



## Texas Department of Insurance

**Property & Casualty Program – Data Services**, Mail Code 105-5D  
333 Guadalupe • P. O. Box 149104, Austin, Texas 78714-9104  
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July 15, 2004

**COMMISSIONER'S BULLETIN NO. B-0034-04**

**TO ALL INSURANCE COMPANIES, CORPORATIONS, EXCHANGES, MUTUALS, RECIPROCAL, ASSOCIATIONS, LLOYDS, OR OTHER INSURERS LICENSED TO WRITE LIABILITY AND EACH POOL, JOINT UNDERWRITING ASSOCIATION, OR SELF-INSURANCE MECHANISM OR TRUST AUTHORIZED BY LAW TO INSURE ITS PARTICIPANTS, SUBSCRIBERS, OR MEMBERS AGAINST LIABILITY IN THE STATE OF TEXAS**

**RE: 2003 Annual Aggregate Closed Claim Report  
2003 Closed Claim Reconciliation Form**

The attached mandatory calls are being issued pursuant to §§38.151 – 38.163 of the Texas Insurance Code. The Annual Aggregate Closed Claim Report and instructions are adopted by reference in 28 Texas Administrative Code (TAC), Sec. 5.9202. The Closed Claim Reconciliation Form, affidavit, and instructions are adopted by reference in 28 TAC Sec. 5.9204.

The Acknowledgment of Receipt and Data Calls must be completed and returned in accordance with the instructions by no later than:

**Acknowledgment of Receipt**

**July 30, 2004**

**2003 Closed Claim Reconciliation/Aggregate Report**

**September 3, 2004**

Failure to comply with the requirements of this call, within the time limits specified, may constitute violations of the Texas Insurance Code and may subject the insurer to the penalties provided by law.

**Forms and instructions are no longer attached.**

The forms, instructions, and affidavit should be downloaded from the Department's website located at: [http://www.tdi.state.tx.us/company/indexpc.html#datacalls\\_ind](http://www.tdi.state.tx.us/company/indexpc.html#datacalls_ind)

If you do not have internet access, or are unable to download the forms, please contact Vicky Knox at the phone number or email address listed below.

The Closed Claim Report of Accepted Transactions, the Closed Claim Report of Unaccepted Transactions, the Closed Claim Report of Unusual Circumstances, and the Closed Claim Corrections/Suspect Errors Report are enclosed. These reports are not available through our Web page due to the confidentiality provisions of §§38.151 – 38.163 of the TIC. Copies of these documents are available by contacting TDI.

Questions concerning this call should be directed to Vicky Knox at the Texas Department of Insurance at (512) 475-1879 or [Vicky.Knox@tdi.state.tx.us](mailto:Vicky.Knox@tdi.state.tx.us)

Sincerely,

Clare Pramuk  
Director, Data Services  
Property & Casualty Program

Attachments

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# ACKNOWLEDGMENT of RECEIPT

## 2003 ANNUAL AGGREGATE CLOSED CLAIM REPORT 2003 CLOSED CLAIM RECONCILIATION FORM

Return completed and signed Acknowledgement to TDI  
no later than July 30, 2004.

On behalf of my company, I hereby execute this ACKNOWLEDGMENT OF RECEIPT for the 2003 CLOSED CLAIM RECONCILIATION FORM & THE 2003 ANNUAL AGGREGATE CLOSED CLAIM REPORT.

I UNDERSTAND THAT THIS DATA CALL IS DUE NO LATER THAN SEPTEMBER 3, 2004.

Name:		Position:	
Company Name:			
NAIC Company Number		Date Ack.:	

### QUARTERLY CLOSED CLAIM REPORTS POINT OF CONTACT (CLOSED CLAIM COORDINATOR):

This person must have access to your claims information system. This person is responsible for reviewing individual closed claim reports, correcting closed claim reports, and distributing closed claim rejection summaries to the appropriate personnel within the company.

Name:					
Mailing Address Line 1:					
Mailing Address Line 2:					
City:		State:		Zip:	
Phone Number:		Fax Number:			
E-Mail or Internet Address:					

### RECONCILIATION FORM POINT OF CONTACT:

This person must have access to the Annual Statement information.

Name:					
Mailing Address Line 1:					
Mailing Address Line 2:					
City:		State:		Zip:	
Phone Number:		Fax Number:			
E-Mail or Internet Address:					

Mail To:

Vicky Knox  
Data Services (MC 105-5D)  
P.O. Box 149104  
Austin, TX 78714-9104

Fax To:

Vicky Knox  
Data Services  
(512) 463-6122

E-mail:

Vicky.Knox@tdi.state.tx.us

Electronic version of form  
Available at TDI web page

# General Information

## 2004 Closed Claim Data Call for 2003 Data

### Important Dates To Remember

- **Acknowledgment of Receipt**                      **DUE: July 30, 2004**
- **2003 Reconciliation Packet**                      **DUE: September 3, 2004**

### Acknowledgment of Receipt

- The acknowledgment of receipt must be returned to and received by TDI no later than July 30, 2004.
- **A separate acknowledgment form must be submitted for each company receiving the Closed Claim Data Call.**
- Completed acknowledgments of receipt may be submitted to TDI by facsimile, e-mail, or regular mail.

### Internet Availability

- This Commissioner's bulletin is available for downloading from our Web page located at **www.tdi.state.tx.us**. The Acknowledgment of Receipt may also be downloaded as a separate document for use via e-mail.
- The Closed Claim Report of Accepted Transactions, the Closed Claim Report of Unaccepted Transactions, the Closed Claim Report of Unusual Circumstances, and the Closed Claim Corrections/Suspect Errors Report are not available through our Web page due to the confidentiality provisions of §§38.151 – 38.163 of the TIC. Copies of these documents are available by contacting TDI, Vicky Knox (512) 475-1879.

### Summary of Changes

- ◆ No changes have been made to the actual forms or instructions from the previous year's data call.
- ◆ As with the previous year's data call, the forms, instructions and affidavit are no longer being mailed to companies. These documents should be downloaded from the Department's website at [http://www.tdi.state.tx.us/company/indexpc.html#datacalls\\_ind](http://www.tdi.state.tx.us/company/indexpc.html#datacalls_ind)

### **Checklist and Submission Instructions**

- The Reconciliation Packet should be submitted in accordance with the 2003 Reconciliation Checklist.
- Incomplete submissions will not be accepted.

### **Enforcement/Compliance**

- Failure to comply with TDI's reporting requirements may result in disciplinary action.

### **TDI Point of Contact**

- Vicky Knox  
Property & Casualty Division  
Data Services  
  
Office (512) 475-1879  
Fax (512) 463-6122  
E-mail Vicky.Knox@tdi.state.tx.us

### **Delivery Address**

The completed 2003 Reconciliation Packet should be addressed and submitted to one of the following addresses:

#### **U. S. Postal Service Address**

**Texas Department of Insurance  
Attn: Vicky Knox - MC 105-5D  
P. O. Box 149104  
Austin, Texas 78714-9104**

#### **Courier Address**

**Texas Department of Insurance  
Attn: Vicky Knox - MC 105-5D  
333 Guadalupe  
Austin, Texas 78701**

**Instructions for the  
Texas Annual Aggregate Closed Claim Report  
Bodily Injury Indemnity Payments of \$10,000 or Less  
Calendar Year 2003**

**A. General Instructions:**

1. A separate acknowledgment form must be submitted for each company that receives an accepted transactions listing.
2. Submit a separate annual aggregate report for each company. Group reporting is not allowed.
3. The annual aggregate report may be handwritten in ink or typed. Printed copies are acceptable if they match the form TDI has provided.
4. The responses for the company name and NAIC Company code number **must** be completed.
5. All monetary amounts must be rounded to the nearest dollar.
6. All rows and columns must add exactly.
7. **Keep a copy of your submission on file for at least two years.**
8. The affidavit must be signed by the highest-ranking company official with management and control authority over the development of the reported information. The affidavit must be notarized.  
**Note: Only one notarized affidavit is required if submitting both an Annual Aggregate Report and a Reconciliation Form.**

**B. Line Item Instructions:**

- Column 1: Report the number of files (claimant level) closed in 2003 involving primary coverage for bodily injury for which the claimant received a payment of \$0 or for which the claim was denied. Do not include claims with negative payment amounts.
- Column 2: Report the number of files (claimant level) closed in 2003 involving primary coverage for bodily injury for which the claimant received a cumulative payment of \$1 to \$10,000. Do not include claims with negative payment amounts.
- Column 3: Report the sum of columns 1 and 2.
- Column 4: Report the aggregate dollar amount paid for the files (claimant level) closed in 2003 involving primary coverage for bodily injury. Round all amounts to the nearest dollar. Note that payments made prior to 2003 must be included in this total.

*Example: A claim had a \$5,000 payment in 2002 and a \$2,500 payment in 2003 that closed the file, how do I report this?*

Indicate a closed claim count of 1 in column 2 and \$7,500 in column 4 as the amount for which the claim closed in 2003.

# Texas Annual Aggregate Closed Claim Report Bodily Injury Indemnity Payments of \$10,000 or Less Calendar Year 2003

Company Name \_\_\_\_\_ NAIC# \_\_\_\_\_ NAIC Group \_\_\_\_\_  
 Contact Person \_\_\_\_\_ Telephone \_\_\_\_\_ FAX \_\_\_\_\_

	(1) Aggregate Number of Claims \$0 Indemnity Payments	(2) Aggregate Number of Claims \$1 to \$10,000 Indemnity Payments	(3) Total Number of Claims (1 + 2)	(4) Aggregate Dollar Amount Paid Out
A) General Liability				
B) Other Professional Liability				
+				
Subtotal for General Liability and Other Professional Liability				**
=				
C) Commercial Auto Liability				*
+				
D) Liability Portion of Texas Commercial Multiperil				*
+				
E) Medical Professional Liability				*
+				
<b>F) TOTAL (Lines A through E)</b>				*
=				

\*Transfer Totals to Line 2 of the Reconciliation Form.

\*\*Transfer the combined totals for 4A & 4B to Line 2 of the Reconciliation Form.

# Instructions for the Texas Closed Claim Reconciliation Form Calendar Year 2003

## A. General Instructions:

1. A separate acknowledgment form must be submitted for each company that receives an accepted transactions listing.
2. Submit a separate reconciliation form for each company. Group reporting is not allowed.
3. The reconciliation form may be handwritten in ink or typed. Printed copies are acceptable if they match the form TDI has provided.
4. The responses for the company name, NAIC company code number, NAIC group, contact person, telephone, and FAX number must be completed.
5. All monetary amounts must be rounded to the nearest dollar.
6. All rows and columns must add exactly. Rounding errors and miscellaneous statistical adjustments must be indicated on line 13. Please attach an explanation of any adjustments made on line 13.
7. The **Total** column is the sum of the amounts entered by line of business.
8. **Keep a copy of your submission on file for at least two years.**
9. The affidavit must be signed by the highest-ranking company official with management and control authority over the development of the reported information. The affidavit must be notarized. **Note: Only one notarized affidavit is required if submitting both an Annual Aggregate Report and a Reconciliation Form.**
10. Overview on completing the reconciliation form.
  - Transfer the amounts shown on the Closed Claim Report of Accepted Transactions (green paper) to line 1 of the reconciliation form.
  - Transfer the amounts from the annual aggregate closed claim report to line 2.
  - Show the subtotal of lines 1 and 2 on line 3.
  - Include adjustments on lines 4 through 13 as necessary to balance with the *Texas Statutory Page 14* as per the line item instructions below.
  - Transfer the amounts shown on the Closed Claim Report of Unusual Circumstances (blue paper) to line 14 of the reconciliation form. See the Texas closed claim reconciliation form instructions, item B, Line Item Instructions for detailed information on Unusual Circumstances.
  - Transfer the amounts for claims on the Closed Claim Report of Unaccepted Transactions (pink paper) that are to be included in the 2003 Texas closed claim database to line 16 of the reconciliation form. Note that all claims on the Closed

Claim Report of Unaccepted Transactions may not require quarterly closed claim reports. See the Texas closed claim reconciliation form instructions, item B, Line Item Instructions for detailed information on Unaccepted Transactions.

- Research the claims on the Closed Claim Corrections/Suspect Errors Report (yellow paper) and provide either replies or revised closed claim reports. If claim(s) is (are) to be excluded from the 2003 Texas closed claim database, indicate closed claim subtraction(s) on line 17. If the payment on a claim is revised, then indicate closed claim addition(s) on line 18 of the reconciliation form.
  - Verify the amounts shown on the Closed Claim Report of Accepted Transactions (green paper) and note corrections on lines 17 and 18 of the reconciliation form. Submit revised reports as required (see item A, General Instructions, #11 for help in determining when revised reports are required).
  - Determine whether any claims for bodily injury involving primary coverage over \$10,000 were not reported by June 1, 2004. Transfer the total payment amounts to line 19 of the reconciliation form and send late quarterly closed claim reports.
  - Transfer the amount of direct losses on the *Texas Statutory Page 14* to lines 20 and 21 of the reconciliation form.
11. Use the following guidelines to determine if revised closed claim reports are necessary:

Claims on the Closed Claim Report of Accepted Transactions must be revised if the amount paid on a claim differs from the amount shown on the accepted transactions listing by more than \$100.

- Exception: If the amount to be changed involves a reallocation of the amounts between the primary carrier payment and the deductible (questions 12.a.1 and 12.a.2), TDI will make the adjustments between questions 12.a.1 and 12.a.2 provided that the response in question 12a.7 does not change. If the response in question 12a.7 changes, then a revised closed claim report is necessary.

#### **B. Line Item Instructions:**

1. Payments Included in Quarterly Closed Claim Reports  
Included with the reconciliation form is the Closed Claim Report of Accepted Transactions, printed on green paper, that lists information from accepted reports filed for 2003 closed claims (long and short forms) or a report indicating no accepted transactions. The accepted transactions listing summarizes the payment amounts reported on question 12.a.1 by the policy type reported on question 7.a in the quarterly closed claim reports. **Please verify the claim number, NAIC company code, policy type and amounts. The total dollar amounts reported by line of insurance should be transferred onto line 1 of the reconciliation form. Do not alter these amounts. Corrections to the Closed Claim Report of Accepted Transactions should be noted on lines 17-18, as applicable, on the reconciliation form.**

**Do not include any payment amounts for claims that are listed on the Closed Claim Report of Unaccepted Transactions. The payment amounts for these claims must be included on line 16 of the closed claim reconciliation form.**

2. Payments reported on Annual Aggregate Closed Claim Report  
Report the aggregate dollar amounts paid out indicated on the Annual Aggregate Closed Claim Report, (col. 4). Combine the amounts for general liability and other professional liability.
3. Total Closed Claim Payments Reported  
Report the sum of lines 1 and 2 of the reconciliation form for each column.
4. Property damage losses paid  
Report the amount of property damage losses paid in 2003 (regardless of whether the claim was opened or closed) for each column.
5. Other losses reported on TX Statutory Page 14 that did not entail bodily injury  
Report the amount paid in 2003 (regardless of whether the claim was opened or closed) for claims that did not involve bodily injury. Please include a list of the various categories of claims with the total amount paid for each category for each separate line of insurance.
6. Payments on claims not closed in calendar year  
Report the amount paid in 2003 for bodily injury claims that were not closed by December 31, 2003. Please have claim level detail available to support any amounts shown on the closed claim reconciliation form.
7. Payments made prior to January 1 on claims closed during the year  
Report the amount paid for bodily injury claims that closed in 2003, but payments were made prior to January 1, 2003.
8. Excess coverage payments not reportable on Quarterly Closed Claim Reports  
Report the amount paid by excess carriers that do not meet the following provision: Excess carriers must report closed claims whenever an award or settlement over \$10,000 is large enough to trigger excess coverage by exceeding the per occurrence retention of a self-insured entity which does not report its claims to TDI.  
  
Do not include "excess" coverage for under-insured motorists' coverage on this line.
9. Losses paid on claims not settled under Texas law  
Report the amount for claims that were not settled according to Texas civil justice laws, but with payments reported on *Texas Statutory Page 14*.
10. Payments on claims reported on policies written in another state  
Report the amount for claims settled under Texas civil justice laws, but with losses not included on *Texas Statutory Page 14*.
11. Payments of \$10,000 or less on Quarterly Closed Claim Reports  
Report any claim for \$10,000 or less that is not deleted from the Closed Claim Report of Accepted Transactions (green paper) on this line. The amounts for these claims are subtracted (from the correct company and line of insurance) to avoid reporting the same claim on lines 1 and 2 of the reconciliation form.
12. Reimbursements received  
Report any recoveries for indemnification, subrogation, or canceled transactions. Report any deductible recoveries on claims not affecting the Closed Claim Report of Accepted Transactions. If a deductible is recovered on a claim reported on the accepted transaction list, then follow the instructions for lines 17 and 18 so that the individual closed claim report is corrected.

13. Rounding and Statistical Adjustments

Report adjustments for coding errors and miscellaneous adjustments on this line. Please attach an explanation for statistical adjustments. Please have claim level detail available to support any amounts shown on the closed claim reconciliation form.

Rounding adjustment(s) to balance the reconciliation form may also be shown on Line 13.

14. Unusual Circumstances (including Class Action Suits and Catastrophe Claims)

Transfer the amounts shown on the Closed Claim Report of Unusual Circumstances (blue paper) to line 14 of the reconciliation form for claims that are to be included in the 2003 Texas closed claim database.

Note that the Closed Claim Report of Unusual Circumstances summarizes information on claims involving class action lawsuits and/or catastrophe claims for incidents with multiple claimants (more than 10) received during calendar year 2003. If you have an unusual circumstance, which was not included on this list, please contact TDI for further instructions as to what information will need to be provided.

15. Write-In Adjustments

Report any other adjustments necessary to balance the reconciliation form. Please attach an explanation. Please have claim level detail available to support any amounts shown on the closed claim reconciliation form.

16. Payments for claims on the Closed Claim Report of Unaccepted Transactions

A. Report the total amount for claims on the Closed Claim Report of Unaccepted Transactions that qualify for inclusion within the 2003 Texas closed claim database. Included with the reconciliation form is the Closed Claim Report of Unaccepted Transactions, printed on pink paper that lists quarterly closed claim reports not accepted into the TDI database, and the error codes associated with each report. This claim(s) arrived in our office on or before June 1, 2004, but contain errors that need to be corrected.

Please refer to the Closed Claim Error Code Listing (included with the reconciliation packet) to correct the reports. Revised quarterly closed claim reports are necessary for each claim that qualifies for inclusion within the 2003 Texas closed claim database. If a claim does not qualify for inclusion within the 2003 Texas closed claim database, please attach an explanation stating why the claim is withdrawn (e.g., duplicate report, claim not settled under Texas law, claim not closed in 2003, ineligible company or policy type).

B. In addition to the corrected closed claim reports, please submit a list that indicates the claim number, policy type, payment amount and closing date for each claim from the Closed Claim Report of Unaccepted Transactions that qualifies for inclusion within the 2003 Texas closed claim database.

17. Closed Claim Subtractions

A. Report any claim that is incorrectly reported on the Closed Claim Report of Accepted Transactions (green paper) due to errors in NAIC company code, policy type (line of business), payment amount, or closing year. The correct information for the claim is used to correct the TDI database; therefore, only one closed claim subtraction is possible for any individual claim report. The entire amount of the claim reported on the accepted transaction list must be subtracted.

- B. Please refer to the Closed Claim Corrections/Suspect Errors Report (yellow paper) for a list of closed claim reports that were accepted into TDI's database but appear to still need corrections or clarifications. If your research indicates that the report does not qualify for inclusion into the 2003 Texas Closed Claim database, show the payment amount as a closed claim subtraction.
- If there is a claim on the Closed Claim Report of Accepted Transactions that shows a closing date in your computer system prior to 2003, please research to see if the closed claim report was accepted by TDI in a prior year. If TDI accepted the claim prior to 2003, then a closed claim subtraction on line 17 is necessary to delete the claim report and avoid reporting the same claim twice. If the claim was not accepted by TDI prior to 2003, then the claim report should remain in the TDI database. Please subtract the payment amount for the claim from line 7 of the reconciliation form.
  - If there is a claim on the Closed Claim Report of Accepted Transactions that was open through 2003, then a closed claim subtraction on line 17 is necessary to delete the claim report. Please include a revised closed claim report with a correction to the closing date (question 1g) or include an explanation that the claim remains open.
- C. To report closed claim subtractions, please provide a list sorted by policy type and claim number. This list must also indicate the amount to be subtracted and the reason(s) for the subtraction. The following example indicates the closed claim subtractions for a company with NAIC company code 10000. The corresponding adjustments for each claim is indicated in instruction number 18 - Closed Claim Additions.

**Example:**

Company - NAIC# 10000:

Policy Type	Claim Number	Amount	Reason(s)
CA	403000502	\$50,000	Change company to NAIC# 20030
CA	403000512	\$40,000	Delete - private passenger auto
CA	403000523	\$15,000	Correct policy type to GL
CA	478000963	\$100,000	Change to NAIC# 20030, type-GL
CA	480000333	\$20,000	Correct amount is \$25,000
GL	301252109	\$74,000	Delete - surplus lines claim
GL	313111105	\$65,400	Delete - claim closed in 2004 (Long form with revised date enclosed.)
GL	451111009	\$35,000	Change to deductible
GL	486777813	\$57,000	Change to NAIC# 20030, MP, deductible
MED	485000213	\$85,000	Delete – not settled under Texas law
MED	485000301	\$0	Changed deductible to a payment (\$18,000)
MED	485000315	\$65,000	Payment: \$40,000 Deductible: \$25,000
MP	472555312	\$150,000	Change to GL, correct amount is \$157,500
MP	472555315	\$325,000	Multiple claimant file requiring three reports

The amount of the closed claim subtractions for NAIC company code 10000 is equal to the sum of the payments for each policy type group.

<i>C. Amounts for Closed Claim Subtractions – NAIC# 10000</i>	
<i>General Liability and Other Professional Liability</i>	<i>\$157,400</i>
<i>Commercial Auto Liability</i>	<i>\$225,000</i>
<i>Texas Commercial Multiperil Liability</i>	<i>\$475,000</i>
<i>Medical Professional Liability</i>	<i>\$150,000</i>

18. Closed Claim Additions

- A. Report the revised amounts for claim reports on the Closed Claim Report of Accepted Transactions that were incorrect. Only one closed claim addition is possible for any individual claim report. The amount of the claim reported on question 12.a.1 of the individual closed claim report is the amount that is shown as a closed claim addition.

If there is a change in the NAIC company code or policy type for a claim on a Closed Claim Report of Accepted Transactions, TDI will make the corrections to the report forms.

- C. If there is a change to the payment amount, use the following guidelines to determine if revised closed claim reports are necessary:

Claims on the Closed Claim Report of Accepted Transactions must be revised if the amount paid on a claim differs from the amount shown on the accepted transactions listing by more than \$100.

- Exception: If the amount to be changed involves a reallocation of the amounts between the primary carrier payment and the deductible (questions 12.a.1 and 12.a.2), TDI will make the adjustments between questions 12.a.1 and 12.a.2 provided that the response in question 12a.7 does not change. If the response in question 12a.7 changes, then a revised closed claim report is necessary.
- C. To report closed claim additions, please provide a list sorted by policy type and claim number. This list must also indicate the amount to be added. It is not necessary to indicate the reason for the addition since this is indicated in the list for closed claim subtractions.

**Example:** Using the data from the example for line item 17, these are the corresponding closed claim additions that would be expected for the companies with NAIC company codes 10000 and 20030.

Company – NAIC# 10000:

Policy Type	Claim Number	Amount	Reason(s)
CA	480000333	\$25,000	Correct amount is \$25,000
GL	403000523	\$15,000	Correct policy type to GL
GL	451111009	\$0	Change to deductible
GL	472555312	\$157,500	Change to GL, correct amt. is \$157,500
MED	485000301	\$18,000	Change deductible to payment
MED	485000315	\$40,000	Payment: \$40,000 Deductible \$25,000
MP	472555315A	\$50,000	Multiple claimant file requiring three reports
MP	472555315B	\$150,000	Multiple claimant file requiring three reports
MP	472555315C	\$125,000	Multiple claimant file requiring three reports

The amount of the closed claim additions for NAIC company code 10000 is equal to the sum of the payments for each policy type group.

*18. Amounts for Closed Claim Additions - NAIC# 10000*

<i>General Liability and Other Professional Liability</i>	<i>\$172,500</i>
<i>Commercial Auto Liability</i>	<i>\$25,000</i>
<i>Texas Commercial Multiperil Liability</i>	<i>\$325,000</i>
<i>Medical Professional Liability</i>	<i>\$58,000</i>

Company - NAIC# 20030:

Policy Type	Claim Number	Amount
CA	403000502	\$50,000
GL	478000963	\$100,000
MP	486777813	\$0

The amount of the closed claim additions for NAIC company code 20030 is equal to the sum of the payments for each policy type group.

*18. Amounts for Closed Claim Additions - NAIC# 20030*

<i>General Liability and Other Professional Liability</i>	<i>\$100,000</i>
<i>Commercial Auto Liability</i>	<i>\$50,000</i>
<i>Texas Commercial Multiperil Liability</i>	<i>\$0</i>
<i>Medical Professional Liability</i>	<i>\$0</i>

Note that there are no closed claim additions shown for the following claim numbers since they were deleted.

301252109  
313111105  
403000512  
485000213

**19. Late Quarterly Closed Claim Reports**

- A. Report eligible claim forms which were not filed with TDI by June 1, 2004 and are not included on the Closed Claim Report of Accepted Transactions or the Closed Claim Report of Unaccepted Transactions. These reports are delinquent and should be submitted with the Reconciliation Form by September 3, 2004.
- B. Please provide a list of the late quarterly closed claim reports sorted by policy type and claim number. The list must also indicate the amount paid on question 12.a.1 of the report.

**Example:** The following reports for a company with NAIC company code 10000 were not included on the accepted transaction list and are late.

Policy Type	Claim Number	Amount	Reason(s)
CA	487001503	\$40,850	Late Report
CA	488006152	\$38,500	Late Report
CA	488006153	\$415,700	Late Report
GL	378001964	\$150,820	Late Report
GL	378002199	\$64,839	Late Report
GL	383002556	\$40,500	Late Report

The amount of late quarterly closed claim reports for NAIC company code 10000 is the sum of the payments for each policy type group.

*19. Late Quarterly Closed Claim Reports - NAIC# 10000*

<i>General Liability and Other Professional Liability</i>	<i>\$256,159</i>
<i>Commercial Auto Liability</i>	<i>\$495,050</i>
<i>Texas Commercial Multiperil Liability</i>	<i>\$0</i>
<i>Medical Professional Liability</i>	<i>\$0</i>

20. Sum of lines 3 through 19

Report the sum of lines 3 through 19 for each column. This line must equal line 21.

21. Annual Statement Texas Statutory Page 14, DIRECT LOSSES PAID

Report the amounts on the *Annual Statement Texas Statutory Page 14*, column 6, (Direct Losses Paid) according to the following instructions:

- General Liability and Other Professional Liability - sum of amounts reported on line 17 (Other liability) and line 18 (Product liability). All amounts reported on line 17, column 6, *Texas Statutory Page 14* (Including Employers' Liability, Personal Liability, etc.) should be included on line 21 of the Reconciliation Form.
- Commercial Auto Liability - sum of amounts reported on line 19.3 (Commercial auto no-fault) and 19.4 (Other commercial auto liability).
- Texas Commercial Multiperil Liability - include only the liability portion on line 5.2 (Commercial multiple peril liability portion).
- Medical Professional Liability - indicate only line 11 (Medical malpractice).

# Texas Closed Claim Reconciliation Form Calendar Year 2003

Company Name \_\_\_\_\_ NAIC# \_\_\_\_\_ NAIC Group \_\_\_\_\_

Contact Person \_\_\_\_\_ Telephone \_\_\_\_\_ FAX \_\_\_\_\_

*Note: Round all amounts to dollars.*

	General Liability and Other Professional Liability 17, 18	Commercial Auto Liability 19.3, 19.4	Texas Commercial Multiperil Liability 5.2	Medical Professional Liability 11	TOTAL
Annual Statement Lines of Business					
1. Payments Included in Quarterly Closed Claim Reports from the ATL** (green)					
2. Payments reported on Annual Aggregate Closed Claim Report (Col. 4)					
3. Total Closed Claim Payments Reported					

### ADJUSTMENTS TO LINE 3

4. Property damage losses paid					
5. Other losses reported on <i>TX Statutory Page 14</i> that did not entail bodily injury*					
6. Payments on claims not closed in calendar year 2003					
7. Payments made prior to Jan. 1 on claims closed during the year 2003	(            )	(            )	(            )	(            )	(            )
8. Excess coverage payments not reportable on Quarterly Closed Claim Reports					
9. Losses paid on claims not settled under Texas law					
10. Payments on claims reported on policies written in another state	(            )	(            )	(            )	(            )	(            )
11. Payments of \$10,000 or less that were reported on Quarterly reports	(            )	(            )	(            )	(            )	(            )
12. Reimbursements received	(            )	(            )	(            )	(            )	(            )
13. Rounding and Statistical Adjustments Please Attach Explanation					
14. Unusual Circumstances (blue) Please Attach Explanation					
15. Write-in Adjustments Please Attach Explanation					
16. Payments for claims on the Closed Claim Report of Unaccepted Transactions (pink)					
17. Closed Claim subtractions* (yellow & green)	(            )	(            )	(            )	(            )	(            )
18. Closed Claim additions* (yellow & green)					
19. Late Quarterly Closed Claim Reports* (Filed after June 1, 2004)					
20. Sum of lines 3 through 19, (Must equal line 21)					

21. <i>Annual Statement Texas Statutory Page 14, DIRECT LOSSES PAID</i>					
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\* See instructions for further details

\*\*ATL= Accepted Transactions Listing (green form)

# A F F I D A V I T

## TEXAS ANNUAL AGGREGATE CLOSED CLAIM REPORT AND/OR TEXAS CLOSED CLAIM RECONCILIATION FORM CALENDAR YEAR 2003

THE STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_ the (position) \_\_\_\_\_

Of \_\_\_\_\_  
being duly sworn, deposes and says that on the 31st day of December last, all of the information of the named Company contained herein, together with any necessary related exhibits, schedules and explanations contained, annexed or referred to are a full and true statement in accordance with the instructions provided according the best of my information and knowledge.

\_\_\_\_\_  
Signature

Subscribed and Sworn To Before Me this the \_\_\_\_\_ day of \_\_\_\_\_ 2004.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
(Printed name of Notary)

My Commission Expires:  
\_\_\_\_\_

## 2003 Reconciliation Checklist

The Reconciliation Packet must be complete and the items must be arranged and submitted in the order listed below. Partial or incomplete submissions will not be accepted.

**REMINDER: All documents must be assembled and submitted in the order as they appear on this checklist.**

- Completed 2003 Closed Claim Reconciliation Form
- Completed 2003 Annual Aggregate Closed Claim Report
- Completed, signed and notarized Affidavit
- Photocopy of 2003 Closed Claim Report of Accepted Transactions (ATL)(Green)
- Photocopy of 2003 Closed Claim Report of Unusual Circumstances (Blue)
- Photocopy of 2003 Closed Claim Report of Unaccepted Transactions (UATL)(Pink)
- Photocopy of 2003 Closed Claim Corrections/Suspect Errors Report (Yellow)
- Detailed/supporting information for individual line items on the reconciliation form sorted by line item number
- Corrected closed claim reports or explanations why reports are not required for all claims on the Unaccepted Transaction Listing
- Replies or revised closed claim reports for all inquiries on the Corrections/Suspect Errors Report
- Revised closed claim reports for claims on the Accepted Transaction Listing with incorrect payment amounts
- Completed late reports sorted by policy type and claim number
- Written detailed explanation(s) for items not covered above
- Completed and signed Reconciliation Checklist

I have reviewed the reconciliation packet to ensure all items are included and are in the order described above.

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**Reconciliation Coordinator Signature/Date**

## Frequently Asked Questions

**Q. Who is required to complete the Calendar Year Annual Aggregate Closed Claim Report and the Reconciliation Form?**

A. Each insurance company or other entity admitted to do business and authorized to write liability insurance in Texas, including county mutual insurance companies, Lloyds' plan companies, and reciprocal or interinsurance exchanges, but excluding farm mutual insurance companies and county mutual fire insurance companies writing exclusively industrial fire insurance as defined by Article 17.02 of the TIC and each pool, joint underwriting association, or self-insurance mechanism or trust authorized by law to insure its participants, subscribers, or members against liability.

- Companies that had Direct Losses Paid on lines 5.2, 11, 17, 18, 19.3, or 19.4 of the *Annual Statement Texas Statutory Page 14* for any of the past two years.
- Companies that had Direct Premiums Written on lines 5.2, 11, 17, 18, 19.3, or 19.4 of the *Annual Statement Texas Statutory Page 14*, for any of the past three years (even if no direct losses are paid).
- Companies that had claims closed during the year that were eligible under §§38.151 – 38.163, TIC.
- Companies that do not meet any of these criteria may request, in writing, an exemption from the reporting requirement. Exemptions apply only to the 2004 Closed Claim Data Call for 2003 Data. Exemptions will **not** be granted for Quarterly Closed Claim Reports due to statutory mandates.

**Q. What is the purpose of the reconciliation form?**

A. The purpose of the form is to reconcile the amounts reported under the requirements of §§38.151 – 38.163, TIC, to the direct losses reported on the *Annual Statement Texas Statutory Page 14* and to ensure compliance with those reporting requirements.

**Q. Does the acknowledgment of receipt need to be completed by an officer of the company?**

A. No; however, the person signing the acknowledgment of receipt must have sufficient authority to ensure that the 2003 Annual Aggregate Closed Claim Report and 2003 Closed Claim Reconciliation Form is submitted timely and accurately.

**Q. Is one acknowledgment of receipt acceptable for all companies within my group?**

A. No, a separate acknowledgment form must be submitted for each company receiving an accepted transactions listing.

**Q. What lines of insurance are to be included?**

A. General liability; Product liability; Professional liability other than medical professional liability; Commercial automobile liability; the liability portion of commercial multiperil coverage, including TCPP and TBOP; and Medical professional liability.

**Q. What types of coverage are to be included?**

A. Bodily injury coverage only for primary coverage (Note: Excess coverage claims will appear on line 8 of the *Texas Closed Claim Reconciliation Form*).

**Q. What closed claims should be included?**

- A. 1) Quarterly Closed Claim Reports (Long & Short Forms)  
Indemnity payments more than \$10,000 for bodily injury involving primary coverage for each claimant.
- 2) Annual Aggregate Closed Claim Report  
Claims closed during calendar year 2003 involving an **indemnity payment of \$10,000 or less** (including years prior to 2003) for bodily injury involving primary coverage for each claimant, including claims for which no indemnity payment is made on closing.

**Q. There are other companies in my group that are admitted companies, but did not receive copies of the 2003 Annual Aggregate Closed Claim Report and 2003 Closed Claim Reconciliation Form. Do I need to submit reports for these companies?**

- A. No, only admitted companies with premiums written since 2001 or direct losses paid in 2002 or 2003 are required to file the 2003 Annual Aggregate Closed Claim Report and 2003 Closed Claim Reconciliation Form.

**Q. How does the reconciliation work?**

- A. By balancing the loss amounts reported to TDI on closed claim reports (Long and Short Forms) for the last year, with the losses reported on the *Annual Statement, Texas Statutory Page 14*. Adjustments necessary to balance these figures may include the following:

- Payment information from claims \$10,000 or less from the Annual Aggregate Closed Claim Report
- Excess coverage payments for bodily injury coverage
- Time differences between payment year and closing year for bodily injury claims
- Jurisdiction differences for claims either included or excluded on the *Annual Statement, Texas Statutory Page 14*
- Miscellaneous adjustments requiring explanation

**Q. How do I complete the reconciliation form?**

- A. Refer to the overview in A. General Instructions, item 10 for additional information.

**Q. My annual statement data indicates loss payments in Texas, however, there are not any claims listed on the Closed Claim Report of Accepted Transactions or the Closed Claim Report of Unaccepted Transactions. Is there something wrong?**

- A. Possibly. Closed claim reports are required for *bodily injury claims\** with indemnity payments over \$10,000 settled under Texas law. The reporting requirement applies only for primary coverage or coverage which is excess to a self-insured retention.

Some reasons why there may not be any reports listed on the Closed Claim Report of Accepted Transactions or the Closed Claim Report of Unaccepted Transactions are as follows:

- Payment amounts on the Annual Statement are not for bodily injury coverage
- Payment amounts on individual claims are \$10,000 or less

- Payments are being made for claims not settled under Texas law
- Payments are being made on excess coverage not reportable to TDI
- Payments over \$10,000 in indemnity for bodily injury claim reports were not received by TDI.

\* *Please note that claims for personal injury, civil rights violations, and mental anguish as the primary component, do not qualify as bodily injury claims for this reporting requirement. The payment amounts for these types of claims must be shown on line 5 of the closed claim reconciliation form.*

**Q. My records indicate that there are bodily injury claims over \$10,000 not reported to TDI. What should I do about this?**

A. Please identify all *bodily injury* indemnity payments above \$10,000 that closed during 2003. A quarterly closed claim report must be submitted for each claim. Please provide a list sorted by policy type and claim number. This list should also indicate the amount paid on question 12.a.1 of the report. Late reports are entered on Line 19 of the Reconciliation form. The late closed claim reports must be submitted with the reconciliation form and are due on September 3, 2004.

**Q. For one of the claims on the 2003 Closed Claim Report of Accepted Transactions, my computer system shows that the claim was paid and closed during 2002. How do I balance this claim to the 2003 Annual Statement Data?**

A. Please note that a claim file is defined as "closed" when all the indemnity and all expenses have been paid. Therefore, it is possible that TDI will not receive a closed claim report until the following year when the expenses have been paid. Refer to Instructions for the Texas Closed Claim Reconciliation Form, B. Line Item Instructions, line 17 for additional information.

**Q. For one of the claims on the 2003 Closed Claim Report of Accepted Transactions, my computer system shows a portion of the payments was made during 2002. How do I balance this claim to the 2003 Annual Statement Data?**

A. The portion of the claim paid prior to 2003 must be subtracted from line 7 of the closed claim reconciliation form. The claim report will remain in the 2003 TDI database.

**Q. For one of the claims on the 2003 Closed Claim Report of Accepted Transactions, my computer system shows that the claim closed during 2004. How do I balance this claim to the 2003 Annual Statement Data?**

A. The claim must be deleted from the 2003 TDI database as a Closed Claim Subtraction on line 17 of the closed claim reconciliation form. A revised closed claim report showing a 2004 closing date must be re-submitted. If payments were made on the claim during 2003, then the payment amounts must be included on line 6 of the closed claim reconciliation form.

**Q. The Closed Claim Report of Accepted Transactions includes claim numbers that do not appear in the Annual Statement data for Texas, but instead show on the Annual Statement data for another state. Is something wrong?**

A. No, your company apparently books losses by premium state rather than accident state. Since the claim settled under Texas law, the report must be included within the 2003 TDI database. To balance with the Annual Statement data, please subtract the payment amounts for these claims from line 10 of the closed claim reconciliation form.

- Q. When are revised closed claim reports necessary?**
- A. Refer to Instructions for the Texas Closed Claim Reconciliation Form, A. General Instructions, item 11, for additional information.
- Q. One of the claims shown on the Closed Claim Report of Accepted Transactions showed a payment amount by our company. Further research revealed that the amount was recovered from the insured as a deductible payment. How do I make this correction on the reconciliation form?**
- A. This claim would remain in the 2003 TDI database. Show the adjustment of the payment to a deductible as a closed claim subtraction on line 17 of the reconciliation form. Indicate the reason for the closed claim subtraction so that the closed claim report is not deleted. Please refer to the line item instruction for line 17 for additional information and examples.
- Q. Where do I note amounts for medical payments on the closed claim reconciliation form?**
- A. Amounts for medical payments must be shown on line 5 of the closed claim reconciliation form.
- Q. Where do I note amounts for UM/UIM claims and PIP claims?**
- A. Amounts for UM/UIM and PIP payments must be shown on line 5 of the closed claim reconciliation form.



# ORDER FORM

## *Texas Closed Claim Reporting Guide*

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Please send me \_\_\_\_\_ copy (ies) of the *Texas Closed Claim Reporting Guide*

Contact Person: \_\_\_\_\_

Company Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Phone: ( \_\_\_\_\_ ) \_\_\_\_\_

Send order form to: **Texas Department of Insurance  
Vicky Knox - MC 105-5D  
P. O. Box 149104  
Austin, TX 78714-9104**

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