November 19, 2019

R.C. 2498

Re: Financial vs. Unit Statistical Data Reconciliation Procedures

Members of the Rating Board:

I write to inform you that in 2020, the Rating Board will implement an enhanced procedure to reconcile financial data and unit statistical reports (“USR”) (“Fin-Stat Reconciliation”). Under the 2020 Fin-Stat Reconciliation procedure, the deadline to respond to Fin-Stat Reconciliation data anomalies will be December 1 of each year.

By way of brief explanation, Fin-Stat Reconciliation is a validation procedure that helps ensure that the data utilized by the Rating Board in ratemaking and in other analyses is of the highest quality. Broadly, the purpose of Fin-Stat Reconciliation is to compare each insurer’s USR data, aggregated by policy year, with its corresponding financial data to confirm that the data sets are consistent with one another.

The Rating Board’s 2020 Fin-Stat Reconciliation procedure contains three central enhancements:

1. Expansion of Data Elements Reconciled
   In past years, the Rating Board sought to reconcile premium amounts, claim counts, paid loss amounts, paid allocated loss adjustment expenses, and incurred loss amounts, separately for indemnity and medical, for the most recent 10 policy years. The above-described reconciliation analysis was performed separately for large deductible and non-large deductible policies. The Rating Board will add closed and open lost time claim counts to the list of data elements to be reconciled.

2. Frequency of Fin-Stat Reconciliation Reports
   In 2018 and 2019, the Rating Board distributed Fin-Stat Reconciliation reports to insurers twice each year. Beginning in January of 2020, Fin-Stat Reconciliation reports will be provided to insurers quarterly. While insurers will be provided with the ability to respond to each quarterly Fin-Stat Reconciliation report, they will only be required to respond by December 1 of each year.
3. **Method of Communication**

   In past years, the Rating Board distributed Fin-Stat Reconciliation reports by email and collected insurer’s responses by email. Beginning in January of 2020, insurers will access their quarterly Fin-Stat Reconciliation reports on the Manage Data application. Insurers will be able to download Fin-Stat Reconciliation reports in Microsoft Excel format, and submit responses to anomalies identified by uploading Excel spreadsheets into the Manage Data application. Insurers may submit financial data corrections via the Rating Board’s Financial Data Reporting Application, which is accessible in the Manage Data application, and submit corrections to USRs via either CDX or the Manage Data application. If data corrections are submitted, insurers are required to so indicate in its response to the Fin-Stat Reconciliation report.

   Beginning in January of 2020, Manage Data administrators within each insurer should afford individuals responsible for responding to Fin-Stat Reconciliation reports with access to Manage Data.

   If you have any questions related to the Rating Board’s 2020 Fin-Stat Reconciliation process, please contact Ms. Suzanne Finnegan at (212) 697-3535 ext. 216 or at finstat@nycirb.org.

   **Very truly yours,**

   [Signature]

   Jeremy Attie  
   President and CEO