

## Description of Data Edits - Personal Lines ZIP Code Data

**Edit 1: Anomalous negative exposures and / or premiums for the past three years.** This edit indicates that negative premium was reported for the same data record (I.e. same ZIP code, coverage, etc.) for the past three years, including the most current filing. In addition, the total of all records with negative values for the most recent data year are less than -\$150,000 *and* -30 annualized exposures, or similar threshold depending on the line of business. These values have been determined to be unusually high compared to industry averages. Please verify that the negative values are correct.

**Edit 2: Large average losses for current year.** This edit identifies loss amounts that exceed 180 percent of the coverage range. For example, homeowners coverage range 3 represents insured dwellings valued at between \$100,000 and \$139,000. Average losses exceeding  $(1.8 * \$139,999) = \$251,999$  would fail this data edit. Similarly, private auto liability average losses that exceed liability limits by a similar amount. Such values are not necessarily incorrect, since losses may be incurred for various additional coverages (contents, for example). However, past experience has demonstrated that anomalously high values are often incorrect.

**Edit 3: Less than \$25 average annual premium for the same data record for the past three years (\$10 for the earthquake data).** The average annual premium is calculated by dividing written premium by (annualized) exposures. This edit is failed if low annual premiums are identified across 50 or more exposures across all records in a file. Such values are unusually low for 12 months of coverage, and should be verified to ensure that the data are correct.

**Edit 4: Premium reported without corresponding exposure count, or vice versa.** A given record had positive premium but had 0 or negative exposure or, conversely, a positive exposure count but 0 or negative premium. This edit is failed if the total premium across all records that lack correspond exposure exceeds \$30,000 or, conversely, if the total number of annual exposures without corresponding premium exceeds 20.

**Edit 5: Paid losses without corresponding loss count, or vice versa.** Records were identified for which a dollar payment was reported, but there was no corresponding loss count or, conversely, a loss count was reported with no corresponding dollar payment. This edit is subject to the threshold of \$300,000 of loss payments or 20 losses. Losses should be reported after final payment has been made. While there are instances when additional payments may be made after a claim has been closed, past experience has demonstrated that a large volume of such instances may indicate a data error.

**Edit 6: Losses without corresponding premium / exposure.** A given record includes losses but 0 or negative exposures or premium amounts. This edit is subject to a threshold of \$250,000 of loss payments, or 30 losses. T

**Edit 7a: Duplicate records – premium / exposures.** Multiple records were discovered in the premium / exposure file for the same ZIP code, coverage, policy type, etc.

**Edit 7b: Duplicate records – loss file.** Multiple records were discovered for the same ZIP code, policy type, coverage, etc in the loss file.

**Edit 8a:** Premium is 20% greater or less than the premium reported on the Missouri Supplement for the following lines:

**Private Passenger Automobile:**

- 19A1 – Private Auto, Liability – Bodily Injury
- 19A2 – Private Auto, Liability – Property Damage
- 21A1 – Private Auto, Comprehensive
- 21A2 – Private Auto, Collision

**Homeowners:**

- 1A – Fire & Allied Lines – Dwelling
- 4A – Homeowners Multi-peril
- 4B – Dwelling Owners Multi-peril (ACV)

**Mobile Home**

- 6 – Mobile home

**Farmowners - NA**

**Edit 8b:** Loss is 15% greater or less than loss reported on the Missouri Supplement for the lines identified above.

**Additional earthquake edit**

**Edit 8:** Earthquake exposure/premium reported without corresponding residential premium / exposure. This edit checks the exposures reported in each ZIP code, and compares the record with the homeowners, farmowners and mobile home files. Each ZIP code with earthquake coverage but no residential coverage is identified. While a few carriers do sell stand-alone earthquake policies, most earthquake coverage is sold as an endorsement to a residential policy.

Questions or comments regarding the contents of this document may be sent to [Brent.Kabler@insurance.mo.gov](mailto:Brent.Kabler@insurance.mo.gov)