



NATIONAL FLOOD INSURANCE PROGRAM

Bureau and Statistical Agent

FEMA

W-04013

MEMORANDUM TO: Write Your Own (WYO) Principal Coordinators and
NFIP Servicing Agent

FROM: WYO Clearinghouse

DATE: April 2, 2004

SUBJECT: NFIP Expense Data Call

The purpose of this memorandum is to issue a special call for data related to Loss and Loss Adjustment expenses, to be submitted to the NFIP Bureau by May 12, 2004. The data submitted in response to this call will allow FEMA to separate WYO companies' direct expenses and all other adjustment expenses for which the companies are otherwise compensated.

Write Your Own (WYO) companies have been concerned for some time that the current provision for Unallocated Loss Adjustment Expenses (ULAE) is inadequate. However, FEMA has no data available on which to judge that assertion. FEMA desires to obtain such data and is therefore issuing this NFIP Expense Data Call for all WYO companies.

Each company's data must be submitted using the format provided in the attachments to this memorandum. These pages provide the NFIP Expense Data Call summary, the record layout, the transmittal report, and instructions for the file transfer protocol (FTP) transaction processing.

Your cooperation in fulfilling this data call amid already busy schedules is greatly appreciated. If you have any questions, please contact Thomas Hayes, FEMA, at 202-646-3419 or via e-mail at thomas.hayes@dhs.gov.

Attachments

cc: Vendors, IBHS, WYO Standards, FIPNC, WYO Marketing Committee,
Government Technical Representative

Suggested Routing: Accounting, Claims, Data Processing, Marketing

NFIP EXPENSE DATA CALL

Loss & Loss Adjustment Expenses – Allocated vs. Unallocated

Write Your Own (WYO) companies have been concerned for some time that the current provision for Unallocated Loss Adjustment Expenses (ULAE) is inadequate. However, FEMA has no data available to it on which to judge that assertion. FEMA desires to obtain such data and is therefore issuing the following NFIP Expense Data Call for all WYO companies:

- Losses paid and incurred during the last 3 calendar years.
- Total Loss Adjustment Expenses (LAE) paid and incurred during the last 3 calendar years.
- Allocated Loss Adjustment Expenses (ALAE) paid and incurred during the last 3 calendar years. These expenses should include the following:
 - Surveillance expenses;
 - Fixed amounts of medical cost containment expenses;
 - Litigation management expenses;
 - Fees or salaries of appraisers, private investigators, hearing representatives and fraud investigators;
 - Attorney fees;
 - The cost of engaging experts;
 - Fees of adjusters and selling agents (reported as Adjusting Expenses in Insurance Expense Exhibits (IEE));
 - Attorney fees incurred in determination of coverage including litigation between insurer and policyholder (reported as Adjusting Expenses in IEE)

Please note that these items are from the NAIC list of ALAE payment categories. However, not all of the ALAE payment items may be applicable to the flood program. The above list of ALAE payments provides a guideline as to which expense payments should be listed as ALAE.

- Unallocated Loss Adjustment Expenses (ULAE) paid and incurred during the last 3 calendar years. These expenses should only include overhead costs, internal claims' department salaries and any other administrative expenses (Other Expenses as reported in IEE).
- To the extent possible, above data should reconcile with company IEE.

The purpose behind this data call is to get WYO companies' direct (as opposed to net) expenses separated between the expenses for which they are compensated either through ALAE or Special ALAE (SALAE), and all other adjustment expenses, especially overhead, for which they are compensated through ULAE provision, for which companies currently receive 3.3% of incurred loss.

- ***WYO companies should not simply report 3.3% of incurred loss as ULAE;*** instead WYO companies should report their actual out-of-pocket loss adjusting expenses (including overhead) for the past 3 years.
- ***Companies should not offset any amounts reported in this data call by revenues that they keep from the premiums,*** whether that be Expense Allowance, ULAE provision (3.3% of incurred losses), ALAE or SALAE reimbursements, or policy growth/retention bonus.

Special Data Call To be provided by May 12, 2004

This special data call is for Loss Adjustment Expenses (allocated and unallocated) for calendar years 2001, 2002 and 2003.

The proposed record layout will be provided to the independent WYO companies and vendors. Each record is fixed block and contains 355 characters.

Data Element	Length	Position	Field Type
WYO Prefix Number / Company Number	5	1 - 5	Numeric
Company Name	50	6 - 55	Alphanumeric
Calendar Year (2001)	4	56 - 59	YYYY=2001
Amount of Losses Paid - Year 2001	12	60 - 71	Numeric
Amount of Losses Incurred - Year 2001	12	72 - 83	Numeric
Total LAE paid - Year 2001	12	84 - 95	Numeric
Total LAE incurred - Year 2001	12	96 - 107	Numeric
Total ALAE paid - Year 2001	12	108 - 119	Numeric
Total ALAE incurred - Year 2001	12	120 - 131	Numeric
Total ULAE paid - Year 2001	12	132 - 143	Numeric
Total ULAE incurred - Year 2001	12	144 - 155	Numeric
Calendar Year (2002)	4	156 - 159	YYYY=2002
Amount of Losses Paid - Year 2002	12	160 - 171	Numeric
Amount of Losses Incurred - Year 2002	12	172 - 183	Numeric
Total LAE paid - Year 2002	12	184 - 195	Numeric
Total LAE incurred - Year 2002	12	196 - 207	Numeric
Total ALAE paid - Year 2002	12	208 - 219	Numeric
Total ALAE incurred - Year 2002	12	220 - 231	Numeric
Total ULAE paid - Year 2002	12	232 - 243	Numeric
Total ULAE incurred - Year 2002	12	244 - 255	Numeric
Calendar Year (2003)	4	256 - 259	YYYY=2003
Amount of Losses Paid - Year 2003	12	260 - 271	Numeric
Amount of Losses Incurred - Year 2003	12	272 - 283	Numeric
Total LAE paid - Year 2003	12	284 - 295	Numeric
Total LAE incurred - Year 2003	12	296 - 307	Numeric
Total ALAE paid - Year 2003	12	308 - 319	Numeric
Total ALAE incurred - Year 2003	12	320 - 331	Numeric
Total ULAE paid - Year 2003	12	332 - 343	Numeric
Total ULAE incurred - Year 2003	12	344 - 355	Numeric

Note: Paid and Incurred amounts and totals can be reported up to 999,999,999,999 (without the commas). Numeric fields are right-justified and zero-filled.

REPORT : DATACALL
RUNDATE: 01/01/2004

FEDERAL EMERGENCY MANAGEMENT AGENCY
NATIONAL FLOOD INSURANCE PROGRAM

LOSS & LOSS ADJUSTMENT EXPENSES DATACALL SUBMISSION REPORT

VENDOR: 12345 - APEX VENDOR

COMPANY: 67890 - ACME INSURANCE COMPANY

AS OF MONTH/YEAR

Calendar Year: 2001
Amount of Losses Paid: 999,999,999,999
Amount of Losses Incurred: 999,999,999,999
Total LAE Paid: 999,999,999,999
Total LAE Incurred: 999,999,999,999
Total ALAE Paid: 999,999,999,999
Total ALAE Incurred: 999,999,999,999
Total ULAE Paid: 999,999,999,999
Total ULAE Incurred: 999,999,999,999

Calendar Year: 2002
Amount of Losses Paid: 999,999,999,999
Amount of Losses Incurred: 999,999,999,999
Total LAE Paid: 999,999,999,999
Total LAE Incurred: 999,999,999,999
Total ALAE Paid: 999,999,999,999
Total ALAE Incurred: 999,999,999,999
Total ULAE Paid: 999,999,999,999
Total ULAE Incurred: 999,999,999,999

Calendar Year: 2003
Amount of Losses Paid: 999,999,999,999
Amount of Losses Incurred: 999,999,999,999
Total LAE Paid: 999,999,999,999
Total LAE Incurred: 999,999,999,999
Total ALAE Paid: 999,999,999,999
Total ALAE Incurred: 999,999,999,999
Total ULAE Paid: 999,999,999,999
Total ULAE Incurred: 999,999,999,999

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INSTRUCTIONS FOR FTP TRANSACTION PROCESSING

The information will be sent via the FTP, which can be accessed at **bureau.nfipstat.com**.

The directory is **users/coxxxxx/datacall**, where **xxxxx** is the independent WYO company or vendor NAIC Code.

A. Data File Naming Standard

The data set name should be **DATACALL.DCCCCCX.DAT** where:

D	=	capital letter D to indicate "Data File"
CCCCC	=	company/vendor NAIC Code (5-digit numeric)
X	=	file sequence indicator (1-character alphabetic, capitalized), as A=1st, B=2nd, etc.
DAT	=	file name extension

B. Transmittal Document Naming Standard

The data set name should be **DATACALL.TCCCCCX.TXT** where:

T	=	capital letter T to indicate "Transmittal File"
CCCCC	=	company/vendor NAIC Code (5-digit numeric)
X	=	file sequence indicator (1-character alphabetic, capitalized), as A=1st, B=2nd, etc.
TXT	=	file name extension

A separate transmittal document must accompany each independent WYO company or vendor's data call file.

Note: In the event that the FTP is not available, Internet e-mail submission can be used. When submitting data via e-mail, the same dataset naming standards stated above will still apply. All files must be submitted to the designated e-mail address, PSCRequest@nfipstat.com. The e-mail subject line will be: **DataCall LAE Data for (Company Name)**.

If you have any questions, please contact Fletcher Lynch (301-731-5300 ext. 778) or Sheila Marks (301-918-1447).