Commercial Liability Reporting Tips, July 2012

Insurance Bureau of Canada (IBC) would like to share with the industry some tips related to the correct reporting of various scenarios in Commercial Liability that will help IBC and the Industry generate accurate exhibits for the Regulators.

Mid term changes

Reporting of mid-term changes to coverage/policy forms, policy limits, deductible amounts or types, policy types, industry codes, exposure, etc. must follow the practice of:

- reporting an offset of the original policy information for the non-expired term of the policy and appropriate apportioned premium,
- followed by an onset with the changed information whether or not the premium has changed.

If you have a policy adjustment with an **additional** premium, and you have not changed the coverage code, policy limit, deductible amount or type, policy type, industry code, etc.
- You must send in the **additional** premium with a transaction type **3**, with the identical information that was previously send to IBC .**The transaction Effective Date must be equal to the Policy effective date.**

If you have a policy adjustment with a **credit** premium, and you have not changed the coverage code, policy limit, deductible amount or type, policy type, industry code, etc.

- You must send in the **credit** premium with a transaction type **L**, with the identical information that was previously send to IBC. **The transaction Effective Date must be equal to the Policy effective date.**

The use of transaction type 3 and L are used to adjust or revise premium charged where policy coverage or terms have not changed, such as an adjustment of premium based on claim performance.

Package policies

If you have a package policy where the majority of the premium is based primarily on **ONE** coverage/policy form and have included other coverage/policy forms at little or no premium as a courtesy or throw-in the following steps must be followed:

- You only report the **transaction with the** primary coverage code, with the total combined premium
- You must not report the additional coverage codes with a premium of Zero, as these records will be dropped from our collection system

Group policies

If you have reported one policy ID for a large group of insured's, with different policy effective dates. **This is incorrect.**

- You must report a unique policy ID for each insured, with their own policy effective and expiry date, liability limit, deductible etc.
- You cannot report all insured's under one policy ID.

Example: plumbers or electricians, or doctors, all under one policy ID with separate policy effective date and liability limits, must each have a **unique policy ID**

Premium transactions with zero premium

All debit and credit records reported with a zero premium amounts are dropped from our collection system. **If you need to report changes to any of the statistical fields you should always report offset and onset** transactions with premium amount.
In order to create appropriate statistical categories, each record must have a premium.

Reporting Claims

When reporting claim transactions you must report the exact same information that was on the premium record. (same coverage code, policy limit, deductible amount or type, policy type, industry code). **The same rule of zero amount applies to the Claims transactions - Do not send transactions with zero loss or expense amounts since they will be dropped from our collection system.**

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Claim count

Many of you may have had an issue with your monthly submissions, due to claim count. The system will put a file on HOLD, if the claim count is too low or too high. The data will be analyzed by the Data Quality Analyst, to see if the claims are reported with the correct logic for claim count, using the chart below. If the logic is correct, the file will be released into production. If the claim count is incorrect, you will be notified to fix the reporting of your claim count, and resubmit your file.

Claim count is a "counter" for IBC to determine the number of claims under each Kind of Loss Code.

Rules for reporting claim count on each Kind of Loss code

Transaction type	Claim count
First payment - Kind 2 (t/t 7)	1
Additional reserve (kind 3) or payment (kind 2)	0
Reserve entry (Kind 3 t/t8) if **no** previous payments	1
Reserve entry (Kind 3 t/t8) if payment has been made	0
If reserve and payment occur in the same reporting month, December, ONLY the payment transaction must have claim count 1 the reserve in the same month is reported with claim count 0. All subsequent reserves and indemnity payments must be reported with claim count "0".	1
Expense amounts	0

If you have any questions or concerns regarding the above, please do not hesitate to contact your Data Quality Analyst.

Data Quality Management