Pennsylvania Compensation Rating Bureau
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ANNUAL CALLS FOR EXPERIENCE
FINANCIAL DATA INCENTIVE PROGRAMS
PENNSYLVANIA & DELAWARE

Enclosed please find the Bureaus' Calls for Experience #1 through #10 and #12 through #14 and the Financial Data Incentive Program (FDIP) on compact disk (CD). Please use this CD to print as many copies of each Call as necessary. Please note, copies of the Calls are also available on the Bureaus' web sites at http://www.pcrb.com and/or http://www.dcrb.com.

IF YOU ARE UNABLE TO READ OR PRINT FROM THE CD PROVIDED, YOU MUST CONTACT THE BUREAU IMMEDIATELY, RETURN THE CD TO THE BUREAU AND MARK THE ACKNOWLEDGEMENT FORM ACCORDINGLY. BE MINDFUL THAT IT IS THE CARRIERS' RESPONSIBILITY TO NOTIFY THE BUREAU OF ANY PROBLEMS THAT MAY ARISE IN PRINTING THE CALLS OR FINANCIAL DATA INCENTIVE PROGRAM FROM THE CD.

These calls are due at the Bureau on or before March 15, 2001, April 2, 2001, or April 16, 2001. Refer to each call for specific due dates. Data reported on these calls will be incorporated into the Bureaus' future filings. It is essential that this experience be reported on or before the required due dates applicable to each call.

IF THESE CALLS HAVE NOT BEEN DELIVERED TO THE PROPER AREA WITHIN YOUR ORGANIZATION, PLEASE DIRECT THEM TO THE APPROPRIATE AREA RESPONSIBLE FOR SUBMITTING THIS DATA TO THE BUREAU.

All questions should be directed to the Bureaus' Actuarial Department at (215) 568-2371.

ACKNOWLEDGMENT FORM (*HARD COPY PROVIDED*)

The acknowledgment form provides verification that the CD was received and that the Financial Data Incentive Program(s) were included and readable. Additionally, the form lists all thirteen calls with the following columns to check off for each call: 1) you received the call, 2) you did not receive the call, and 3) no experience to report. Note, the "received" response will be interpreted to mean that the item was included and readable on the CD and "not received" response will be interpreted to mean either the item was not included or it was not readable on the CD. **Carriers should return the acknowledgment form to the Bureau upon receipt.** If you indicate "no experience to report" for any given call, you are required to submit a No Experience to Report Verification Form.

NO EXPERIENCE TO REPORT VERIFICATION FORM *(HARD COPY PROVIDED)*

Complete a No Experience to Report Verification Form for each call in which you have no experience for each state and all years as required on the call. This allows the Bureaus to positively verify those carriers who will not be submitting data for each particular call. A separate form is required for each call with no experience. The submission of this form with an "X" in the appropriate box and an authorized signature precludes the filing of the indicated call. Once this form is completed, attached to the Acknowledgment Form and returned to the Actuarial Department, the No Experience to Report Verification Form is treated as compliance with the reporting requirements. Photocopy as required.

DESIGNATION OF CONTACT PERSON FORM

This package has been sent to each carriers' Designated Contact Person. A form is included on the CD which can be used to <u>change</u> a carriers' Designated Contact Person.

FINANCIAL DATA INCENTIVE PROGRAM (FDIP)

Pennsylvania
As initially announced in Pennsylvania Bureau Circular #1326, the FDIP was approved in Pennsylvania effective with the 1996 reporting of calendar year 1995 data. The program continues in effect for the 2001 reporting of calendar year 2000 data with limited modifications, generally intended to clarify certain program provisions. A copy of the FDIP, dated January 31, 2001, is included in this package.

Delaware
As initially announced in the Delaware Bureau Circular #686, the Delaware Governing Board approved the implementation of the Delaware FDIP applicable to the 1997 reporting of calendar year 1996 data for selected reports of financial data in Delaware. The program continues in effect for the 2001 reporting of calendar year 2000 data with limited modifications, generally intended to clarify certain program provisions. A copy of the FDIP, dated January 31, 2001, is included in this package.

CHANGES FROM PRIOR ANNUAL CALLS

The summary below is intended to help carriers identify the major changes to the Financial Calls. Other changes have been made to clarify instructions or eliminate typographical errors. However, it is each carrier's responsibility to read and understand the Financial Calls before completing them. The most significant changes include the following:

1) Calendar Year Reconciliation of Pennsylvania Schedule "W" with Financial Calls (PA Call #5)

Pennsylvania Call for Experience #5 includes a reconciliation of Calls #1, #8 and #9 with Schedule "W". Call #5's due date is April 16, 2001. This due date is consistent with the

Bureau's present understanding that Schedule "W" will also have a due date of April 16, 2001.

Schedule "W" is subject to review and amendment by the Insurance Department each year. That process had not been completed as of the production of Call #5 by the Bureau. However, Call #5 has been updated to reflect anticipated changes based on the Bureau's review of a "draft" of Schedule "W". Call #5 has been expanded to reconcile the additional policy years which we expect to be collected on Schedule "W", with the appropriate fields from Pennsylvania Call #1, #8 and #9. **(Please refer to point number Seven of this list for addition detail.)** If there are any additional changes made to Schedule "W", the Bureau will review the implications of such changes with respect to Call #5 and the Pennsylvania Financial Data Incentive Program and will issue appropriate revisions as soon as possible.

2) Designated Statistical Reporting Levels

Pennsylvania Designated Statistical Reporting Levels have been updated to reflect loss costs effective April 1, 2000. Delaware Statistical Reporting Levels are also shown although these were unchanged during 2000.

Pennsylvania and Delaware Designated Statistical Reporting Levels for U S L & H Business have been updated to reflect rate changes effective December 1, 2000 in both states.

3) Line A on Policy Year Calls (#1, #3, #8, #9 and #13) and Accident Year Call (#7) Changed

Calls will collect underwriting experience for 20 full policy/accident years (1980 - 1999) and for the incomplete policy year 2000 valued as of December 31, 2000. Experience for all policy years prior to 1980 should be accumulated and shown on Line (A) "Prior to 1980" of the Call. Note that experience for policy year 1979 and policy years "Prior to 1979" was shown separately as of December 31, 1999 and experience for those lines must be combined for proper reporting of data as of December 31, 2000.

Note Line (A) "Prior to 1980" on the Calls is comparable (although labeled differently) to "Policy Year 1979 and Prior" on Schedule "W".

4) Employer Assessments (Calls #1, #8 and #9)

Effective October 1, 1999, a program was approved in Pennsylvania which removed certain loss based assessments (Administrative Fund, Subsequent Injury Fund and Supersedeas Fund) from loss costs and treated them as separate employer assessments. Effective October 1, 1999, these employer assessments are collected by the carriers but are not included as premiums and therefore should not be included as premium in the Financial Calls or Page 15 of the Annual Statement.

Language is included in the call instructions to address the handling of Employer Assessments for the period July 1, 1998 to September 30, 1999. Even though these employer assessments were not considered premium and were not reportable on Page 15, **they were included in Pennsylvania loss costs** and therefore still need to be included in Standard Earned Premium but not the Net Earned Premium of the financial calls for this 15 month period.

Carriers should be aware that transactions attributable to the policy period of July 1, 1998 to September 30, 1999 may be recorded in Calendar Year 2000. Carriers should be mindful of such situations and handle them appropriately.

5) Call for Experience #10 Added

The Pennsylvania Insurance Department and the Delaware Insurance Department have approved the use of revised pension tables effective on a mandatory basis July 1, 2001 for evaluating death and permanent total indemnity claims. The pension tables are periodically updated to incorporate various provisions. The "new" tables are based on the 1989-1991 U.S. Decennial Life Tables. The "old" tables are based on 1979-1981 U.S. Decennial Life Tables. Both sets of tables used a 3½ percent interest rate.

The purpose of the this Call is to allow the Bureau to measure the impact on loss development of changes in the pension tables used to evaluate indemnity pension claims generally limited to death or permanent total claims. This will be done by collecting indemnity pension claim information for claims which are evaluated on a tabular basis with open reserves as of December 31, 2000.

6) Schedule "W" Submissions

Schedule "W" must continue to be submitted to the Pennsylvania Insurance Department and the PCRB. However, this year the PCRB will require that Schedule "W" be submitted in **both a paper and diskette form** when filing **original and revised submissions** of this document. **A paper copy without an accompanying diskette will no longer be considered a complete submission or resubmission of Schedule "W".**

7) Schedule "W" Expansion

Members are advised that as of the date of this notice the 2000 version of Schedule "W" has not been finalized by the Insurance Department. However, the anticipated changes are: 1) Sections B & C will expand to show 25 columns and include policy years "1979 and prior" through policy year 2000; 2) Sections D & E will add three columns and show policy years 1990 through policy year 2000. This requires Policy Year 1990 and Policy Year 1991 to be shown in two separate columns whereas last year the data was shown in one column, policy year "1991 and prior". Other and/or different changes to Schedule "W" by the Insurance Department are possible for 2000. The Insurance Department expects to send 2000 Schedule "W" to carriers in early March. If the 2000 Schedule "W" should differ from the format anticipated in preparing the enclosed 2000 FDIP, the Bureau will reissue a list of revised edits as appropriate

PRINTING FINANCIAL CALLS AND FDIP FROM CD

Consistent with the release of last year's Calls, the 2001 Financial Calls and FDIP will be sent on CD in lieu of paper copies, as was previously done in 2000. All carriers are responsible for printing the Financial Calls and the Financial Data Incentive Program from this CD. The following is a list of files that are on the CD included in this mailing. Each Call has a pair of files associated with it. The "Instructions" files provide instructions for the indicated call. The "Form" files provide the forms that are to be printed, completed and returned to the PCRB/DCRB. Note, this CD is not an edit package nor does it provide spreadsheet files that may be completed and returned to the Bureau.

Introduction.pdf (file form of this document)

AcknowledgeForm.pdf	ContactPerson.pdf
PA_FDIP.pdf	DE_FDIP.pdf
Call #1_Instructions.pdf	Call #1_Form.pdf
Call #2_Instructions.pdf	Call #2_Form.pdf
Call #3_Instructions.pdf	Call #3_Form.pdf
Call #4_Instructions.pdf	Call #4_Form.pdf
Call #5_Instructions.pdf	Call #5_Form.pdf
Call #6_Instructions.pdf	Call #6_Form.pdf
Call #7_Instructions.pdf	Call #7_Form.pdf
Call #8_Instructions.pdf	Call #8_Form.pdf
Call #9_Instructions.pdf	Call #9_Form.pdf
Call #10_Instructions.pdf	Call #10_Form.pdf
Call #12_Instructions.pdf	Call #12_Form.pdf
Call #13_Instructions.pdf	Call #13_Form.pdf
Call #14_Instructions.pdf	Call #14_Form.pdf

If you encounter any problems reading or printing the files or if any of these files were not included on the CD, please contact the Actuarial Department immediately. The Acknowledgement Form should also be completed and returned immediately.

Note also that all of the above mentioned files are available through the Bureaus' web sites as indicated earlier.

Note these files are in a *.pdf file format. To view or print these files you must use Adobe Acrobat Reader 4.0 or later. This is a free viewing companion to Adobe Acrobat. If you do not have the Adobe Acrobat Reader currently installed on your computer you may use the copy provided on this CD (Version 4.0) or you can download the current version from the world wide web at http://www.adobe.com or from the Bureaus' web sites noted on page 1.

Note that while the above summary is intended to be helpful in identifying major changes to the 2001 Calls, it is each carrier's responsibility to read and understand the entire package. Some additional changes have been made to the 2001 Calls in the interest of clarity and to reflect mechanical changes. Any questions regarding these changes should be directed to the Actuarial Department at (215) 568-2371.