

COMPENSATION ADVISORY ORGANIZATION OF MICHIGAN

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CIRCULAR LETTER #230 TO ALL MEMBERS OF THE COMPENSATION ADVISORY ORGANIZATION OF MICHIGAN

FINANCIAL CALLS FOR THE STATE OF MICHIGAN

The Compensation Advisory Organization of Michigan (CAOM) will be collecting all Michigan financial call data for the 2009 reporting year. Instructions for reporting Michigan aggregate financial experience can be found on CAOM's website www.caom.com. **All data providers must submit their calls electronically using the Michigan Financial Data Reporting Application (MIFDRA) available on our website.**

CAOM has developed a financial call reporting tool titled MIFDRA (Michigan Financial Data Reporting Application). To assist our membership in filing of annual Financial Call data, we have developed this Internet-based system to help prevent reporting errors, ensure quality data, enhance timeliness of reporting, provide immediate feedback of failed data quality checks and eliminate costs associated with submitting data on hard copy.

All CAOM members filing financial call data **will be required** to utilize this tool to enter or import call data, edit, correct and file all financial call data required by CAOM. **IT IS IMPORTANT TO NOTE THAT 2009 FINANCIAL CALL DATA CALLS WILL ONLY BE ACCEPTED THROUGH THE MIFDRA.** Your company's MIFDRA username and password will remain the same as last year's. If you need a new user name and password, a new [Contact Person Form](#) may be submitted to CAOM.

It is recommended that you read through the User's Guide which is available via a link on our website www.caom.com as it outlines the application's features, layout and provides helpful hints on how to complete the calls required by CAOM.

Financial call data is collected annually, with the calls applicable to Michigan due in April and May. **CAOM assesses financial penalties for late submission of financial calls.** The data is valued as of December 31, 2008 and collected in the following calls. Calls are crucial for providing the source data that is used in the development of Michigan rate and loss cost filings.

The instructions include reporting requirements for premium collected to provide coverage under the terrorism risk insurance acts (TRIA & TRIPRA). Earned premium reported on Calls 3, 3A, 5 and 5A should be reported net of (i.e., excluding) charges for coverage under TRIA & TRIPRA. Hence TRIA & TRIPRA premium should be included as a write-in reconciliation item on Call 8, line 10.

Changes to this year's financial calls include the following: For calls #3, #3A, #5 and #5A, an additional year of experience is required. Additional years of experience will be added one year each year over the next 9 years for an ultimate expansion of the calls to 31 policy years and 30 calendar-accident years. The additional years of experience will assist in the analysis of loss and DCCE development. As other bureaus and data collection agencies are also expanding their data requirements in this manner, the expanded calls will conform to this new standard.

2009 Call Year Reporting Schedule

Call #	Financial Call	Due Date
# 3	Policy Year	04/01/09
# 3A	Assigned Risk Policy Year	04/01/09
# 5	Calendar-Accident Year	04/01/09
#5A	Assigned Risk Calendar-Accident Year	04/01/09
# 8	Reconciliation Report	04/01/09
# 19	Countrywide Loss Adjustment Expense	05/01/09

No Experience to Report Verification Form

Carriers who previously submitted financial calls and who no longer write premium in Michigan may submit a No Experience to Report Verification Form.

Fill in the No Experience to Report Verification Form showing each call in which you have no experience for Michigan and for all years as required on the call. This allows CAOM to positively verify those carriers who will not be submitting data for each particular call. A single form showing all calls with no experience may be submitted. The submission of this form with an "X" in the appropriate box and an authorized signature precludes the filing of the indicated call. The No Experience to Report Verification Form is treated as compliance with the reporting requirements.

If you have any questions, please contact Jon Heikkinen at (734) 462-9600 ext 225, or via e-mail at jheikkinen@caom.com

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NO EXPERIENCE TO REPORT VERIFICATION FORM

This form is to provide CAOM with positive confirmation that a carrier has no experience to report under a given call(s). Submit ONE form showing all calls in which you indicate no experience to report.

Carrier(s)* _____

Carrier Code _____ Date _____

Submitted by _____

Title _____ Phone Number _____

Call Number	Financial Call	No Experience
3	Policy Year	<input type="checkbox"/>
3A	Assigned Risk Policy Year	<input type="checkbox"/>
5	Accident Year	<input type="checkbox"/>
5A	Assigned Risk Accident Year	<input type="checkbox"/>
8	Reconciliation Report	<input type="checkbox"/>
19	Countrywide Loss Adjustment Expense	<input type="checkbox"/>

* List all carrier names and carrier codes for group reporting.

ANNUAL CALLS FOR EXPERIENCE

There are three financial aggregate calls that are to be submitted to CAOM. These calls are used directly for ratemaking in determining the overall rate level. The Policy Year and Accident Year Calls are the major ratemaking calls. They provide historical information on earned premium and aggregate claim data enabling CAOM to analyze loss ratios and emerging claim patterns. Since rates for federal classes are calculated separately, this experience is not included in the two calls. By collecting historical data on both calls valued as of year-end, CAOM is able to compare the current call with calls from past years in order to calculate loss development factors and trend factors necessary in determining an overall rate level change.