

March 10, 2003

To All Members of the Bureau:

Re: **FINANCIAL DATA INCENTIVE PROGRAM**

With approval of the Governing Board a Financial Data Incentive Program (FDIP) will apply to selected Pennsylvania financial data submissions of 2002 experience to be reported during 2003. This continues PCRB practice each year since the FDIP's initial implementation in 1996.

The FDIP for 2002 covers the following data submissions:

Acknowledgement Form  
Policy Year Call No. 1  
Large Claim Call No. 4  
Net (As Written) Large Deductible Call No. 8  
Gross (First Dollar) Large Deductible Call No. 9  
Calendar Year Expense Call No. 14  
Catastrophe Experience Call No. 15  
2002 Pennsylvania Special Schedule W  
Exhibit of Premiums and Losses (Statutory Page 14)

***The most significant changes to the program are as summarized below:***

- **The most significant change related to the FDIP is the requirement that all Calls, Forms and Schedule W are now subject to the FDIP and must now be submitted through the Financial Data Reporting Application (FDRA). The FDRA is an internet-based system that allows carriers to enter, edit and submit Financial Calls and Schedule W to the Pennsylvania Compensation Rating Bureau and, for Schedule W only, to the Pennsylvania Insurance Department.**

**\*Carriers that are unable to report their experience using the FDRA should refer to the FDIP for an alternative reporting mechanism.**

- **The Bureau has tried to standardize references to the Annual Statement Exhibit of Premiums and Losses by using the term "Statutory Page 14." However, certain references may not have been changed and may read "Page 15 of the Annual Statement" or "Page 24 of the Annual Statement." Please be mindful that these are all intended to be references to Statutory Page 14.**
- **Call #4 (Large Claim Call), Call #14 (Calendar Year Expense Call) and Call #15 (Catastrophe Experience Call) are now included within the FDIP and FDRA.**

- **Similar to the treatment of the Acknowledgement Form within the FDIP, Calls #4, #14 and #15 will be treated as a single entity subject to late submission charges but not subject to resubmission fees or failed edit assessments. In the interest of enhancing data quality, however, there are edits associated with Calls #4, #14 and #15 which will be applied within the FDRA and which carriers should correct and/or explain as appropriate.**
- **Call #3 (“F”-Classification Experience), Call #7 (Accident Year Experience) and Call #13 (Capitated Medical Experience) have been eliminated.**

***Additional changes have been made to the FDIP in 2002 in the interest of clarity and to reflect mechanical changes in the Call forms to which the FDIP applies.***

The most significant aspects of the program are as summarized below:

- **All Calls, Forms and Schedule W must be submitted through the FDRA which is an Internet-based system for the capture of Financial Data.**
- For late reporting purposes Calls No. 1, 8, 9, Schedule W and Statutory Page 14 as a group will be treated as a single entity. The Acknowledgement Form will be treated as a second, separate entity. Calls #4, #14 and #15 will be treated as a third, separate entity.
- An assessment of \$50 per business day per entity will be imposed for late submissions. Imposition of late submission charges could be applied for submission of calls after the due date, failure of Preliminary Edits and incomplete submissions. Late submission assessments will be subject to a cumulative maximum of \$5,000.
- For edit purposes Calls No. 1, 8, 9, Schedule W and Statutory Page 14 will be treated as one single entity and edited together.
- For edit purposes any documents which have not been received when the Bureau attempts to perform the program edits will be treated as being in error. In such case no further late reporting assessments will be charged, but edit charges will begin to apply.
- Basic edit errors will be subject to a Financial Data Error Assessment Schedule which will include a flat fee component and a component which reflects a carriers’ market share. The assessment schedule applies for a maximum period of 55 business days with the fine for the first ten business days equaling zero (in effect providing a ten-day grace period).
- Actuarial edit criticisms will allow a ten business day period for the carrier to respond before being subjected to the Financial Data Error Assessment Schedule described above. If the carrier satisfactorily responds within that time frame without the necessity for resubmissions, no actuarial edit assessment will be imposed.
- For Calls #1, #8, #9, Schedule “W” and Statutory Page 14, all resubmissions received after the due date will be subject to a \$100 per entity charge.

- Total FDIP assessments for a carrier or group of carriers will be subject to a maximum of 50 percent of the carrier's Annual Statement Pennsylvania Workers Compensation Direct Written Premium for the calendar year immediately preceding the data reportable in the latest Calls.
- If a carrier group elects to submit separate Calls for individual carriers within their group or to submit separate Calls for subsets of the carriers comprising their entire group, each separate Call submission will be treated separately for all purposes of the FDIP. Thus, carriers are encouraged to consider potential ramifications of the FDIP in deciding on the basis (carrier, group or subgroup) to be used in reporting their 2002 data.
- Incomplete resubmissions (i.e., those which do not address all failed edits or inquiries previously identified by the Bureau) or resubmissions which can be determined based on a cursory review not to satisfy the failed edits or inquiries previously identified by the Bureau will not stop the accrual of assessments from the date of the previous Bureau notice letter.
- **Due Dates: The Acknowledgement Form is due to be reported on or before April 1, 2003 (Note, this is a change from last years due date of February 28<sup>th</sup>). All other submissions are due on or before April 15, 2003.**

A complete updated copy of the 2002 FDIP is enclosed and may also be accessed via the Bureau's internet website at [www.pcrb.com](http://www.pcrb.com).

Timothy L. Wisecarver  
President

**PENNSYLVANIA COMPENSATION RATING BUREAU  
FINANCIAL DATA INCENTIVE PROGRAM**

**I. INTRODUCTION**

For Calls received in 2003, the PCRB is again applying the Financial Data Incentive Program (FDIP). This continues PCRB practice each year since the FDIP's initial implementation in 1996. This program recognizes the critical importance of the Bureau receiving quality financial data on time so that it can be used in support of filings made with the Pennsylvania Insurance Department. In addition, this program is intended to more equitably allocate costs to the PCRB associated with late or inaccurate data submission.

In order to assist carriers in reporting their financial data in a timely and accurate manner, the PCRB will require that all carriers report Forms, Calls and Schedule "W" using the new Financial Data Reporting Application (FDRA). The FDRA is an Internet-based system that allows carriers to enter, edit and submit Forms, Calls and Schedule "W" interactively. The FDRA eliminates paper submissions, provides carriers with immediate feedback for failed edits and provides carriers with a central record of all data submitted.

**Carriers Not Using the FDRA**

Carriers that are unable to report their experience using the FDRA must contact the PCRB in writing and set forth the circumstances hindering their ability to use the FDRA. Carriers should submit their notice to this effect as soon as possible, as no grace period will be granted with respect to FDIP charges relating to the timely and accurate reporting of financial data on account of these circumstances.

The PCRB will review each notice and notify the carrier within 14 days of receipt of that notice if an alternative reporting mechanism can be used. Alternative mechanisms include hard copy documents and, for Calls #1, #4, #8, #9, #14, #15 and Schedule "W," the Excel templates which can be downloaded into the FDRA. Carriers not using the FDRA will be subject to service charges relating to the PCRB's special handling required for the carrier's data. Those service charges are as follows:

Initial submissions – For carriers submitting hard copy versions of all documents, the initial submission service charge is \$1,000. If a carrier chooses to submit **all** of Calls #1, #4, #8, #9, #14, #15 and Schedule "W" using the FDRA Excel templates, the applicable service charge is \$500. These charges are single fees covering the cost of the first submission of all documents.

Resubmissions – There is a flat service charge of \$200 per entity and an additional charge of \$50 per Call for the submission of hard copy revisions. Excel template revisions will be subject to a flat service charge of \$100 per entity plus an additional charge of \$25 per Call charge.

All carrier submissions will be entered into the FDRA by the PCRB, and all edits described herein will be applicable. For carriers granted permission to use alternative reporting processes, the PCRB will provide specific details regarding the exchange of correspondence particularly with respect to the FDIP. Those details will, to a great extent, continue the processes in place prior to the implementation of the FDRA.

## II. APPLICATION

The FDIP will apply to the following Forms, Financial Calls and the Schedule "W," all of which are reportable within the FDRA.

<u>Name</u>	<u>Due Date</u>
Acknowledgement Form	April 1, 2003
Policy Year Call #1	April 15, 2003
Large Claim Call #4	April 15, 2003
Net (As Written) Large Deductible Call #8	April 15, 2003
Gross (1st Dollar) Large Deductible Call #9	April 15, 2003
Calendar Year Expense Call #14	April 15, 2003
Catastrophe Experience Call #15	April 15, 2003
2002 Pennsylvania Schedule "W" * (including Considerations Affecting Data)	April 15, 2003
Statutory Page 14 (in electronic form)	April 15, 2003

\* Schedule "W" Considerations Affecting Data should be mailed electronically per the Schedule "W" instructions.

For purposes of determining fees for late submission and resubmissions, Calls #1, #8, #9, Schedule "W" and the Statutory Page 14 Form will be treated as a single entity. Similarly, the Acknowledgement Form will be treated as a second, separate entity. Calls #4, #14 and #15 will be treated as a third, separate entity.

For purposes of determining fees for data errors Calls #1, #8, #9, Schedule "W" and the Statutory Page 14 Form will collectively be edited and treated as one entity. The Acknowledgement Form and Calls #4, #14 and #15 will not be subject to error assessments or resubmission fees.

## III. GENERAL INFORMATION

Under the program, the PCRB will levy assessments on carriers for Forms, Financial Calls and Schedule Ws that are not transmitted via the FDRA on or before the required due date. There will be no extensions granted for any reason. Also, assessments will be levied on carriers for errors detected on submitted Financial Calls and Schedule Ws. In addition, any resubmission of data within the Calls, Schedule "W" or the Statutory Page 14 Form after the due date, whether requested or submitted on a voluntary basis, will carry an assessment charge. Note the resubmission of data is recorded by the PCRB based on the actual date received as recorded within the FDRA.

ALL CORRESPONDENCE SHOULD BE MAILED TO THE FOLLOWING ADDRESS:

Pennsylvania Compensation Rating Bureau  
Attention: Actuarial Department – Data Quality  
The Widener Building, 6th Floor  
One South Penn Square  
Philadelphia, PA 19107-3577

For most carriers, submission of the 2001 Designation of Contact Person form to the Bureau established permanent documentation of contact person information, including FDRA User IDs and Passwords. New carriers must submit a completed Designation of Contact Person form to the Bureau. It is the carriers' responsibility to notify the Bureau in writing of any changes to contact person information. Copies of the Designation of Contact Person form can be secured at any time by contacting the Actuarial Department at (215) 568-2371 or visiting our website at [www.pcrb.com](http://www.pcrb.com). All changes must be sent to the address shown above.

#### **IV. GROUP REPORTING**

As noted in the instructions for the various Calls, carriers have the option of reporting their data on a group basis or an individual carrier basis. Schedule "W" must be reported on the same basis as is used for reporting data on Bureau Call #1.

The FDIP and its attendant assessments will be applied in the same manner as the data is reported. Thus, assessments will be levied on a group basis if the data is reported on a group basis. Likewise, assessments will be levied on an individual carrier basis if the data is reported on an individual carrier basis.

Carriers are advised to consider the potential costs associated with individual versus group reporting as related to assessments under the FDIP.

#### **V. PROCEDURES**

##### **A. Timeliness**

###### **1. General**

Assessments for late submissions will be governed by the required due date for the particular Form, Call and Schedule "W." If the carriers' FDRA submission is not received on or before the required date due, that particular submission will be considered late and assessments will accrue until the data is submitted.

The FDRA automatically logs all submission dates and retains the dates as proof of submission. The PCRB will refer to the Submitted Calls display within the FDRA to verify submission dates when calculating late fees. When submitting information including correspondence to the PCRB, it is the carriers' responsibility to retain all receipts for proof of mailing (i.e., certified mail with return receipt, electronic mail receipts transmitted by the Bureau, etc.) to support its case in the event of a carrier appeal.

###### **2. Assessments -- Original Submissions**

Calls #1, #8, #9, Schedule "W" and the Statutory Page 14 Form will be grouped as a single entity, Calls #4, #14 and #15 will be treated as a second entity, and the Acknowledgement Form will be treated as a third entity for purposes of levying assessments. **ASSESSMENTS FOR TIMELINESS WILL CONSIST OF A PER DAY AMOUNT AS FOLLOWS:**

Late fee of \$50 per business day per entity subject to a maximum total of \$5,000 in late submission assessments. Business days will exclude Saturdays, Sundays, and holidays.

### 3. Assessments -- Resubmissions

The resubmission of Calls #1, #8, #9, Schedule "W" and the Statutory Page 14 Form will be subject to a \$100 fee per entity per submission, whether requested or submitted on a voluntary basis. Each resubmission sent will be subject to this charge. The Acknowledge Form and Calls #4, #14 and #15 will not be subject to resubmission fees. No quality edit assessments will be applied to any data corrected by a voluntary resubmission received before the carrier is advised of the edit failure by the PCRB, but the flat resubmission rate of \$100 will still be applicable.

### 4. Assessments -- Completeness

Calls that are submitted without all the pages completed will be considered late and subject to the same late fee of \$50 per day per entity. The Schedule W Considerations Affecting Data must be submitted via electronic mail as described in the Schedule "W" instructions and, as part of Schedule "W," will be subject to the same late fee of \$50 per day per entity.

If a portion of a submission has not been completed, the date that the completed submission is received will be considered the receipt date for purposes of the FDIP. All Calls for a carrier/group will be edited at the same time. At that time fees for late submissions will stop accruing. Forms, Calls and Schedule "Ws" which have not been received by that time will simply be considered in error for purposes of editing and quality assessment purposes.

## **B. Quality**

### General

Assessments for the quality of data submitted will be based on three levels of editing.

- a. Preliminary Edits -- Preliminary edits are criteria that apply to all Forms, Calls and Schedule Ws and are prerequisites to the PCRB's processing of a carriers' submission. Failure of one or more preliminary edits will subject a company to assessments for timeliness and/or completeness according to the \$50 per day Late Submission Assessment described above. Major sources of preliminary edit errors are incomplete pages that may impede the processing of the Forms, Calls and Schedule "Ws."
- b. Basic Edits -- Basic edits are primarily validation checks that identify conditions that can only occur as the result of an error or omission and can be determined based on a comparison of data elements on one or more statistical calls. A major source of basic edit errors are incorrect arithmetic or careless data entry. All basic edits are contained within the FDRA and must be run by the carrier prior to submission. If basic edits are not resolved at the time of submission, carriers will be notified of those errors in a criticism letter sent via certified mail with return receipt requested.

Assessments for basic edit errors will be charged according to the Financial Data Error Assessment Schedule. This schedule includes a flat fee component and a component which reflects a carrier's market share (rounded to one decimal place - for example 3.45 percent would be rounded to 3.5 percent). The assessment schedule applies for a maximum period of 55 business days.

Carriers will be notified by letter, sent via certified mail with return receipt requested, of failed edits. Once the carrier has received notification of the failed edits, each subsequent day will generate charges according to the Assessment Schedule until such time as the carrier submits accurate revisions to its data Calls.

Subsequent to issuing a criticism letter, the PCRБ will record the date of the criticism letter into the Criticism section of the FDRA. The carrier can use the Criticism section as a reference for the status of Bureau inquiries.

The Bureau will issue a reminder letter, sent via certified mail with return receipt requested, no later than 21 days after the initial failed edit letter has been sent, if the Bureau receives no response from a carrier. Apart from that single reminder letter, the Bureau will not initiate additional interim contacts with a carrier during the time that the carrier is responsible for working to provide explanations and/or corrections for failed edits and/or inquiries. It is the carrier's responsibility to be aware that assessment days and fines are accruing and that explanations and/or resubmissions are required as soon as possible.

Carriers are reminded that changes to one Call may well have an impact on other Calls, reconciliation pages, and Schedule "W." The FDRA edit process will be helpful in identifying those situations; however, it is the carriers' responsibility to be mindful of such situations and make all corrections as appropriate.

Upon receipt of resubmissions, the Bureau will edit the carrier's data. If errors are found to continue or new problems are created, notification by letter sent via certified mail with return receipt requested will again be made to the carrier, and assessments will again be invoked. For assessment purposes, the count of business days without revision will start where it had left off upon the Bureau's receipt of the prior resubmission. For example, assume a carrier submits a revision on the 15th day after notification by the Bureau and incurs assessments corresponding to 15 business days on the Assessment Schedule. If that carrier is subsequently notified of continuing errors by the Bureau, the Assessment Schedule will apply beginning at the 16th business day.

If the resubmission is found to be incomplete, i.e., it does not address all failed edits or inquiries identified by the Bureau, or if the carrier advises the Bureau that they are continuing to work on resolving a failed edit(s), the carrier will continue to be assessed from the date of receipt of the Bureau's previous failed edit inquiry letter. In the latter case, as previously noted, the Bureau will not initiate additional interim contacts with the carrier during the time that the carrier is responsible for working to provide explanations and/or corrections for failed edits and/or inquiries. It is the carrier's responsibility to be aware that assessment days and fines are accruing and that explanations and/or resubmissions are required as soon as possible.

Resubmissions which, upon a cursory review by the Bureau, do not satisfy our requirements will not be accepted, and incentive charges will continue to accrue until a complete resubmission is provided.

- c. Actuarial Edits -- Actuarial edits are checks on the reasonableness of data. Many of those actuarial edits are contained within the FDRA, and those edits must be run prior to the submission of a carrier's data. Actuarial edit issues identified within the FDRA edit process should be resolved and/or satisfactorily explained at the time of submission. Additional edits not contained within the FDRA edit process will be performed by the PCRБ. Those edits will generally focus on unusual or markedly different reporting patterns and will also be brought to the carrier's attention in a criticism letter.

Actuarial edit criticisms will allow for a ten business day period for the carrier to respond before being subjected to the Financial Data Error Assessment Schedule described above. If the carrier satisfactorily responds within that timeframe without the necessity for resubmissions, no actuarial edit assessment will be imposed. For a response to be considered satisfactory, a carrier should describe the relevant factors that caused the condition in question. Asserting the accuracy of the reported data without written detail will not be considered a satisfactory response. Explanations that merely identify the source of the error without correcting the error condition will not be considered acceptable.

If a carrier is already incurring Assessment Schedule charges due to basic edit errors, no additional assessments will be made beyond that indicated by the Assessment Schedule.

If a carrier had previously incurred charges due to basic edit errors which were subsequently corrected, actuarial edit charges will commence at the first business day subsequent to the point at which basic edit charges ceased. For example, if a carrier had previously been charged with basic edit error assessments corresponding to 15 business days, then a lack of response by the 11th day to actuarial edit inquiries will be considered the 16th business day on the Assessment Schedule.

Carriers that have submissions failing basic or actuarial edits will be contacted in writing by the PCRБ (and possibly by telephone, e-mail or fax) and advised of the error condition. The PCRБ will mail the letter via certified mail with a return receipt allowing the PCRБ to be notified of the date the letter was received. The date the letter or fax is received will determine when the assessment period begins. If a corrected resubmission is faxed or electronically transmitted that same day and the data is correct or a satisfactory explanation is received, there will be no quality/error assessment. In these circumstances, a resubmission charge will still apply.

The Bureau may require resubmission by the carrier of experience for the prior calendar year period to be consistent with changes or corrections in response to basic and/or actuarial edit criteria which are reflected in the most recent experience. When such resubmission is required the Bureau's request shall be of like standing with any other correction and/or explanation required under terms of the FDIP.

### **C. Maximum Assessment**

All assessments in total are subject to a maximum of 50 percent of the second prior Calendar Year Direct Net Written Premium per the Statutory Page 14 of the Annual Statement. In the event that application of the Assessment Schedule as set forth herein produces indicated assessments in excess

of such amount, the maximum assessment will apply. For example, during the 2003 processing of 2002 data, a carrier's 2001 Direct Written Premiums will be used to determine the maximum allowable assessment.

## **VI. COLLECTION OF ASSESSMENTS**

When the entire editing process has been completed, a summary of assessments according to our records will be mailed to each carrier. The amount assessed will be due upon receipt.

## **VII. APPEAL PROCEDURES**

### **A. Appeal**

Carriers will have 31 days after receipt of the PCRB's notice of assessments to appeal the propriety of any assessments.

Any appeal of assessment must be made in writing and must set forth all factors which the carrier wishes to be considered in review of the appeal. Appeals must be sent to:

Pennsylvania Compensation Rating Bureau  
Actuarial Department - FDIP Appeals  
The Widener Building, 6th Floor  
One South Penn Square  
Philadelphia, PA 19107-3577

Facsimile submission of appeals may be made to the above addressee at (215) 564-4328.

Appeals of lateness charges should be supported by documentation showing the date received at the PCRB as evidence of timely submission of the Call, or fewer days late than assessed. Submission dates will automatically be tracked within the FDRA.

Appeals of quality edit charges should be supported by an explanation of why the submission was correct and/or adequately explained and documentation that such explanation was submitted in a timely manner.

Documentation for the timing of submissions by carriers could include certified mail return receipts, signed and returned Bureau Transmittal letters, et cetera, although submissions will generally be tracked within the FDRA.

Appeals will be reviewed by PCRB staff and management, and carriers will be advised in writing of the PCRB's final decision in appeals within 31 days after the carrier's receipt of the acknowledgment by the PCRB. In the event that a carrier remains dissatisfied with the PCRB's final decision, the carrier has 31 days after the receipt of the PCRB's final decision letter to request a hearing in the matter before the PCRB's Governing Board. The carrier's original appeal and the PCRB's final decision letter will be submitted to the Governing Board for review, and the carrier and PCRB staff will be given an opportunity to present their positions and answer questions from the Governing Board. Appeals will be scheduled at the next regular executive session of the Governing Board which occurs 20 or more days after the PCRB receives notice that the carrier wishes to appeal a final decision to the Governing Board.

## **B. Acknowledgment**

The PCRB will send a letter acknowledging the appeal of an assessment within 14 days of receipt by the Bureau. All appeals of assessments must be in writing and sent to:

Pennsylvania Compensation Rating Bureau  
Actuarial Department - FDIP Appeals  
The Widener Building, 6th Floor  
One South Penn Square  
Philadelphia, PA 19107-3577

## **C. Response**

Within 31 days of acknowledgment, the PCRB will respond to the carrier's appeal with an explanation of the reasons for affirming, modifying or withdrawing the assessment charges. If the assessment is subject to further review, the carrier will be so notified.

## **VIII. EDIT DESCRIPTIONS**

Attached are basic and actuarial edit descriptions for general reference. These lists are provided to assist the carriers in identifying common types of edit failures. It should be noted that actuarial edit standards are not rigid criteria but rather identify situations requiring an explanation or further investigation to verify accuracy.

Also, the edit descriptions are not all-inclusive; there may be other types of data problems which could result in the carrier filing a revision and incurring assessments.

**PENNSYLVANIA COMPENSATION RATING BUREAU  
FINANCIAL DATA ERROR ASSESSMENT SCHEDULE**  
Effective for December 31, 2002 Calls

Business Day After Due Date	Flat Amount		Market Share Factor *	
	Daily	Cumulative	Daily	Cumulative
1	0	0	0	0
2	0	0	0	0
3	0	0	0	0
4	0	0	0	0
5	0	0	0	0
6	0	0	0	0
7	0	0	0	0
8	0	0	0	0
9	0	0	0	0
10	0	0	0	0
11	50	50	1,000	1,000
12	100	150	2,000	3,000
13	150	300	3,000	6,000
14	200	500	3,000	9,000
15	250	750	3,000	12,000
16	300	1,050	3,000	15,000
17	350	1,400	3,000	18,000
18	400	1,800	3,000	21,000
19	450	2,250	3,000	24,000
20	500	2,750	3,000	27,000
21	500	3,250	3,000	30,000
22	500	3,750	3,000	33,000
23	500	4,250	3,000	36,000
24	500	4,750	3,000	39,000
25	500	5,250	3,000	42,000
26	500	5,750	3,000	45,000
27	500	6,250	3,000	48,000
28	500	6,750	3,000	51,000
29	500	7,250	3,000	54,000
30	500	7,750	3,000	57,000
31	500	8,250	3,000	60,000
32	500	8,750	3,000	63,000
33	500	9,250	3,000	66,000
34	500	9,750	3,000	69,000
35	500	10,250	3,000	72,000
36	500	10,750	3,000	75,000
37	500	11,250	3,000	78,000
38	500	11,750	3,000	81,000
39	500	12,250	3,000	84,000
40	500	12,750	3,000	87,000
41	500	13,250	3,000	90,000
42	500	13,750	3,000	93,000
43	500	14,250	3,000	96,000
44	500	14,750	3,000	99,000
45	500	15,250	3,000	102,000
46	500	15,750	3,000	105,000
47	500	16,250	3,000	108,000
48	500	16,750	3,000	111,000
49	500	17,250	3,000	114,000
50	500	17,750	3,000	117,000
51	500	18,250	3,000	120,000
52	500	18,750	3,000	123,000
53	500	19,250	3,000	126,000
54	500	19,750	3,000	129,000
55	500	20,250	3,000	132,000

\* Factor to be applied to carrier's market share. For example, a carrier with a 12.3% market share would multiply the above factor by 0.123.

**PENNSYLVANIA COMPENSATION RATING BUREAU  
FINANCIAL DATA ERROR ASSESSMENT SCHEDULE**  
Effective for December 31, 2002 Calls

**Example: Market Share 1 %**

**Example: Market Share 5 %**

Business Day After Due Date	Cumulative Assessment			Cumulative Assessment		
	Flat Amount	Market Share	Total Assessment	Flat Amount	Market Share	Total Assessment
1	0	0	0	0	0	0
2	0	0	0	0	0	0
3	0	0	0	0	0	0
4	0	0	0	0	0	0
5	0	0	0	0	0	0
6	0	0	0	0	0	0
7	0	0	0	0	0	0
8	0	0	0	0	0	0
9	0	0	0	0	0	0
10	0	0	0	0	0	0
11	50	10	60	50	50	100
12	150	30	180	150	150	300
13	300	60	360	300	300	600
14	500	90	590	500	450	950
15	750	120	870	750	600	1,350
16	1,050	150	1,200	1,050	750	1,800
17	1,400	180	1,580	1,400	900	2,300
18	1,800	210	2,010	1,800	1,050	2,850
19	2,250	240	2,490	2,250	1,200	3,450
20	2,750	270	3,020	2,750	1,350	4,100
21	3,250	300	3,550	3,250	1,500	4,750
22	3,750	330	4,080	3,750	1,650	5,400
23	4,250	360	4,610	4,250	1,800	6,050
24	4,750	390	5,140	4,750	1,950	6,700
25	5,250	420	5,670	5,250	2,100	7,350
26	5,750	450	6,200	5,750	2,250	8,000
27	6,250	480	6,730	6,250	2,400	8,650
28	6,750	510	7,260	6,750	2,550	9,300
29	7,250	540	7,790	7,250	2,700	9,950
30	7,750	570	8,320	7,750	2,850	10,600
31	8,250	600	8,850	8,250	3,000	11,250
32	8,750	630	9,380	8,750	3,150	11,900
33	9,250	660	9,910	9,250	3,300	12,550
34	9,750	690	10,440	9,750	3,450	13,200
35	10,250	720	10,970	10,250	3,600	13,850
36	10,750	750	11,500	10,750	3,750	14,500
37	11,250	780	12,030	11,250	3,900	15,150
38	11,750	810	12,560	11,750	4,050	15,800
39	12,250	840	13,090	12,250	4,200	16,450
40	12,750	870	13,620	12,750	4,350	17,100
41	13,250	900	14,150	13,250	4,500	17,750
42	13,750	930	14,680	13,750	4,650	18,400
43	14,250	960	15,210	14,250	4,800	19,050
44	14,750	990	15,740	14,750	4,950	19,700
45	15,250	1,020	16,270	15,250	5,100	20,350
46	15,750	1,050	16,800	15,750	5,250	21,000
47	16,250	1,080	17,330	16,250	5,400	21,650
48	16,750	1,110	17,860	16,750	5,550	22,300
49	17,250	1,140	18,390	17,250	5,700	22,950
50	17,750	1,170	18,920	17,750	5,850	23,600
51	18,250	1,200	19,450	18,250	6,000	24,250
52	18,750	1,230	19,980	18,750	6,150	24,900
53	19,250	1,260	20,510	19,250	6,300	25,550
54	19,750	1,290	21,040	19,750	6,450	26,200
55	20,250	1,320	21,570	20,250	6,600	26,850

## Edit Descriptions

### Edit Number Listing

## PENNSYLVANIA

### Basic Edits

### Policy Year Call #1

#### BASIC EDITS EXCLUSIVE TO CALL #1

Edit #	Edit Description	Comments
4	For columns (1) through (22), the sum of lines (A) through (V) must be equal to line (X) for all columns.	
5	The sum of columns (4), (5) and (6) must be equal to column (7) for all lines.	
6	The sum of columns (9) and (10) must be equal to column (4) for all lines.	
7	The sum of columns (11) and (12) must be equal to column (5) for all lines.	
8	The sum of columns (13) and (14) must be equal to column (6) for all lines.	
9	There must be responses to the two questions on Page 3 of the Call.	
10	If the response to Question #1 on page 3 is "No" then: The sum of columns (15) and (16) must be equal to column (11) for all lines. The sum of columns (17) and (18) must be equal to column (12) for all lines.	
11	If the response to Question #1 on page 3 is "Yes" then leave Columns (15) through (18) blank.	
12	The sum of columns (19) and (20) must be equal to column (8) for lines (G) through (V).	Mandatory reporting for Policy Years 1987 and subsequent
13	For columns (1) through (22), line (Z) must be equal to line (X) minus line (Y).	
14	For columns (1) through (22), lines (A) through (V) and (X), all data items should be non-negative (greater than or equal to zero). Except columns (6), (13), (14), (16) and (18).	
15	If there is a value in Column (7) then there must also be a value in Columns (1) (2) and (3)	
16	For lines (B) through (V), if Columns (9) or (11) are greater than zero then Column (8) must be greater than zero.	
17	If columns (9) through (11) are equal to 0 then Column (8) should be equal to 0.	
18	For lines (G) through (V), if the amount reported in column (19) is greater than zero, then column (9) must be greater than zero.	If there are closed claims, there should be associated paid indemnity amounts.
19	For lines (G) through (V), if column (9) equals zero, then column (19) must be equal to zero.	If there is no paid indemnity, there should be no closed claims.
20	For lines (G) through (V), if column (20) is greater than zero, then column (11) should be greater than zero.	If there are open claims, there must be indemnity case reserves.
21	For lines (G) through (V), if column (20) is equal to zero, then column (11) should be equal to zero, unless only bulk reserves are being reported.	If there are no open claims, then there should be no indemnity case reserves.
22	For lines (A) through (V), column (21) must be less than or equal to column (9).	
23	For lines (A) through (V), column (22) must be less than or equal to column (10).	

#### BASIC EDITS-COMPARING THE CURRENT YEAR'S CALL #1 WITH THE PRIOR YEAR'S CALL #1

Edit #	Edit Description	Comments
1	For columns (1) through (22), line (Y) from the current Call must equal line (X) from the preceding Policy Year Call.	

**BASIC EDITS-COMPARING CALL#1 TO OTHER FINANCIAL DATA INCENTIVE PROGRAM CALLS**

Edit #	Edit Description	Comments
1	All data must be consistent and comparable to Pennsylvania Schedule W.	

**Net #8 and Gross #9 Large Deductible Calls**

**BASIC EDITS EXCLUSIVE TO CALL #8 and #9**

Edit #	Edit Description	Comments
4	For columns (1) through (22), the sum of lines (J) through (V) must be equal to line (X) for all columns.	
5	The sum of columns (4) through (6) must be equal to column (7) for all lines.	
6	The sum of columns (9) and (10) must be equal to column (4) for all lines.	
7	The sum of columns (11) and (12) must be equal to column (5) for all lines.	
8	The sum of columns (13) and (14) must be equal to column (6) for all lines.	
9	There must be responses to the two questions on Page 3 of the Call.	
10	If the response to Question #1 on page 3 is "No" then: The sum of columns (15) and (16) must be equal to column (11) for all lines. The sum of columns (17) and (18) must be equal to column (12) for all lines.	
11	If the response to Question #1 on page 3 is "Yes" then leave Columns (15) through (18) blank.	
12	For lines (J) through (V), the sum of columns (19) and (20) must be equal to column (8).	Mandatory reporting for Policy Years 1990 and subsequent
13	For all columns (1) through (22), line (Z) must be equal to line (X) minus line (Y).	
14	For columns (1) through (22), lines (J) through (V) and (X), all data items should be non-negative (greater than or equal to zero). Except columns (6), (13), (14), (16) and (18).	
15	For any policy year, [lines (J) through (V)], where incurred losses are reported in column (7), there must be corresponding premium reported in columns (1), (2) and (3).	
16	For lines (J) through (V), if columns (9) and (11) are greater than 0 then Column (8) must be greater than zero.	
17	If columns (9) and (11) are equal to zero then column (8) should be equal to 0.	
18	For lines (J) through (V), if the amount reported in column (19) is greater than zero, then column (9) must be greater than zero.	If there are closed claims, there should be associated paid indemnity amounts.
19	For lines (J) through (V), if column (9) equals zero, then column (19) must be equal to zero.	If there is no paid indemnity, there should be no closed claims.
20	For lines (J) through (V), if column (20) is greater than zero, then column (11) should be greater than zero.	If there are open claims, there must be indemnity case reserves.
21	For lines (J) through (V), if column (20) is equal to zero, then column (11) should be equal to zero unless only bulk reserves are being reported.	If there are no open claims, then there should be no indemnity case reserves.
22	For lines (J) through (V), column (21) must be less than or equal to column (9).	
23	For lines (J) through (V), column (22) must be less than or equal to column (10).	

**BASIC EDITS-COMPARING THE CURRENT YEAR'S CALLS #8 & #9 WITH THE PRIOR YEAR'S CALLS #8 & #9 RESPECTIVELY**

Edit #	Edit Description	Comments
1	For columns (1) through (22), line (Y) from the current Call must equal line (X) from the preceding Policy Year Call.	

**BASIC EDITS-COMPARING CALLS #8 & #9 TO OTHER FINANCIAL DATA INCENTIVE PROGRAM CALLS**

<b>Edit #</b>	<b>Edit Description</b>	<b>Comments</b>
1	All data must be consistent and comparable to Pennsylvania Schedule W.	

**Schedule W**

**BASIC EDITS EXCLUSIVE TO SCHEDULE W**

<b>Edit #</b>	<b>Edit Description</b>	<b>Comments</b>
4	The sum of lines (1) and (2) must equal line (3) on Parts A-1 & A-5.	
5	Line (3) less line (4) must equal line (5) on Parts A-1 & A-5.	
6	The sum of lines (6A) through (6G) must equal line (6H) on Parts A-1 & A-5.	
7	The sum of lines (5) and (6H) must equal line (7) on Parts A-1 & A-5.	
8	For lines (9A) through (9H), column (1) + column (2) - column (3) must equal column (4) on Parts A-1 & A-5.	
9	For columns (1) through (4), the sum of line (9A) and (9B) must equal line (9C) on Parts A-1 & A-5.	
10	For columns (1) through (4), the sum of lines (9D) through (9G) must equal line (9H) on Parts A-1 & A-5.	
11	Line (1) on Part A-5 must be greater than or equal to Line (1) on Part A-1.	
12	Line (5) on Part A-5 must be greater than or equal to the Line (5) on Part A-1.	
13	Part A-5, line (9A), column (1) must be greater than or equal to Part A-1, line (9A), column (1).	
14	Part A-5, line (9B), column (1) must be greater than or equal to Part A-1, line (9B), column (1).	
15	Part A-5, line (9C), column (1) must be greater than or equal to Part A-1, line (9C), column (1).	
16	Part A-5, line (9A), column (2) must be greater than or equal to Part A-1, line (9A), column (2).	
17	Part A-5, Line (9B), column (2) must be greater than or equal to Part A-1, line (9B), column (2).	
18	Part A-5, line (9C), column (2) must be greater than or equal to Part A-1, line (9C), column (2)	
19	Part A-5, line (9A), column (3) must be greater than or equal to Part A-1, line (9A), column (3).	
20	Part A-5, line (9B), column (3) must be greater than or equal to Part A-1, line (9B), column (3).	
21	Part A-5, line (9C), column (3) must be greater than or equal to Part A-1, line (9C), column (3).	
22	For columns (3) through (23), line (7) must equal the sum of lines (1), (3) and (5) on Parts B-1 & C-1.	
23	For columns (3) through (24), line (8) must equal the sum of lines (2), (4) and (6) on Parts B-1 & C-1.	
24	For lines (1),(3),(5),(7),(9),(11),(13),(15), and (17), column (25) must equal the sum of columns (3) through (23) on Parts B-1 & C-1.	
25	For lines (2),(4),(6),(8),(10),(12),(14),(16), and (18), column (25) must equal the sum of columns (3) through (24) on Parts B-1 & C-1.	
26	All values should be non-negative with the possible exception of lines (5) and (6) on Parts B-1 & C-1.	
27	For Columns (3) through (23), Part B-1, line (15) should equal Part C-1, line (15) on Parts B-1 & C-1.	

28	For Columns (3) through (24), Part B-1, line (16) should equal Part C-1, line (16) on Parts B-1 & C-1.	
29	For Columns (3) through (23), Part B-1, line (17) should equal Part C-1, line (17) on parts B-1 & C-1.	
30	For Columns (3) through (24), Part B-1, line (18) should equal Part C-1, line (18) on Parts B-1 & C-1	
33	[Part B-1, line (16), column (25)+Part D-1, line (16), column (16)] - [Part B-1, line (15), column (25)+Part D-1, line (15), column (16)] should equal Part A-1, line (5)	
34	[Part B-1, line (18), column (25)+Part D-1, line (18), column (16)] - [Part B-1, line (17), Column (25)+Part D-1, line (17), column (16)] should equal Part A-1, line (7).	
35	[Part B-1, line (2), column (25)+Part D-1, line (2), column (16)] - [Part B-1, line (1), column (25)+Part D-1, line (1), column (16)] should equal [Part A-1, line (9A), column (1)+ Part A-1, line (9D), column (1)].	
36	[Part B-1, line (3), column (25)+Part D-1, line (3), column (16)] + [Part B-1, line (5), column (25)+Part D-1, line (5), column (16)] should equal [Part A-1, line (9A), column (3)+ Part A-1, line (9D), column (3)].	
37	[Part B-1, line (4), column (25)+Part D-1, line (4), column (16)] + [Part B-1, line (6), column (25)+Part D-1, line (6), column (16)] should equal [Part A-1, line (9A), column (2)+ Part A-1, line (9D), column (2)].	
38	[Part B-1, line (8), column (25)+Part D-1, line (8), column (16)] - [Part B-1, line (7), column (25)+Part D-1, line (7), column (16)] should equal [Part A-1, line (9A), column (4)+ Part A-1, line (9D), column (4)].	
39	[Part C-1, line (2), column (25)+Part D-2, line (2), column (16)] - [Part C-1, line (1), column (25)+Part D-2, line (1), column (16)] should equal [Part A-1, line (9B), column (1)+ Part A-1, line (9E), column (1)].	
40	[Part C-1, line (3), column (25)+Part D-2, line (3), column (16)] + [Part C-1, line (5), column (25)+Part D-2, line (5), column (16)] should equal [Part A-1, line (9B), column (3)+ Part A-1, line (9E), column (3)].	
41	[Part C-1, line (4), column (25)+Part D-2, line (4), column (16)] + [Part C-1, line (6), column (25)+Part D-2, line (6), column (16)] should equal [Part A-1, line (9B), column (2)+ Part A-1, line (9E), column (2)].	
42	[Part C-1, line (8), column (25)+Part D-2, line (8), column (16)] - [Part C-1, line (7), column (25)+Part D-2, line (7), column (16)] should equal [Part A-1, line (9B), column (4)+ Part A-1, line (9E), column (4)].	
43	For columns (3) through (14), line (7) must equal the sum of lines (1), (3) and (5) on Parts D-1 through E-2.	
44	For columns (3) through (15), line (8) must equal the sum of Lines (2), (4) and (6) on Parts D-1 through E-2.	
45	For lines (1),(3),(5),(7),(9),(11),(13),(15) and (17), column (16) must equal the sum of columns (3) through (14) on Parts D-1 through E-2.	
46	For lines (2),(4),(6),(8),(10),(12),(14),(16) and (18), column (16) must equal the sum of columns (3) through (15) on Parts D-1 through E-2.	
47	For columns (3) through (15), lines (15),(16),(17) and (18) of Part D-1 should equal the corresponding value on Part D-2.	
48	For columns (3) through (15), lines (15),(16),(17) and (18) of Part E-1 should equal the corresponding value on Part E-2.	
49	All values should be non-negative with the possible exception of lines (5) and (6) on Parts D-1 through E-2.	
50	For column (16), the difference of Part E-1 line (2) less line (1) and Part D-1 line (2) less line (1) must equal Part A-1, line (9F), column (1).	
51	For column (16), the difference of Part E-2 line (2) less line (1) and Part D-2 line (2) less line (1) must equal Part A-1, Line (9G), column (1).	
52	For column (16), the difference of Part E-1 line (8) less line (7) and Part D-1 line (8) less line (7) must equal Part A-1, line (9F) column (4).	
53	For column (16), the difference of Part E-2 line (8) less line (7) and Part D-2 line (8) less line (7) must equal Part A-1, line (9G), column (4).	

54	For column (16), the difference of Part E-1 line (18) less line (17) and Part D-1 line (18) less line (17) must equal Part A-1, line (8B).	
55	For columns (3) through (23), line (7) must equal the sum of lines (1), (3) and (5) on Parts B-5 & C--5.	
56	For columns (3) through (24), line (8) must equal the sum of lines (2), (4) and (6) on Parts B-5 & C-5.	
57	For lines (1),(3),(5),(7),(9),(11),(13),(15), and (17), column (25) must equal the sum of columns (3) through (23) on Parts B-5 & C-5.	
58	For lines (2),(4),(6),(8),(10),(12),(14),(16), and (18), column (25) must equal the sum of columns (3) through (24) on Parts B-5 & C-5.	
59	All values should be non-negative with the possible exception of lines (5) and (6) on Parts B-5 & C-5.	
60	For Columns (3) through (23), Part B-1, line (15) should equal Part C-1, line (15) on Parts B-5 & C-5.	
61	For Columns (3) through (24), Part B-1, line (16) should equal Part C-1, line (16) on Parts B-5 & C-5.	

**Actuarial Edits**

All items on Calls #1, #8 and #9 and Schedule W will be checked for reasonableness. Specific examples include:

**Policy Year Call #1**

**ACTUARIAL EDITS - EXCLUSIVE TO CALL#1**

Edit #	Edit Description	Comments
carrier info report	The relationship between Standard Earned Premium at DSR Level and Standard Earned Premium at Company Level should be consistent with each company's filed deviations and/or loss cost multiplier(s).	
1	For columns (1), (2), (3) and (7) line (V) should not be equal to line (Z).	
2	Line (Z) for columns (1), (3) and (7) must be copied to the reconciliation page of the Call.	

**ACTUARIAL EDITS - COMPARING THE CURRENT YEAR'S CALL#1 TO THE PRIOR YEAR'S CALL#1**

Edit #	Edit Description	Comments
1	For all paid losses, columns (4),(9), (10), (21) and (22), lines (A) through (U) will be checked when the losses on the current Call for a specific policy year are at least 200,000 less than the losses on the preceding Policy Year Call for the same policy year. (Note the current line A equals the sum of line A and B from prior call. Line (B) on current call should be compared to line (C) from prior call and so forth.)	

**ACTUARIAL EDITS - COMPARING CALL#1 TO OTHER FINANCIAL DATA INCENTIVE PROGRAM CALLS**

Edit #	Edit Description	Comments
1	The entries on page 5, the Calendar Year Reconciliation Report will be verified, this data must be pulled correctly from Calls #1, #8, #9 and Statutory Page 14. Any differences greater than \$1,000 and less than (\$1,000) must be explained. These explanations will be reviewed for reasonableness.	

**Net Large Deductible Policy Year Call #8**

**ACTUARIAL EDITS - EXCLUSIVE TO CALL#8**

<b>Edit #</b>	<b>Edit Description</b>	<b>Comments</b>
<b>carrier info report</b>	The relationship between Standard Earned Premium at DSR Level and Standard Earned Premium at Company Level should be consistent with each company's filed deviations and/or loss cost multiplier(s).	
<b>1</b>	For columns (1), (2), (3) and (7) line (V) should not be equal to line (Z).	
<b>2</b>	Line (Z) for columns (1), (3) and (7) must be copied to the reconciliation page of the Call.	

**ACTUARIAL EDITS - COMPARING THE CURRENT YEAR'S CALL#8 TO THE PRIOR YEAR'S CALL#8**

<b>Edit #</b>	<b>Edit Description</b>	<b>Comments</b>
<b>1</b>	For all paid losses, columns (4),(9), (10), (21) and (22), lines (J) through (U) will be checked when the losses on the current Call for a specific policy year are at least 200,000 less than the losses on the preceding Policy Year Call for the same policy year. (Note, line (J) on current call should be compared to line (K) from prior call and so forth.)	

**ACTUARIAL EDITS - COMPARING CALL#8 TO OTHER FINANCIAL DATA INCENTIVE PROGRAM CALLS**

<b>Edit #</b>	<b>Edit Description</b>	<b>Comments</b>
<b>1</b>	All data entries on the Net Large Deductible Call should be less than the corresponding data entries on the Gross Large Deductible Call except for columns (6), (13), (14), (16), (18) where Call #8 may be less than or equal to Call #9.	

**Gross Large Deductible Policy Year Call #9**

**ACTUARIAL EDITS - EXCLUSIVE TO CALL#9**

<b>Edit #</b>	<b>Edit Description</b>	<b>Comments</b>
<b>carrier info report</b>	The relationship between Standard Earned Premium at DSR Level and Standard Earned Premium at Company Level should be consistent with each company's filed deviations and/or loss cost multiplier(s).	
<b>1</b>	For columns (1), (2), (3) and (7) line (V) should not be equal to line (Z).	

**ACTUARIAL EDITS - COMPARING THE CURRENT YEAR'S CALL#9 TO THE PRIOR YEAR'S CALL#9**

<b>Edit #</b>	<b>Edit Description</b>	<b>Comments</b>
<b>1</b>	For all paid losses, columns (4),(9), (10), (21) and (22), lines (J) through (U) will be checked when the losses on the current Call for a specific policy year are at least 200,000 less than the losses on the preceding Policy Year Call for the same policy year. (Note, line (J) on current call should be compared to line (K) from prior call and so forth.)	

**ACTUARIAL EDITS - COMPARING CALL#9 TO OTHER FINANCIAL DATA INCENTIVE PROGRAM CALLS**

<b>Edit #</b>	<b>Edit Description</b>	<b>Comments</b>
1	All data entries on the Net Large Deductible Call should be less than the corresponding data entries on the Gross Large Deductible Call except for columns (6), (13), (14), (16), (18) where Call #8 may be less than or equal to Call #9.	

**Schedule W**

**ACTUARIAL EDITS - EXCLUSIVE TO SCHEDULE W**

<b>Edit #</b>	<b>Edit Description</b>	<b>Comments</b>
1	Part B-1 & C-1; For columns (3) through (23), line (14) should be greater than or equal to line (13).	
2	Part B-1 & C-1; (3) through (23), line (12) should be greater than or equal to line (11).	
3	Part B-1 & C-1; For columns (3) through (23), line (9) should be greater than or equal to line (11).	
4	Part B-1 & C-1; For columns (3) through (24), line (10) should be greater than or equal to line (12).	
5	For columns (3) through (24), Part C-1 should be greater than Part B-1 for lines (9) through (12) unless both values are equal to zero.	
6	For columns (3) through (14), lines (1) through (18) on Part D-1 should be less than on Part E-1 unless both values are equal to zero.	
7	For columns (3) through (14), lines (1) through (18) on Part D-2 should be less than on Part E-2 unless both values are equal to zero.	
8	Part A-1 & A-5; Line (6B) should be greater than or equal to zero.	
9	Part A-1 & A-5; Line (6D) should be greater than or equal to zero.	
10	Part A-1 & A-5; Line (8A) should be greater than or equal to zero.	
11	Part A-1 & A-5; The ratio of [Line (6B)/(Line (5)+Line (6B))] should be less than or equal to 0.125 and greater than or equal to 0.0.	
12	Part A-1 & A-5; The ratio of Line [(6D)/(Line (7)-Line (6D)-Line (6E)-Line (6F))] should be less than or equal to 0.05 and greater than or equal to 0.0.	
13	Part A-1 & A-5; The ratio of [Line (6E)/(Line (7)-Line (6C)-Line (6F))] should be less than or equal to 0.25 and greater than or equal to -0.25.	
14	Part A-1 & A-5; The ratio of [Line (6F)/(Line (7)-Line (6C))] should be less than or equal to 0.05 and greater than or equal to -0.05.	
15	Statutory Page 14 Call total for Column (1) must equal Part A-5, Line (1)	
16	Statutory Page 14 Call total for Column (2) must equal Part A-5, Line (5)	
17	Statutory Page 14 Statement Call total for Column (5) must equal Part A-5, Line (9C), Column (1)	
18	Statutory Page 14 Call total for Column (7) must equal Part A-5, Line (9C), Column (2)	
19	Statutory Page 14 Call total for Column (6) must equal Part A-5, Line (9C), Column (4)	