

February 1, 2005

**CIRCULAR LETTER #197 TO ALL MEMBERS  
OF THE COMPENSATION ADVISORY ORGANIZATION OF MICHIGAN**

**FINANCIAL CALLS FOR THE STATE OF MICHIGAN**

The Compensation Advisory Organization of Michigan will be collecting all Michigan financial call data for the 2005 reporting year. All forms and instructions for reporting Michigan aggregate financial experience can be found on CAOM's website [www.caom.com](http://www.caom.com). **All data providers are encouraged to submit the calls electronically using the Excel spreadsheets available on our website.** If you need a printed copy of the forms and instructions please email, fax or mail a request for such to our office.

Financial call data is collected annually, with the calls applicable to Michigan due in March and April. The data is valued as of December 31, 2004 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 have been amended to provide reporting requirements for premium collected to provide coverage under the Terrorism Risk Insurance Act (TRIA). Earned premium reported on Calls 3, 3A, 5 and 5A should be reported net of (i.e., excluding) charges for coverage under TRIA. Hence TRIA premium should be included as a write-in reconciliation item on Call 8.

Attached please find the CAOM financial calls updated for 2005. This year's calls are analogous to last year, with the exception of additional rows on the reconciliation call to provide carriers with a space to report earned but unbilled premium and TRIA premium. Also, new this year is a set of questions related to large deductible coverage in the countrywide expense call. These questions have also been added by the NCCI. The purpose of these questions is to make adjustments in the loss adjustment expense analysis for the different practices used to record claims expense associated with large deductible policies.

## 2005 Call Year Reporting Schedule

Call #	Financial Call	Due Date if Submitted Via	
		Hard Copy	E-Mail
# 3	Policy Year	03/15/05	04/01/05
# 3A	Assigned Risk Policy Year	03/15/05	04/01/05
# 5	Calendar-Accident Year	04/01/05	04/01/05
#5A	Assigned Risk Calendar-Accident Year	04/01/05	04/01/05
# 8	Reconciliation Report	04/01/05	04/01/05
# 19	Countrywide Loss Adjustment Expense	04/15/05	05/01/05

### 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](mailto:jheikkinen@caom.com)

# COMPENSATION ADVISORY ORGANIZATION OF MICHIGAN

## 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.

### **General Edits**

Following are descriptions of basic edits for general reference. These descriptions are intended to assist you in identifying common types of edit failures. These edit descriptions are not all-inclusive.

1. A Transmittal Letter may be included with each submission.
2. Individual company name or names must appear in the space provided on each reporting form.
3. A single five-digit NCCI carrier code number corresponding to the company must appear in the space provided on each call form.
4. The reported data must be legible.
5. Amounts must be reported in whole dollars only.
6. Negative amounts must be enclosed with parentheses.
7. If company designed forms are going to be used, sample forms must be submitted and approved by CAOM.