the business of the employer
- Exposure and Loss Act—Laws that determine the type of coverage and under which claim benefits have been assigned

A unit report is the format used to report unit statistical data. Data providers submit unit reports to the statistical agent for that particular state. NCCI is the statistical agent (collects and prepares data for members) for most states, collecting more than 3.9 million unit statistical reports annually.
Industry Role

NCCI plays a critical role in delivering rating organization and/or statistical agent services on behalf of insurance departments, independent bureaus, and NCCI affiliates in nearly 40 jurisdictions. In these jurisdictions, NCCI offers insurers an efficient, effective single point of collection and management of all key workers compensation information.

NCCI operates as a not-for-profit rating, statistical and data management services organization. As the manager of the nation’s largest database of workers compensation information, NCCI collects detailed information on up to 50% of the total workers compensation claims and policies filed in the United States. This data is then used to support the delivery of advisory/rating services, production of experience modifications, administration of residual markets, evaluation of proposed legislative reform, and maintenance of workers compensation plans and rules on behalf of insurers, regulators and employers.
Unit Statistical Data Uses

For NCCI to provide accurate and timely membership products and services, data providers must report quality and timely unit statistical data to NCCI. As a service to NCCI’s affiliates, NCCI collects, processes, and analyzes unit statistical data for:

- Ratemaking—Development of advisory loss costs or rates to be charged for workers compensation insurance
- Experience Rating—Production of experience modification factors based on the relative experience of an insured used to forecast future losses
- Actuarial Analysis—Evaluation of claim costs, frequency, development, and other statistical values
- Other NCCI Products and Services—Development of key services for NCCI affiliates such as ComPoint® service and RiskSnapshot® report
**Reporting Requirements Overview**

Data providers must comply with regulatory requirements for providing workers compensation insurance information to a statistical agent (e.g., NCCI). NCCI’s data providers are the following:

- **Private Carriers**—Insurance companies that issue the policy for the insured (risk/employer)

- **State Funds**—Insurers that are generally operated by state regulation; some funds write insurance in competition with private insurers (competitive); others are in states where competition by private insurers is prohibited (monopolistic)

- **Affiliate Self-Insurers**—Businesses or other entities that set aside an amount of money to provide for losses that would ordinarily be covered under an insurance program; members of NCCI

- **Third Party Administrators (TPA’s)**—Companies that report data on behalf of a coverage provider (e.g., private carrier, state fund, or a self-insurer)
Units are required in all states based on that state's statistical plan. The requirements for reporting unit statistical data to NCCI are outlined in NCCI's *Unit Report Expansion URE Workers Compensation Statistical Plan*: Data providers must report unit statistical data for the following types of policies in compliance with the rules that are filed and approved with the specific states:

- Policies covering NCCI jurisdictions (NCCI states)—NCCI jurisdictions are states in which NCCI’s *Workers Compensation Statistical Plan* applies, which are most states.
- Policies covering some monopolistic fund states with the following coverage:
  - Voluntary Compensation—Law does not require payment of benefits to such employees.
  - Employers Liability—Coverage for the legal obligation of an employer to pay damages because of bodily injury by accident or disease, including resulting death sustained by an employee.
  - U.S. Longshore and Harbor Workers (USL&HW)—Federal law that provides coverage to employees while working on/over U.S. navigable waters.

Note that unit reports are not required for policies that are cancelled flat (effective date of the cancellation is equal to the policy effective date) or for states written on an “if any” basis that do not develop premium.

*All referenced manuals and guides can be accessed via [ncci.com](http://ncci.com).*
Unit statistical data for the following types of policies is required to comply with the independent bureau state’s statistical plan:

- Policies covering independent bureau states for which NCCI serves as a statistical agent—This only applies to North Carolina and Wisconsin. Independent bureau states write and enforce the regulations of their specific state’s workers compensation statistical plan. A statistical agent is the organization that collects unit statistical data for that state.

- Interstate experience rated policies for independent bureau states—This applies to Massachusetts, Minnesota, New York, North Carolina and Wisconsin, which are independent bureau states that participate in NCCI’s interstate (coverage in more than one state) Experience Rating Plan.

Note that unit reports are not required for policies that are cancelled flat (effective date of the cancellation is equal to the policy effective date) or for states written on an “if any” basis that do not develop premium.

Refer to the State Chart at ncci.com for a listing of all states and whether they are NCCI states, monopolistic fund states or independent bureau states.
Media Options

Data providers have two choices of media to submit unit statistical data to NCCI. Data can be transmitted via hard copy or electronically. Electronic submissions are recommended to ensure data quality and timeliness.
Hard Copy and Electronic Submissions

To submit data electronically or on hard copy, you must follow the requirements outlined in the following NCCI manuals:

Workers Compensation Insurance Organizations (WCIO) Workers Compensation Data Specifications Manual contains specifications that provide standard formats for exchanging information to all the data collection organizations and their members.

It also provides the specifications and record layouts, as well as field positions, number of bytes, whether the field allows alpha and/or numeric characters, and if the field is required or optional. This manual is intended for use by all rating organizations. Therefore, certain data elements and requirements do not apply to NCCI or they may be optional.

NCCI’s Electronic Transmission User’s Guide is for electronic submissions only. It provides the requirements for data providers to prepare and submit test and production files to ensure that all connections, data files, and systems are functioning and processing correctly. Refer to NCCI’s Electronic Transmissions User’s Guide (at ncci.com) for details on the available electronic submission methods and certification information.

When submitting unit statistical data, data providers must follow the requirements set forth in the Unit Report Quality User’s Guide and the URE Workers Compensation Statistical Plan.

All referenced manuals and guides can be accessed via ncci.com.
Preferred Submissions Method for Quality Data Reporting

NCCI encourages data providers to submit data electronically rather than hard copy, in order to maintain accuracy and to be able to take advantage of our online data tools and efficient data reporting processes. Reporting electronically gives data providers more flexibility, and it is the most effective method of reporting to achieve accurate and timely data submissions. Data providers have convenient electronic options for accessing, viewing, updating, verifying, and transmitting data quickly. In addition, with electronic reporting there are no costs, errors, or delays associated with hard copy keying.

To submit data electronically to NCCI, the data provider must complete the electronic certification testing process.

Hard copy data submissions are more susceptible to errors, such as missing or illegible information and keying errors, due to manual entry. Data providers who report hard copy must mail unit reports to NCCI’s keying vendor for conversion into an electronic format. Hard copy submissions incur a keying fee for this conversion process.
**DCA Access® Online**

**DCA Access® Online** is NCCI's core Internet-based data tool recommended to assist you in achieving data reporting compliance. This tool allows data providers to view and correct their companies' unit statistical data (and policy data) online. **DCA Access® Online** helps data providers streamline their unit statistical data research and reporting activities with more flexible electronic options for viewing and correcting data. It is free of charge through ncci.com.

**DCA Access® Online** provides the following features:

- Online entry of 1st reports, replacement reports (for data submitted in the Unit Report Expansion [URE] format only), and subsequent reports
- Online corrections to all report levels (1st–10th) and rejected data (not processed to NCCI’s production database)
- Error notification of fields that need corrective action
- Submission tracking of unit reports submitted electronically
- Customized correction files of unit report errors or rejected data

Refer to the **URE Workers Compensation Statistical Plan** for reporting requirements of 6th – 10th reports.
DCA Access® Online (Continued)

*DCA Access® Online* also assists data providers in meeting the criteria for the Data Quality Incentive Program (DQIP) and improving the timeliness of experience ratings by quickly identifying any errors and making online corrections. Separate records of unit statistical data are displayed in *DCA Access® Online* regardless of the method used to submit the data.
Unit Report Components

Data providers submit unit statistical data through a standard format (layout) known as the unit statistical report (unit report). The unit report is composed of four key components of unit statistical data identified below: (1) Policy Information, (2) Exposure Information, (3) Loss Information, (4) Total Information.
Policy Information (Header Information)

Contains key unit statistical data identifying the policy and state for which the data is being reported. The **policy information** also includes the insured’s name and address.

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</tbody>
</table>

**Insured’s Name:**

**Insured’s Address:**

For details, refer to the *Unit Report Quality Users Guide* and *URE Workers Compensation Statistical Plan.*
Exposure Information

Contains key unit statistical data identifying exposures developed and premium paid by the insured to the insurance company. The exposure information may include rateable and non-rateable Classification/Statistical Codes, Exposure, Rates, Associated Premium, Premium Discount, and Expense Constant.

For details, refer to the Unit Report Quality Users Guide and URE Workers Compensation Statistical Plan.
Loss Information

Contains key unit statistical data identifying the amounts incurred (paid plus reserves) for lost wages (indemnity) and medical benefits (medical), in addition to other data elements of the claim. **Loss information** includes Claim Number, Accident Date, Classification Code, Injury Type, Medical/Indemnity Loss, Claim Number, and Loss Condition Codes.

For details, refer to the *Unit Report Quality Users Guide* and *URE Workers Compensation Statistical Plan*.
Total Information

EXPOSURE INFORMATION

<table>
<thead>
<tr>
<th>Expg</th>
<th>Case Code</th>
<th>Exposure Amount</th>
<th>Hours/Week</th>
<th>Premium Amount</th>
</tr>
</thead>
</table>

A. Total Subject Premium
B. Experience Mod (XXX:XX)
C. Total Modified Premium

D.
E.
F.

G. Total Standard Exposure | Total Standard Premium

H. 006   Premium Discount Amt.
I. 0500   Expense Constant Amt.
J.
K.
L.

Contains key unit statistical data identifying the total amount of Exposure, Premium, and Losses (Indemnity and Medical), based on each detailed line submitted.

For details, refer to the Unit Report Quality Users Guide and URE Workers Compensation Statistical Plan.
Reporting Formats

Unit statistical data must be reported in a specific format. Format refers to the arrangement or layout of information on a data recording medium. NCCI accepts the unit statistical data in Unit Report Expansion (URE) or Interim formats, both of which are 250-byte formats.

• **URE Format**—This 250-byte format is the industry standard. It was developed by eliminating and restructuring the data elements that comprise the Pre-URE format, and by adding additional data elements. Changes to the format were determined by the Advisory Statistical Work Group (ASWG). As a result, the URE Format is also referred to as the ASWG format.

  Note that data reported in the URE format is compatible with NCCI’s data tools (e.g., *DCA Access® Online*).

• **Interim Format**—This is the URE 250-byte format without the additional data elements. It has primarily the same data elements as the Pre-URE format. (The required format approved by each state is explained in NCCI’s *URE Workers Compensation Statistical Plan.*) There are some state exceptions to the URE/Interim format requirement, with some states allowing the Pre-URE format for older policies and/or subsequent (2nd-10th) reports.

• **Pre-URE Format**—Prior to the implementation of URE, this 120-byte format was the standard format. It has less data elements than the URE format and is no longer accepted by any state except Texas.

For NCCI states, the format requirements are explained in NCCI’s *URE Workers Compensation Statistical Plan.* For the independent bureau states and for Texas, NCCI is also required to collect the data in compliance with those states’ statistical plans.
Types of Unit Reports

There are four types of Unit Reports:

- **1st Reports** are used to report the exposure, premium, and loss information valued for the first time. A 1st report (or a 1st correction report) is the only place where exposure is reported. An original 1st report refers to a 1st report that is not a correction report or a replacement report.

- **Subsequent Reports** (2nd–10th) are used to report open and new claims as well as update any closed claims that have changed from the last valuation (report level). For example, the 2nd report updates the 1st report. There are nine report levels that are classified as subsequent reports—2nd, 3rd, 4th, 5th, 6th, 7th, 8th, 9th, and 10th reports.

- **Correction Reports** are used to correct/revise unit reports for prior valuations or previously submitted correction reports. Correction reports are commonly referred to as “C” reports. The following are five types of correction reports:
  - Exposure Record corrections (1st reports only)
  - Loss Record corrections—excludes aggravated inequity for NC and WI (all report levels)
  - Loss Record corrections due to aggravated inequity (all report levels)
  - Header Record corrections including link data (1st reports only)
  - Total Record corrections
  - Multiple record corrections (all report levels)

- **Replacement Reports** are used to replace 1st reports with critical priority errors

Refer to the *URE Workers Compensation Statistical Plan* for reporting requirements of 6th – 10th reports.
Loss Valuation

Unit statistical data losses are valued at specific time frames based on the reporting levels (1\textsuperscript{st}–10\textsuperscript{th} based on annual intervals). Loss valuation is the assessment of the dollar amounts of incurred losses for claims to be reported on a unit report.

The first valuation of unit statistical loss data assessed 18 months after the policy effective date. As a result, the first report is due by the 20th month. (It can be reported between the beginning of the 18th month and the end of the 20th month, and still be considered on time.)

The following is an example of when a **1st unit report** is valued and due based on the policy effective date:

<table>
<thead>
<tr>
<th>Policy Effective Date</th>
<th>June 6, 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valuation period</td>
<td>During December 2001</td>
</tr>
<tr>
<td>Due to NCCI</td>
<td>By last day of February 2002</td>
</tr>
</tbody>
</table>

Refer to the *URE Workers Compensation Statistical Plan* for reporting requirements of 6\textsuperscript{th} – 10\textsuperscript{th} reports.
# Loss Valuation and Due Dates

The following table shows when each report level is valued and when it is due at NCCI.

<table>
<thead>
<tr>
<th>Report Level:</th>
<th>Valued During:</th>
<th>Due to NCCI by:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Report</td>
<td>18th month after policy effective month and year</td>
<td>Last day of the 20th month after policy effective month and year</td>
</tr>
<tr>
<td>2nd Report</td>
<td>30th month after policy effective month and year</td>
<td>Last day of the 32nd month after policy effective month and year</td>
</tr>
<tr>
<td>3rd Report</td>
<td>42nd month after policy effective month and year</td>
<td>Last day of the 44th month after policy effective month and year</td>
</tr>
<tr>
<td>4th Report</td>
<td>54th month after policy effective month and year</td>
<td>Last day of the 56th month after policy effective month and year</td>
</tr>
<tr>
<td>5th Report</td>
<td>66th month after policy effective month and year</td>
<td>Last day of the 68th month after policy effective month and year</td>
</tr>
<tr>
<td>6th Report</td>
<td>78th month after policy effective month and year</td>
<td>Last day of the 80th month after policy effective month and year</td>
</tr>
<tr>
<td>7th Report</td>
<td>90th month after policy effective month and year</td>
<td>Last day of the 92nd month after policy effective month and year</td>
</tr>
<tr>
<td>8th Report</td>
<td>102nd month after policy effective month and year</td>
<td>Last day of the 104th month after policy effective month and year</td>
</tr>
<tr>
<td>9th Report</td>
<td>114th month after policy effective month and year</td>
<td>Last day of the 116th month after policy effective month and year</td>
</tr>
<tr>
<td>10th Report</td>
<td>126th month after policy effective month and year</td>
<td>Last day of the 128th month after policy effective month and year</td>
</tr>
</tbody>
</table>

Refer to the [URE Workers Compensation Statistical Plan](#) for reporting requirements of 6th – 10th reports.
The following unit report life cycle displays the reporting levels from policy inception. The life cycle will continue to the 10th report or until there is no further claim information to update.
Unit Report Control (URC) Program

NCCI’s Unit Report Control (URC) program monitors the timely submission and receipt of unit reports. Based on the submission of the policy data and the corresponding previously submitted unit reports, NCCI provides various URC reports (listings) to notify data providers when their unit statistical data is due (expected) and when it is late (overdue).

Timely data is important to ensure that a risk’s experience modification factor can be calculated, rates and loss costs can be filed, and state regulatory requirements are met.

All policies submitted for coverage in NCCI states and all interstate rated policies are subject to the URC program.
**Unit Report Control (URC) Program**

The following provides a visual of the URC timeliness program from the initial reporting of the policy to the notification of its corresponding unit reports.

1. **Policy Data** → **Production Database**
2. **Set Timing of Unit Report Data Through URC** → **Data Providers** → **Experience Rating** → **Ratemaking** → **Production Database**

- **Receive 1st Unit Report by 20th Month After Policy Effective Date**
- **2nd report by the 32nd**
- **3rd report by the 44th**
- **4th report by the 56th**
- **5th report by the 68th**
- **6th report by the 80th**
- **7th report by the 92nd**
- **8th report by the 104th**
- **9th report by the 116th**
- **10th report by the 128th**
Data Quality Incentive Program

The Data Quality Incentive Program (DQIP) was designed to monitor and improve the quality and timeliness of policy and unit statistical data through monetary incentives based on reporting performance. Incentives are applied to data providers’ data management fees and are based on overall reporting performance—not for each reported transaction. (The data management fee is the charge to data providers for each unit report to cover NCCI’s processing costs.)

Through the program, policy and unit statistical data submissions are evaluated jointly for timeliness and quality. Timeliness is based on required time frames found in NCCI’s *URE Workers Compensation Statistical Plan*. Quality refers to data with less than a data grade five (error—priority/critical). Data providers with superior reporting performance receive credits, and data providers that impact NCCI’s data handling costs with consistently late or inaccurate data receive debits.

(DQIP) applies in all states where data providers are required to submit policy and/or unit report data to NCCI. (Refer to the state chart Matrix at [ncci.com](http://ncci.com) for a listing of NCCI’s data collection roles and relationships for each state.)

Data providers can track their program results through the *Quality Incentive System*, a Web-based application located at [ncci.com](http://ncci.com). Data providers can request policy and unit transaction details to assess their data reporting performance.
Data Quality Incentive Program (continued)

The overall reporting performance of the data provider group (an assembly of affiliated insurance companies) is evaluated and compared to the program thresholds for each criterion. The incentive adjustment is the factor that is applied to the data management fee, if the data provider group exceeds the threshold.

The following shows (DQIP) criteria, thresholds, and incentive adjustment amounts.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Threshold Percentage of Data</th>
<th>Incentive Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available prior to the policy effective date</td>
<td>&gt;= 80%</td>
<td>-5% (Credit)</td>
</tr>
<tr>
<td>Not available within 60 days of the policy effective date</td>
<td>&gt; 20%</td>
<td>+5% (Debit)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Not applicable at this time</td>
</tr>
<tr>
<td>Units</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available 1 month earlier than due date</td>
<td>&gt;= 97%</td>
<td>-10% (Credit)</td>
</tr>
<tr>
<td>Not available 1 month past due</td>
<td>&gt; 10%</td>
<td>+10% (Debit)</td>
</tr>
<tr>
<td>Not available 4 months past due</td>
<td>&gt; 3%</td>
<td>+25% (Debit)</td>
</tr>
<tr>
<td>Not audited at the end of the 22nd month</td>
<td>&gt; 10%</td>
<td>+10% (Debit)</td>
</tr>
</tbody>
</table>

The date a unit or policy becomes available for use is the latest point in time when the data has no critical priority errors.