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DIVISION OF INSURANCE BULLETIN 96-11

TO: The Massachusetts Property Insurance Underwriting Association, the Twenty-five Company Groups with the Largest Shares of the Massachusetts Homeowners Market, and Statistical Agents for Massachusetts Homeowners Insurance

FROM: Linda Ruthardt, Commissioner of Insurance

RE: Special Reports on Massachusetts Homeowners Insurance

DATE: August 9, 1996

As a result of recent changes to Massachusetts statutes, there are new statistical reporting requirements that apply to the Massachusetts Property Insurance Underwriting Association ("FAIR Plan") and to each admitted insurer writing homeowners insurance in Massachusetts. Pursuant to these new requirements, the FAIR Plan and each admitted insurer, respectively, must annually submit to the Division of Insurance ("the Division") certain statistical information regarding its homeowners insurance experience. Compliance with these new requirements (specified below) is to be effected through statistical agents approved by the Commissioner of Insurance ("the Commissioner") to act on behalf of reporting insurers.

In addition, the FAIR Plan and the twenty-five admitted insurers with the largest shares of the Massachusetts homeowners market, respectively, must submit, directly to the Division, reports on the number of cancellations and nonrenewals of homeowners policies each has effected in specified areas within the state.

This bulletin describes the manner in which the new statistical reporting requirements for homeowners insurance will be implemented this year. Any changes in implementation that occur in the future will be addressed at that time by means of bulletins or other communications from the Division. We anticipate that all parties involved will make their best efforts to comply with the new requirements.

<u>1994 and 1995 Calendar Year Data to Be Reported Through Statistical Agents by All Companies and the FAIR Plan</u>

The FAIR Plan and each admitted insurer writing homeowners insurance in Massachusetts must report to the Commissioner, by means of the approved statistical agent to which each

respectively reports for homeowners statistical plan purposes, the following homeowners insurance data for the calendar years 1994 and 1995: written premiums; earned premiums; incurred losses, including loss adjustment expenses; loss ratio; number of incurred claims, and number of exposures. This data must be reported separately for the owners, tenants, and condominium forms of homeowners insurance. The statistical agents must also report aggregate cause of loss data. For formatting and other technical requirements that apply to these reports, including specification of the standard statistical territories, see the section, "Technical Requirements -- 1994 and 1995 Calendar Year Data Reports" (below).

Cancellation and Nonrenewal Data Required from the FAIR Plan and the Twenty-five Company Groups with the Largest Shares of the Massachusetts Homeowners Market

The FAIR Plan and the twenty-five insurers with the largest shares of the Massachusetts homeowners market must report to the Commissioner the number of cancellations and the number of nonrenewals of homeowners policies each effected in calendar years 1994 and 1995 within the following geographical areas in Massachusetts: the areas corresponding to each of the postal zip codes applicable to the territories designated by the Commissioner as credit-eligible in accordance with Chapter 93 of the Acts of 1996; the areas covered by all other Boston zip codes, and the additional zip codes designated in this bulletin for this purpose. The twenty-five insurers with the largest shares of the Massachusetts homeowners market are defined for these purposes as the twenty-five insurance company groups with the largest shares of the Massachusetts homeowners market, as measured by statewide written premium for calendar year 1995. Reporting by such groups should include separate reports by each company within the group. The twenty-five largest groups are listed on Exhibit A. The zip codes are listed on Exhibit B.

Technical Requirements -- 1994 and 1995 Calendar Year Data Reports

The 1994 and 1995 Calendar Year Data Reports by statistical agents must be made no later than September 5, 1996, for calendar/accident year 1994 and 1995 experience. The reports should be on a per company basis. The submissions must be provided as follows: on diskette; using the prescribed record layouts, in ASCII comma delimited format; named according to the convention set forth in Exhibit C, and directed to:

State Rating Bureau
Chapter 93 Data Collection
Massachusetts Division of Insurance
470 Atlantic Avenue
Boston, Massachusetts 02210-2223

If you should have any questions regarding these requirements, please contact the State Rating Bureau at (617) 521-7336.

The following data elements should be included in the submission. Refer to Exhibit D for the "statistical agent - by company" submission record layout.

Company: Report the five digit NAIC company number.

Territory: Report the appropriate two digit standard statistical territory code (refer to Exhibit E).

Policy Form Group: Report "O" for owners forms, "T" for tenants forms, and "C" for condominium forms.

Calendar/Accident Year: Report the applicable two digit calendar/accident year, i.e., 94 or 95.

Written Premium: Report the premium amount for policies written during the calendar year.

Earned Premium: Report that portion of the written premium amount which was in effect during the 1994 and 1995 calendar years for policies written since January 1, 1994. Report each year separately. No earned premiums should be included for policies written prior to 1994.

Written Exposure (House-Years): Report the number of house-years for policies written during the calendar year. A house-year is defined as one house insured for one year, and is calculated based on the term of the policy. For example, a policy with a term of six months would be counted as 0.5 house-years.

Earned Exposure (House-Years): Report that portion of the written house-years amount which was in effect during the 1994 and 1995 calendar years for policies written since January 1, 1994. Report each year separately. No earned house-years should be included for policies written prior to 1994.

Incurred Losses, including all loss adjustment expenses: Report incurred losses including all loss adjustment expenses which occurred during the 1994 and 1995 accident years for policies written since January 1, 1994. Report each year separately. Incurred losses should be evaluated as of fifteen months from the start of the year. Losses which occurred during the year for policies written prior to 1994 should not be included.

Incurred Claims: Report the number of incurred claims corresponding to the incurred losses reported.

Loss Ratio: This is defined as the incurred losses including all loss adjustment expenses divided by earned premiums, rounded to three decimal places.

Additional Statistical Agent Requirements for All Insurers - Aggregate Data

On or before September 5, 1996, the statistical agents are required to submit aggregate data by cause of loss for their reporting insurers. The following data elements should be included in the submission. Refer to Exhibit F for the "statistical agent - aggregate data" submission record layout.

Territory: Report the appropriate two digit standard statistical territory code (refer to Exhibit E).

Policy Form Group: Report "O" for owners forms, "T" for tenants forms, and "C" for condominium forms.

Calendar/Accident Year: Report the applicable two digit calendar/accident year, i.e., 94 or 95.

Cause of Loss: Report the appropriate two digit cause of loss code (refer to Exhibit G).

Incurred Losses, including all loss adjustment expenses: Report incurred losses including all loss adjustment expenses by cause of loss, for losses which occurred during the year for policies written since January 1, 1994. Report each year separately. Incurred losses should be evaluated as of fifteen months from the start of the year. Losses which occurred during the year for policies written prior to 1994 should not be included.

Incurred Claims: Report the number of incurred claims corresponding to the incurred losses reported.

Technical Requirements -- Cancellation and Nonrenewal Reports

The cancellation and nonrenewal reports by the top twenty-five insurance company groups and the FAIR Plan for calendar years 1994 and 1995 must be submitted no later than September 5, 1996. The submissions must be provided as follows: on diskette; using the prescribed record layout, in ASCII comma delimited format; named according to the convention set forth in Exhibit C ('YYDCCCCC.ASC' where YY is the year of the experience period, D indicates cancellation/non-renewal submission, CCCCC represents the five digit NAIC company number); and directed to the State Rating Bureau (at the address stated above), to the attention of "Chapter 93 Data--Top Twenty-five Insurance Company Group." The diskette must be accompanied by a completed certification form of the type set forth in blank in Exhibit H. If you have questions regarding these requirements, please contact the State Rating Bureau at the number stated above.

The following data elements should be included in the submission. Refer to Exhibit I for the "individual insurer - cancellation/non-renewal" submission record layout.

Company: Report the five digit NAIC company number.

Zip Code: Report the appropriate five digit zip code (refer to Exhibit B).

Calendar Year: Report the applicable two digit calendar year, i.e., 94 or 95.

Number of Policies in Force: Report the number of policies in force as of December 31 of the calendar year.

Total Number of Cancellations: Report the number of policies canceled during the calendar year. A cancellation occurs during the policy term.

Total Number of Non-Renewals: Report the number of policies not renewed during the calendar year. A non-renewal occurs when a policy expires.

Number of Insurer-Initiated Cancellations: Report the number of cancellations during the calendar year that were initiated by the insurer, excluding those canceled by the insurer for non-payment of premium.

Number of Insurer-Initiated Non-Renewals: Report the number of non-renewals during the calendar year that were initiated by the insurer, excluding those non-renewed by the insurer for non-payment of premium.

Note: Failure by an insurer to provide any of the above data items must be accompanied by a detailed explanation as to the reason(s) for that failure.

Exhibit A

Massachusetts 1995 Top Twenty-Five Groups by Written Premium Volume for Homeowners Multi-Peril Insurance

Aetna Life & Cas Grp
Allmerica P & C Cos
Amica Mutual Ins Co
Andover Ins Group
Arbella Ins Group
Chubb Grp of Ins Cos
Comm Union Ins Cos
Commerce Group, Inc
Fitchburg Mutual Ins
Harleysville Ins Cos
Hingham Mut Grp
Holyoke Mutual Ins
John Hancock Group
Liberty Mutual Group
Main Street Amer Grp
Metropolitan Group
NLC Ins Cos
Norfolk & Dedham Grp
Pawtucket Mut Group
Plymouth Rock Cos
Quincy Mutual Fire
Travelers Ins Group
Union Mut Fire Group
USAA Group
Vermont Mutual Group

Massachusetts Zip Codes to Be Included in the Cancellation / Non-Renewal Reports

Zip Code	City/Town
02101	Boston
02102	Boston
02103	Boston
02104	Boston
02105	Boston
02106	Boston
02107	Boston
02108	Boston
02109	Boston
02110	Boston
02111	Boston
02112	Boston
02113	Boston
02114	Boston
02115	Boston
02116	Boston
02117	Boston
02118	Boston
02119	Boston
02120	Boston
02121	Boston
02122	Boston
02123	Boston
02124	Boston
02125	Boston
02126	Boston
02127	Boston
02128	Boston
02129	Boston
02130	Boston
02131	Boston
02132	Boston
02133	Boston
02134	Boston
02135	Boston
02136	Boston
02137	Boston
02163	Boston
02199	Boston
02203	Boston
02205	Boston
02208	Boston
02209	Boston
02210	Boston
02215	Boston
02222	Boston

Zip Code	City/Town
01840	Lawrence
01841	Lawrence
01842	Lawrence
01843	Lawrence
01901	Lynn
01902	Lynn
01903	Lynn
01904	Lynn
01905	Lynn
02138	Cambridge
02139	Cambridge
02140	Cambridge
02141	Cambridge
02142	Cambridge
02238	Cambridge
02143	Somerville
02144	Somerville
02145	Somerville
02150	Chelsea
02151	Revere
02152	Winthrop
02401	Brockton
02402	Brockton
02403	Brockton
02404	Brockton
02405	Brockton
02740	New Bedford
02741	New Bedford
02742	New Bedford
02743	New Bedford
02744	New Bedford
02745	New Bedford
02746	New Bedford

Exhibit C

File Naming Convention

Starting Position	Code	Definition
01	YY	*Experience period* (e.g. 94 or 95)
03	-	*Type of Submission*
	A	By Company
	B	Aggregate Data
04	----	*Name of Statistical Agent*
	AAIS	
	NAII	
	NISS	
	ISO	
end	.ASC	*File extension*

Sample file name: '94BAAIS.ASC'
Translation: (1994 data, aggregate data submission, reported by AAIS)

Sample file name: '95BISO.ASC'
Translation: (1995 data, aggregate data submission, reported by ISO)

Statistical Agent Layout (All Insurers - By Company)

1	
2	company
3	number
4	
5	
6	
7	territory
8	policy form
9	
10	year
11	
12	
13	written
14	premium
15	(whole
16	dollars)
17	
18	
19	
20	
21	
22	earned
23	premium
24	(whole
25	dollars)
26	
27	
28	
29	
30	written
31	exposure
32	house-
33	years
34	(whole
35	years)
36	
37	earned
38	exposure
39	house-
40	years
41	(whole
42	years)
43	
44	incurred
45	losses
46	including
47	all lae
48	(whole
49	dollars)
50	
51	
52	
53	
54	incurred
55	claims
56	
57	
58	
59	
60	loss
61	ratio

Exhibit E

Massachusetts Statistical Territories

Territory Description (County/City)	Territory Code
Barnstable *	37
Berkshire *	50
Bristol (City of Fall River)	32
Bristol (City of New Bedford)	33
Bristol (Except Fall River & New Bedford)	34
Dukes *	37
Essex (City of Lawrence)	38
Essex (City of Lynn)	39
Essex (Except Lawrence & Lynn)	40
Franklin *	50
Hampden (City of Chicopee)	48
Hampden (City of Holyoke)	48
Hampden (City of Springfield)	47
Hampden (Except Chicopee, Holyoke & Springfield)	49
Hampshire *	49
Middlesex (City of Cambridge)	41
Middlesex (City of Lowell)	42
Middlesex (City of Newton)	43
Middlesex (City of Somerville)	41
Middlesex (Except Cambridge, Lowell, Newton & Somerville)	44
Nantucket *	37
Norfolk (City of Brookline)	12
Norfolk (City of Quincy)	30
Norfolk (Except Brookline & Quincy)	31
Plymouth (City of Brockton)	35
Plymouth (Except Brockton)	36
Suffolk (City of Boston - District A)	02
Suffolk (City of Boston - District B)	03
Suffolk (City of Boston - District C)	04
Suffolk (City of Boston - Except Districts A, B & C)	11
Suffolk (Except Boston)	05
Worcester (City of Worcester)	45
Worcester (Except City of Worcester)	46

* Entire County

Statistical Agent Layout (All Insurers - Aggregate Data)

1	
2	territory
3	policy form
4	
5	year
6	cause
7	of loss
8	
9	incurred
10	losses
11	including
12	all lae
13	(whole
14	dollars)
15	
16	
17	
18	
19	incurred
20	claims
21	
22	
23	

Exhibit G

Homeowners Cause of Loss Codes

Cause of Loss Description	Code
Fire, Lightning, and Removal	01
Wind and Hail	02
Water Damage and Freezing	03
Theft	04
Liability and Medical Payments	06
All Other	09

Exhibit H

Certification for Data Submitted in Response to DOI Bulletin No. 96-11

I, _____, hereby certify as follows:
(print or type full name)

(1) I hold the position of _____
(title)
in _____; (2) I am
(company name)
responsible for overseeing submission of homeowners insurance data by this company to the Massachusetts Division of Insurance in accordance with Chapter 93 of the Acts of 1996, and I am authorized to submit this certification on the company's behalf; and (3) to the best of my knowledge, information, and belief, the information contained in the attached diskette is true, accurate, and complete.

Signed under the penalties of perjury this _____ day of _____, _____.
(day) (month) (year)

_____
(signature)

Full Business Address: _____

_____

_____

_____

_____

Telephone Number: _____

Individual Insurer Cancellation / Non-Renewal Layout

1	
2	company
3	number
4	
5	
6	
7	zip
8	code
9	
10	
11	
12	year
13	
14	number of
15	policies in
16	force
17	
18	
19	
20	
21	total
22	number of
23	cancellations
24	
25	
26	
27	total
28	number of
29	non-renewals
30	
31	
32	
33	total
34	number of
35	insurer-initiated
36	cancellations
37	
38	
39	total
40	number of
41	insurer-initiated
42	non-renewals
43	