



Pennsylvania Compensation Rating Bureau

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May 11, 2018

PCRB CIRCULAR NO. 1704

To All Members of the PCRB:

Re: **INDEMNITY DATA CALL**

This circular introduces the Pennsylvania Compensation Rating Bureau's (PCRB) adoption of an Indemnity Data Call.

The Governing Board voted unanimously on April 25, 2018 to authorize the PCRB to begin collecting indemnity data on a transactional and quarterly basis. The vote followed careful consideration of the potential importance and utility of detailed indemnity data, as well as available methods for accomplishing the collection of such information. Factors addressed in the Governing Board's discussion included the following points:

- Indemnity Data Call would assist and augment the PCRB's ability to respond to legislative pricing. PCRB would be able to opine with greater authority on a variety of possible proposals to change the payment system for workers compensation in Pennsylvania.
- Indemnity Data Call could enhance PCRB's ability to explain filings and better understand cost drivers.
- The ability to compare data with other jurisdictions will emerge with the common collection of this data elsewhere.

The National Council on Compensation Insurance, Inc. (NCCI) has, through an extended and rigorous process, established a construct for the reporting and collection of indemnity detail information. That process has been accepted by carriers for use on NCCI states and is being implemented in those states. The NCCI refers to the collection of this indemnity detail as the Indemnity Data Call. The NCCI has shared the formats, timelines and related collateral for the Indemnity Data Call with all independent bureaus and has advised those organizations that they are at liberty to adopt and use any portion(s) of that intellectual property as seen fit.

The PCRB, with Governing Board support, believes that using and conforming as much as possible to the NCCI standards for the collection of indemnity detail information will be the most beneficial and effective means of expanding our database to include indemnity transaction and quarterly information.

PENNSYLVANIA INDEMNITY DATA CALL - OVERVIEW

The Pennsylvania Indemnity Data Call will begin with indemnity claims activity occurring in the Second Quarter of Calendar Year 2020. The indemnity transactions intended to be included in the Second Quarter of 2020 will be those with a transaction date of April 1, 2020 through June 30, 2020. The second quarter transactions will be due to be reported to the PCRB by the end of the following quarter (i.e., September 30, 2020).

The Pennsylvania Indemnity Data Call will contain the same data elements as the NCCI Indemnity Data Call. It will also follow the approach of requiring two separate reporting records (a Transactional Record and a Quarterly Record). Most of the elements are currently reported on the Unit Statistical Report (USR), Individual Case Report (ICR) or Detailed Claim Information (DCI).

The PCRB also intends to eliminate the current ICR reporting requirement following the start of the collection process of the Pennsylvania Indemnity Data Call. Additional information regarding this change will be included in future communications.

The Pennsylvania Indemnity Data Call will also strictly adhere to established NCCI Indemnity Data Call reporting requirements and timelines. However, some business rules (e.g., participation and eligible business exclusions) will be determined and established as needed to satisfy the objective of developing a credible Pennsylvania database.

Participation in Pennsylvania Indemnity Data Call is mandatory, however is limited to those carrier groups with at least one percent market share (overall average equals one percent or more) in the state of Pennsylvania over the most recent three years. Market share will be determined by using Calendar Year Direct Net Written Premium per the Statutory Page 14. The PCRB will contact all carrier groups who meet this eligibility requirement by June 30, 2018. Notification letters will be sent to your Unit Statistical Reporting contact person as well as your membership contact person.

Testing and optional reporting of the Pennsylvania Indemnity Data Call will begin by mid-year 2019 and continue through March 2020.

The PCRB will provide Indemnity Data Call reporting documentation in two phases as follows:

- Phase 1 – In July 2018, the PCRB will make available on their website, www.pcrb.com, the Pennsylvania Indemnity Data Call Implementation Guide. This guide will include the reporting layout, general rules, participation requirements and business exclusions, reporting frequencies and responsibilities, editing strategy and other essential information needed for carriers to begin preparing.
- Phase 2 - In the early part of 2019, the Pennsylvania Indemnity Data Call Implementation Guide will be expanded upon and reformatted to produce a Pennsylvania Indemnity Data Call Manual. The Pennsylvania Indemnity Data Call Manual will be comparable to the PCRB's other manual products, such as the Pennsylvania Statistical Plan Manual, Pennsylvania Medical Data Call Manual, etc.

PCRB will continue to publish industry announcements, timelines, and other important information, including training seminars, as we proceed with the implementation of the Indemnity Data Call. The next PCRB communication is scheduled for third quarter 2018.

Carriers should visit the PCRB's website periodically for additional information regarding implementation of the new Pennsylvania Indemnity Data Call.

Questions about this circular should be directed to Bonnie Piacentino, Senior Vice President at (215) 320-4456 or bpiacentino@pcrb.com.

William V. Taylor
President

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Remember to visit our website at www.pcrb.com for more information about this and other topics.