

**REGULATION TO REQUIRE REPORTING OF FINANCIAL
AND STATISTICAL DATA BY PROPERTY AND
CASUALTY INSURANCE COMPANIES**

I. AUTHORITY

This regulation is promulgated pursuant to Section 10-4-404(1) and 10-1-109, C.R.S., authorizing the Commissioner to adopt rules and regulations regarding the reporting of financial and statistical data required by any laws or parts of laws of this state.

II. PURPOSE

The purpose of this regulation is to set forth the manner of reporting and the kinds of data to be reported by insurers to the Commissioner. This data will allow the Commissioner to determine solvency, financial, rating, and/or marketing problem areas by lines, sublines, or classes of insurance.

The data provided by insurers under this regulation will assist the Commissioner in the taking of action to prevent problems in the insurance market, i.e., unavailability and/or the affordability of insurance products, and will provide a basis for determining if rate and/or market conduct examinations should be conducted.

This regulation shall not be interpreted to limit the powers granted the Commissioner by any laws or part of laws of this state.

III. DEFINITIONS

A. Accelerated Reports. Statistical information in a form specified by the NAIC Statistical Handbook that provides data on a quarterly basis for the purpose of identifying emerging trends in the commercial liability lines of insurance.

B. Fast Track Reports. Information generated from the NAIC Fast Track Monitoring System that gives sampling of significant data for property and casualty insurance on a quarterly basis by insurers comprising a major segment of the market for the lines of insurance indicated.

C. NAIC Statistical Handbook. The publication of the National Association of Insurance Commissioners (NAIC), as revised October, 1980, that explains insurance statistical data and detail report formats to be furnished by statistical agents.

D. Participating Insurers. An insurer licensed to transact the business of property and casualty insurance in this state and who writes at least \$100,000 in Colorado annual premium for any of the lines and classes listed under the "Fast Track

Reports" and "Accelerated Reports" described in subsections VI(B)(2) and (3) below. (Please note that all property and casualty insurers whether or not they meet the \$100,000 threshold described above must meet the annual reporting requirements of subsection VI(B)(1) below.)

E. Statistical Agent. An organization authorized by the Commissioner to gather and compile insurance statistical experience.

F. Statistical Plan. A system for collecting and recording insurance information.

IV. POWERS AND DUTIES

The Commissioner may enter into an agreement with any qualified data collection service corporation, association or other entity to undertake the compilation and analysis of data collected pursuant to this regulation. The agreement may provide for the corporation, association, or other entity to prepare and distribute or make available data to insurers, government and the general public.

V. FINANCIAL REPORTING

As a condition of doing business in the state, each insurer licensed to transact the business of property and casualty insurance shall report to the Commissioner financial data for the preceding year ended December 31.

A. Annual Statement. An annual statement shall be filed with the Commissioner on or before March 1st of each year, or a later date if appropriate, that provides financial information for the previous calendar year. The annual statement shall conform to the format prescribed and modified by the National Association of Insurance Commissioners (NAIC) and shall contain exhibits and schedules that follow specifications developed by the NAIC, which may include:

1. A balance sheet;
2. A statement of income;
3. Expense exhibits;
4. Investment schedules;
5. A reinsurance schedule; and
6. A loss development schedule.

B. Insurance Expense Exhibit: An insurance expense exhibit shall be filed with the Commissioner on or before April 1 each year, or a later date if appropriate, that provides countrywide information on insurer expenses for the previous

calendar year. The information included in this exhibit should be in the form prescribed and modified by the NAIC and may include:

1. An allocation of expenses by category of expense.
2. An allocation of premiums, losses and expenses by lines of business.

C. Other Schedules and Supplements. In addition to the above, other NAIC schedules may be requested at the discretion of the Commissioner. These additional NAIC schedules shall follow the format and detail prescribed by the NAIC.

VI. STATISTICAL REPORTING

As a condition of doing business in this state, each insurer licensed to transact the business of property and casualty insurance shall report to the Commissioner at least annually in such form and detail as may be required by the NAIC Statistical Handbook.

A. Statistical Agents. All insurance companies licensed to transact the business of property and casualty insurance in this state shall report their insurance statistical experience to a statistical agent authorized by the Commissioner or, with the Commissioner's approval, directly to the Commissioner. Such information shall be submitted in the form and detail outlined in statistical plans filed with the Commissioner. Insurers shall inform the Commissioner of their choice of statistical agent and of any changes in a statistical agent. Statistical agents shall notify the Commissioner of all changes in their statistical plans or in their reporting formats. Statistical agents shall submit with each filing a complete list of all insurers whose information is included in the filing.

B. Statistical Reports. Every statistical agents shall report its insurance data compilation to the Commissioner in the form and detail contained in the NAIC Statistical Handbook.

1. Annual Compilations. At least annually, and as specified in the NAIC Statistical Handbook, compilations shall be submitted for specific lines of insurance by statistical agents and those insurers reporting their statistical experience directly to the Commissioner.

a. Lines of Insurance. The following lines of insurance shall be included in annual compilations to the Commissioner or such other lines as may be specified in the NAIC Statistical Handbook:

1. Automobile-Commercial

2. Automobile-Private Passenger;
3. Boiler and Machinery;
4. Burglary;
5. Businessowners;
6. Commercial Multiple Peril;
7. Crop-Hail;
8. Farmowners;
9. Fidelity and Surety;
10. Fire and Extended Coverage;
11. General Liability;
12. Glass;
13. Homeowners;
14. Inland Marine;
15. Personal Property other than Homeowners.

b. Data Elements. All data elements and display formats for the annual compilations shall be those specified in the NAIC Statistical Handbook, except that compilation reports for lines of insurance shall include the following data elements:

1. premiums written;
2. premiums earned;
3. losses paid;
4. loss adjustment expenses paid;
5. losses outstanding;*

6. loss adjustment expenses
outstanding;*

7. number of claims;

8. territories.

NOTE: To the extent any of the above elements include incurred but not reported losses (IBNR) or estimates of IBNR's, these should be separately delineated.

* If not maintained separately, the aggregate reserves for both loss and loss adjustment expenses are to be reported.

c. Compilation Basis. The compilation basis for each line of insurance in each annual report shall be specified for that report by the NAIC Statistical Handbook, and should be one of the following:

1. calendar year;

2. accident year;

3. policy year.

2. Fast Track Reports: Data necessary to produce Fast Track Reports shall be submitted by participating insurers to statistical agents, or directly to the Commissioner upon approval, within 45 days of the close of the calendar quarter. All data elements specified shall be set out on a Colorado-wide and countrywide basis.

a. Loss Ratio Data. Participating insurers shall submit quarterly premium and loss data for the following Fast Track Lines and Classes, and as otherwise specified in the NAIC Statistical Handbook:

1. Private Passenger Liability;

2. Private Passenger Physical
Damage

3. Commercial Auto Liability;

4. Commercial Auto Physical Damage;

5. Homeowners;

6. Dwelling Fire;

7. Dwelling Allied Lines;

8. Commercial Fire;

9. Commercial Allied Lines;

10. Farm Business;

11. Commercial Multiple Peril;

12. Liability Other than Auto;

13. Medical Malpractice.

b. Claim Reports. Participating insurers shall submit quarterly claim cost and claim frequency data for the following Fast Track Lines and Classes, and as otherwise specified in the NAIC Statistical Handbook:

1. Private Passenger Comprehensive;

2. Private Passenger Collision;

3. Private Passenger Bodily Injury Liability;

4. Private Passenger Property Damage Liability;

5. Private Passenger Personal Injury Protection.

c. Report Formats. Statistical agents shall provide Fast Track Reports in the format prescribed by the NAIC Statistical Handbook within 60 days of the close of the calendar quarter for the Private Passenger Automobile and Homeowners lines of insurance. Fast Track Reports for other lines of

business shall be provided within 75 days of the close of the calendar quarter.

3. Accelerated Reports: Data necessary to produce Accelerated Reports shall be submitted by participating insurers to statistical agents, or directly to the Commissioner upon approval, within 60 days of the close of the calendar quarter. All data elements specified shall be set out on a Colorado-wide and countrywide basis.

a. Loss Ratio Data. Participating insurers shall submit premium and loss data for the following lines and classes, and as otherwise specified in the NAIC Statistical Handbook:

1. Owners, Landlords and Tenants Liability;
2. Manufacturers and Contractors Liability;
3. Products Liability (countrywide only);
4. Premises/Operations Liability;
5. Liquor Law Liability;
6. Lawyers Professional Liability;
7. Municipal Liability;
8. Public School Liability;
9. Day Care Liability;
10. Recreational Liability;
11. Public Official Liability;
12. Directors and Officers Liability.

b. Data Elements. Participating insurers shall submit such premium, loss and expense data that is necessary to generate Accelerated Reports in the

form required by the NAIC Statistical Handbook including:

1. Direct premiums written;
2. Direct premiums earned, and;
3. Incurred losses, developed as the sum of the following:
 - a) the dollar amount of paid losses, plus;
 - b) the dollar amount allocated for loss adjustment expenses, plus;
 - c) reserves for reported claims at the end of the quarter, minus;
 - d) reserves for reported claims at the beginning of the quarter.

c. Report Formats. Statistical agents shall provide Accelerated Reports to the Commissioner in the format and within timeframes prescribed by the NAIC Statistical Handbook.

4. Statistical Compilations Available Upon Request: Upon a request by the Commissioner of any special reports, as detailed in the NAIC Statistical Handbook, the reports shall be produced by statistical agents, or insurers with prior approval for direct submission of reports to the Commissioner. These reports shall be compiled and submitted within reasonable timeframes.

VII. DUE DATE AND EXEMPTION

A. Statistical reports shall be due within the timeframes specified in the NAIC Statistical Handbook.

B. Acting upon an application, which shall state the reasons and their justifications for an exemption to the required submission date, submitted by a statistical agent or an individual insurer the Commissioner may allow a later submission date of the statistical data or report if the submission date required by this Regulation would create a substantial hardship.

VIII. ENFORCEMENT

Noncompliance with this regulation may result, after proper notice and hearing, in the imposition of any of the sanctions made available to the Commissioner in the Colorado Insurance Code which includes, but is not limited to, fines, cease and desist orders, and suspension and/or revocation of a license or certificate of authority.

IX. SEPARABILITY

If any provision of this Regulation or the application thereof to any person or circumstance is for any reason held to be invalid, the remainder of the Regulation shall not be affected thereby.

X. EFFECTIVE DATE

This Regulation will be effective May 1, 1988.