

THE SURETY & FIDELITY ASSOCIATION OF AMERICA

SERVING THE INDUSTRY SINCE 1908

MEMORANDUM

To: All Reporting Companies-Full Plan Level

From: Ed O'Donnell

Date: January 15, 2018

Re: SFAA Call for Statistics for Calendar Year 2017

The SFAA has released the following material for the reporting of calendar year 2017 statistics:

1. Call for Statistics for calendar year 2017;
2. Reconciliation Statement;
3. Incentive Assessment Program;
4. Notice of Transmittal Form/Transmittal Letter, and;
5. Accept Option Form

The above items, along with this memorandum, are available online through the SFAA website at <http://www.surety.org/default.asp?page=CallForStats>. Reporting companies that are unable to access this material online may request hard copies by contacting Ed O'Donnell at eodonnell@surety.org or 202-778-3632.

ITEM 1: CALL FOR STATISTICS

The Call specifies the reporting procedures to be followed by companies when reporting data under the SFAA Fidelity and Surety Full Statistical Plan. The technical requirements of this Call are basically the same as the ISO (Insurance Services Office, Inc.) requirements with the following exceptions:

1. Submission of Transmittal Letters in electronic form to the SFAA (eodonnell@surety.org) is required. Please note that ISO does not need to receive this form; and
2. Affidavit is not required.

We are encouraging reporting companies to utilize the Company Edit Package (#6 below) and electronic Submission Analysis Reports (#8) to help prepare the data and expedite its submission and correction (if necessary). Please note that the Call due dates are in effect, and late submissions are subject to fines under the Incentive Assessment Program (see Item 3) regardless of the methods used to prepare, submit and correct the data.

Please keep in mind the following points when preparing your data submissions:

1. **Due Dates** The due date for original data submissions for all three types of statistics (Premiums, Paid Losses, and Outstanding Losses) is March 1, 2018. In addition, all resubmissions and corrections must be received by April 16, 2018.
2. **Electronic Submission** To submit electronically via ISOeSubm, please review the information available on our website at <http://www.surety.org/miscontent.cfm?lid=18&catid=9&cid=166>. Contact ISO customer support at (800) 888-4476 to set up a mailbox for SFAA submission. NOTE: existing ISO CSP mailboxes CANNOT be used for SFAA submissions. A unique SFAA mailbox must be established.

Subscribers to the new Statistical Web Service (SWS), which includes the updated Company Edit Package (CEP), can submit their data files from this application after editing and correcting the data. Contact Rich Morales at RMorales2@iso.com or (201) 469-2272 to subscribe.

3. **Report to SFAA separate from CSP** To the extent possible, this SFAA Call contains procedures for the reporting of statistics and the correcting of errors which are a duplication of the similar provisions in the ISO Call for Commercial Statistical Plan (CSP) data. Likewise, the SFAA Technical Requirements are generally the same as those of ISO. However, a fundamental difference between the two exists. The entire SFAA statistical system is separate and apart from CSP. Therefore:
 - DO NOT SUBMIT SFAA DATA WITH A CSP SUBMISSION; and
 - DO NOT SUBMIT CSP DATA WITH AN SFAA SUBMISSION.
4. **Submission Control Records** See Part IV of the Call. Submission Control Records are required for all types of submissions except Error Corrections and "nil" reports. The SFAA Statistical Plan may be viewed as a single module Plan as opposed to the multiple module concept of CSP. The Module Identifier on all SFAA Submission Control Records is "18" (see SCR Code Sheet in Part IV of this Call). Submission Control Records are automatically created and inserted into submissions created through the CEP/Statistical Web Service.
5. **Company Edit Package** The CEP is designed to facilitate a company's pre-editing of its Fidelity and Surety Statistical Plan data submission and is available from ISO as part of the SWS application. Reporters of data to the SFAA can subscribe to the new CEP and have the capability of preparing, submitting, receiving Submission Analysis Reports, editing, correcting and resubmitting their Fidelity, Crime and Surety statistics reported to SFAA. Contact Rich Morales at RMorales2@iso.com or (201) 469-2272 to subscribe.
6. **Nil Submissions** Companies with no experience to report for one or more transaction types (premium, paid loss or outstanding losses) must still file a Transmittal Letter form

indicating “No Statistics to Report” by the initial Call due date (March 1, 2018). CEP/SWS users can use the interface to create a nil submission.

7. **Electronic Submission Analysis Reports (SAR)** The SAR is available in electronic format for SFAA submissions. Reporting companies wishing to begin receiving electronic SARs must have an SFAA-specific mailbox established and send me notice at least ten days prior to submission to receive the reports electronically. Once you have requested electronic SARs, all future SARs will be delivered electronically. The Call due dates are in effect regardless of the method chosen to receive the SARs.

ITEM 2: RECONCILIATION STATEMENT

1. **Due Date** This letter constitutes a call for the reconciliation of calendar year 2017 fidelity and surety data submissions to Annual Statement Page 20 data by state for Direct Premiums Written, Direct Losses Paid, and Direct ALAE Paid. The reconciliation is due to SFAA by May 1, 2018.
2. **State by State Explanations** A state by state explanation of any discrepancies between the premium or loss amount listed on the annual statement compared to the amount submitted in statistics to the SFAA is required.
3. **Financial Guaranty** While financial guaranty statistics are submitted in the Call for Statistics under ASLOB 240 (Surety), they should be listed separate from surety on the Reconciliation Report.
4. **Allocated Loss Adjustment Expenses (ALAE)** Paid ALAE amounts by state are now tracked on the Reconciliation Statement for fidelity, surety and financial guaranty.
5. **Summary Page** A new Summary Page has been added to the Reconciliation Report. This worksheet is automatically populated based on data input on other worksheets.
6. **Submission** Companies should submit the Reconciliation Statement electronically by emailing the completed form to eodonnell@surety.org. Blank reconciliation files are available through the SFAA website address listed above.

ITEM 3: INCENTIVE ASSESSMENT PROGRAM An Incentive Assessment Program (IAP) designed to promote timeliness and quality in data submissions is in effect with respect to the Call. All insurers affiliated to report statistics to the SFAA are subject to the IAP. Companies that submit statistical filings after the due dates stated above will receive an invoice for fines calculated in accordance with the IAP. The invoice will be sent to the statistical contact with a copy going to the company’s chief bonding officer.

We strongly urge all reporting companies to file data before the due dates in order to avoid any late fines and also to allow SFAA to compile industry statistics at an earlier date. Extensions of up

January 15, 2018

to 30 days are available only if the request is received by me (eodonnell@surety.org) by the March 1 due date.

ITEM 4: NOTICE OF TRANSMITTAL FORM/TRANSMITTAL LETTER A Notice of Transmittal Form (SA 191F) must accompany each statistical data submission. See Parts VI and VII of the Call for additional information.

ITEM 5: ACCEPT OPTION FORM See Part III, Item B of the Call for additional information about the Accept Option Form. Please direct questions regarding this information to Ed O'Donnell at eodonnell@surety.org or (202) 778-3632.

SFAA CALL FOR STATISTICS
CALENDAR YEAR 2017
FIDELITY AND SURETY FULL STATISTICAL PLAN

JANUARY 1, 2018

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PART I – GENERAL INSTRUCTIONS

- A. The report of statistics is to be submitted on "direct" business only, exclusive of reinsurance ceded or assumed.

Companies should not include business written through the New York Excise Bond Underwriters (NYEBU). The business of the NYEBU is reported directly to SFAA by the NYEBU.

- B. Transmittal Letter (T/L) Form SA-191F is to be used for all submissions reported under the Fidelity and Surety Statistical Plan (Full Level). Instructions for the completion of the T/L are given in Part VII of this Call. Companies may access and print T/L Forms on the SFAA website at <http://www.surety.org/content.cfm?lid=22&catid=9>.

- C. Prior to submission of statistics to SFAA the carrier shall make an audit of the statistics being reported to detect and correct any errors in the assignment of statistics.

- D. The technical requirements for reporting data are given in Part V.

- E. Financial Guaranty business (annual statement line 10) is to be reported by using existing SFAA procedures for reporting Surety statistics. It is important that such business be reported under the Surety ASLOB code 240. Differences between statistical submissions and annual statement totals that result from this action are to be explained in Part 2 of the Reconciliation Statement.

- F. Reporting companies are strongly encouraged to review the Incentive Assessment Program description. This program details the fines levied on reporting companies if data is submitted past the established due dates. The program description is available on the SFAA website at <http://www.surety.org/scontent.cfm?lid=22&catid=9&spid=39>.

- G. Questions regarding this Call should be directed to Ed O'Donnell at eodonnell@surety.org or 202-778-3632.

PART II – INSTRUCTIONS FOR THE REPORTING OF STATISTICS

A. Premium Transactions

1. Carriers must file premium transactions on an annual basis only. Premium transactions must be received by SFAA at our receiving location by March 1, 2018.
2. Instructions for the coding of premium records are contained in the Fidelity and Surety Statistical Plan.
3. This Call is applicable only to transactions on policies effective on or after the company's implementation of the Fidelity and Surety Statistical Plan.

B. Paid Loss Transactions

1. Carriers must file paid loss transactions on an annual basis only. Paid Loss transactions must be received by SFAA at our receiving location by March 1, 2018.
2. Paid Allocated Loss Adjustment Expense should be included in this file.
3. Instructions for the coding of Paid Loss records are contained in the Fidelity and Surety Statistical Plan.
4. Report only the Paid Loss transactions on policies effective on or after the company's implementation of the Fidelity and Surety Statistical Plan.

C. Losses Outstanding

1. Outstanding Losses as of December 31, 2017, must be received by SFAA at our receiving location by March 1, 2018.
2. Outstanding Allocated Loss Adjustment Expenses should be included in this file.
3. Instructions for the coding of Outstanding Loss records are contained in the Fidelity and Surety Statistical Plan.
4. Report only the Outstanding Loss transactions on policies effective on or after the company's implementation of the Fidelity and Surety Statistical Plan.

PART III – ERROR CORRECTION PROCEDURE

A. Out of Balance Rejection Criteria and Error Tolerances

The following rejection criteria and error tolerances apply to Full Original Submissions, Partial Original Submissions, Resubmissions, and Supplemental Submissions:

1. Rejection Criteria

- a. **Total Dollar Amount of Processed Detail Records VS T/L Grand Total Dollars:**
Submission will be rejected if the difference between the Reported Detail Dollar Amount and the Transmittal Letter Grand Total Dollars is greater than or equal to one percent (1%) of the Transmittal Letter Grand Total Dollars.
- b. **Total Number of Processed Detail Records VS T/L Grand Total Records:**
Submission will be rejected if the difference between the Reported Detail Record Count and the Transmittal Letter Grand Total Records is greater than or equal to one percent (1%) of the Transmittal Letter Grand Total Records.
- c. **Total Dollar Amount of Processed Detail Records VS Corresponding Submission Control Record Dollar Amount:**
Submission will be rejected if the difference between the Reported Detail Dollar Amount and the Submission Control Record Dollar Amount is greater than or equal to one percent (1%) of the Submission Control Record Dollar Amount.
- d. **Total Number of Processed Detail Records VS Corresponding Submission Control Record Count:**
Submission will be rejected if the difference between the Reported Detail Record Count and the Submission Control Record Count is greater than or equal to one percent (1%) of the Submission Control Record Count.
- e. Submission will be rejected if the total dollar amount of error records equals or exceeds twenty-five percent (25%) of the total dollar amount of records processed.
- f. Submission will be rejected if the total number of error records equals or exceeds thirty-five percent (35%) of the total number of records processed.

2. Error Tolerances

- a. The total dollar amount of error records shall be within five percent (5%) of the total dollar amount of records processed in a submission.
- b. The total number of error records shall be within ten percent (10%) of the total number of records processed in a submission.
- c. The total dollar amount of error records shall be within ten percent (10%) of the total dollar amount of records processed for each state in a submission.

PART III – ERROR CORRECTION PROCEDURE (Con't)

B. Parameter Record Capabilities and Observations

1. Provides the ability to Accept, Re-edit, Correct or Delete the records in question.
2. Provides the ability to correct a range of records that have the same corrective action with one Parameter Record.
3. Using the Parameter Record approach, only the data element(s) to be corrected and not the entire record need be submitted. It is not necessary to recode the entire field. One needs only to change the incorrect data element(s) in the field.
4. A CHANGE capability permits the correcting of the field(s) in error of any record or range of records identified by sequence numbers. Fields not in error can be ignored.
5. An ACCEPT capability allows the acceptance of certain records in error. This ACCEPT capability will be closely monitored by SFAA. An Error Correction Submission containing Parameter Records using the ACCEPT capability shall be accompanied by an "Accept Option Form". A company shall indicate which error codes are being accepted and why they are to be accepted. The Accept Option Form is available online at <http://www.surety.org/content.cfm?lid=22&catid=9>.
6. A RE-EDIT capability allows records flagged with error codes due to an edit problem to be re-edited, as is, after an edit modification. The company will notify SFAA of any edit problems immediately and any error code to be accepted must be approved by SFAA. On records where other errors exist, corrective action should be taken. The edit will be corrected before records are re-edited. An Error Correction Submission containing Parameter Records using the RE-EDIT capability shall be accompanied by completed copy of the above mentioned "Accept Option Form".
7. A DELETE capability allows for the deletion of records in error. The DELETE capability shall be used with discretion since legal requirements dictate that all applicable recorded statistics shall be reported for a given Accounting Period.
8. There is no limit to the number of Parameter Records that may be used to correct the records in the Error Listing.
9. When two Parameter Records are combined to correct one error record (or range of records), then the first CHANGE record will be coded with an ACTION INDICATOR OF 'C' and the second Parameter Record (referred to as the TRAILER record) will be coded with an ACTION INDICATOR of 'T'. The TRAILER record shall immediately follow the corresponding CHANGE record.
10. Parameter Records must be submitted as a file through ISOeSubm or through the Statistical Web Service (SWS).
11. Submission Control Records should not be included in Correction Submission.

PART III – ERROR CORRECTION PROCEDURE (Con't)

C. Parameter Record Processing Steps

1. Parameter Records shall be submitted only for accepted submissions.
2. Parameter Records are edited.
3. Parameter Records are matched to the appropriate records in the Error File by Sequence Number.
4. If a match is found, and the action indicator is not "A", then detail records are generated from the record in the Error File with the data elements on the Parameter Record substituted.
5. The generated detail records are processed through Acceptability.
6. If the generated detail record is incorrect, then it appears on the Error Listing (or Error Tape) with a new Sequence Number.
7. If no match is found, the Parameter Record will be listed separately with a message indicating that the Parameter Record could not be matched to a record in the Error File.

PART III – ERROR CORRECTION PROCEDURE (Con’t)

D. Parameter Record Field Description

1. Accept

<u>Column</u>	<u>Field</u>	<u>Value (Code, Amount, or Number)</u>
1	Action Indicator	A – Accept
2-5	Company or Group Number	SFAA Assigned
6-7	Accounting Period Month Year	(&) Ampersand for December 0-9 for last digit of year
8	Type of Statistics	1 – Premiums 2 – Paid Losses 3 – Outstanding Losses
9-16	Starting Sequence Number	From Error Listing
17-24	Ending Sequence Number	From Error Listing
25-28	Error Code	A four-character code identifying the error
29-32	Error Code	A four-character code identifying the error
33-36	Error Code	A four-character code identifying the error
37-40	Error Code	A four-character code identifying the error
41-44	Error Code	A four-character code identifying the error
45-48	Error Code	A four-character code identifying the error
49-52	Error Code	A four-character code identifying the error
53-56	Error Code	A four-character code identifying the error
57-150	Reserved for Future Use	Blank

PART III – ERROR CORRECTION PROCEDURE (Con’t)

D. Parameter Record Field Description (Con’t)

2. Change/Trailer

<u>Column</u>	<u>Field</u>	<u>Value (Code, Amount, or Number)</u>
1	Action Indicator	C – Change; T – Trailer
2-5	Company or Group Number	SFAA Assigned
6-7	Accounting Period Month Year	(&) Ampersand for December 0-9 for last digit of year
8	Type of Statistics	1 – Premiums 2 – Paid Losses 3 – Outstanding Losses
9-16	Starting Sequence Number	From Error Listing
17-24	Ending Sequence Number	From Error Listing
25-27	Start Column	Three-digit number identifying the first (left) position of the particular field(s) to be corrected. Leading zeros are required.
28	Length	Single-digit number having a value of 1 through 9 which specifies the length of the field(s) to be corrected.
29-37	Corrected Value	Proper value(s) needed to correct the error(s). Shall be left justified. Remaining portions of the field are to be left blank.
38-40	Start Column	Three-digit number identifying the first (left) position of the particular field(s) to be corrected. Leading zeros are required.
41	Length	Single-digit number having a value of 1 through 9 which specifies the length of the field(s) to be corrected.
42-50	Corrected Value	Proper value(s) needed to correct the error(s). Shall be left justified. Remaining portions of the field are to be left blank.
51-53	Start Column	Three-digit number identifying the first (left) position of the particular field(s) to be corrected. Leading zeros are required.
54	Length	Single-digit number having a value of 1 through 9 which specifies the length of the field(s) to be corrected.

PART III – ERROR CORRECTION PROCEDURE (Con't)

D. Parameter Record Field Description (Con't)

2. Change/Trailer (Con't)

<u>Column</u>	<u>Field</u>	<u>Value (Code, Amount, or Number)</u>
55-63	Corrected Value	Proper value(s) needed to correct the error(s). Shall be left justified. Remaining portions of the field are to be left blank.
64-66	Start Column	Three digit number identifying the first (left) position of the particular field(s) to be corrected. Leading zeros are required.
67	Length	Single digit number having a value of 1 through 9 which specifies the length of the field(s) to be corrected.
68-76	Corrected Value	Proper value(s) needed to correct the error(s). Shall be left justified. Remaining portions of the field are to be left blank.
77-150	Reserved for Future Use	Blank

3. Re-Edit/Delete

<u>Column</u>	<u>Field</u>	<u>Value (Code, Amount, or Number)</u>
1	Action Indicator	B – Re-Edit D – Delete
2-5	Company or Group Number	SFAA Assigned
6-7	Accounting Period Month Year	(&) Ampersand for December 0-9 for last digit of year
8	Type of Statistics	1 – Premiums 2 – Paid Losses 3 – Outstanding Losses
9-16	Starting Sequence Number	From Error Listing
17-24	Ending Sequence Number	From Error Listing
25-150	Reserved for Future Use	Blank

PART III – ERROR CORRECTION PROCEDURE (Con’t)

E. Parameter Record Field Layout

1. Accept

1	ACTION INDICATOR	
2	COMPANY OR	
	GROUP	
5	NUMBER	
6	MONTH	ACCOUNTING
7	YEAR	PERIOD
8	TYPE OF STATISTICS	
9	STARTING SEQUENCE NUMBER	
16		
17	ENDING SEQUENCE NUMBER	
24		
25	ERROR CODE	
28		
29	ERROR CODE	
32		
33	ERROR CODE	
36		
37	ERROR CODE	
40		
41	ERROR CODE	
44		
45	ERROR CODE	
48		
49	ERROR CODE	
52		
53	ERROR CODE	
56		
57	BLANK – SEE NOTE	
150		

PART III – ERROR CORRECTION PROCEDURE (Con't)

E. Parameter Record Field Layout (Con't)

2. Change/Trailer

1	ACTION INDICATOR	
2	COMPANY OR	
	GROUP	
5	NUMBER	
6	MONTH	ACCOUNTING
7	YEAR	PERIOD
8	TYPE OF STATISTICS	
9	STARTING SEQUENCE NUMBER	
16		
17	ENDING SEQUENCE NUMBER	
24		
25	START COLUMN	
27		
28	LENGTH	
29	CORRECTED VALUE	
37		
38	START COLUMN	
40		
41	LENGTH	
42	CORRECTED VALUE	
50		
51	START COLUMN	
53		
54	LENGTH	
55	CORRECTED VALUE	
63		
64	START COLUMN	
66		
67	LENGTH	
68	CORRECTED VALUE	
76		
77	BLANK – SEE NOTE	
150		

PART III – ERROR CORRECTION PROCEDURE (Con't)

E. Parameter Record Field Layout (Con't)

3. Re-Edit/Delete

1	ACTION INDICATOR	
2 5	COMPANY OR GROUP NUMBER	
6	MONTH	ACCOUNTING
7	YEAR	PERIOD
8	TYPE OF STATISTICS	
9 16	STARTING SEQUENCE NUMBER	
17 24	ENDING SEQUENCE NUMBER	
25 150	BLANK – SEE NOTE	

PART IV – SUBMISSION CONTROL RECORDS

- A. Submission Control Records will be required for all types of submissions except Error Correction submissions (Type of Submission “5”) and "No Statistics to Report" submissions (Type of Submission “0”).

Note: when submitting data via ISOeSubm, please refer the ISOeSubm User Guide for information about coding and placing Transmittal and Submission Control records in the file. The guide is available on the SFAA website at <http://www.surety.org/statdept/fsreporting/ISOeSubmUserGuide.pdf>.

- B. Submission Control Records shall be submitted in the same file with each individual Group submissions. The Submission Control Record layout is shown below:

1 2	ACTION INDICATOR	
3 4	MODULE ID	
5 8	COMPANY OR GROUP NUMBER	
9	MONTH	ACCOUNTING PERIOD
10	YEAR	
11	TYPE OF STATISTICS	
12	TYPE OF SUBMISSION	
13 14	TYPE OF SUBMISSION COUNT	
15 24	DOLLAR AMOUNT	
25 33	RECORD COUNT	
34 150	BLANK – SEE NOTE	

NOTE – Record length of Submission Control Record must be 150 characters.

PART IV – SUBMISSION CONTROL RECORDS (Con't)

C. In order to facilitate coding, codes applicable to the Submission Control Records are shown below:

COLUMN	DESCRIPTION	VALID CODES	REMARKS
1-2	Control Record Identification	SC	Indicates Submission Control Record
3-4	Module Identification	18	Subline = 001 (Fidelity/Crime); Subline = 002 (Surety)
5-8	Company or Group Number		Same as Associated T/L
9	Accounting Month	& (card code 12)	Indicates month of December
10	Accounting Year	0-9	Indicates last digit of Year
11	Type of Statistics	1 – Premiums 2 – Paid Losses 3 – Outstanding Losses	Same as Associated T/L
12	Type of Submission	1 – Full Original 2 – Partial Original 3 – Resubmission 6 – Supplemental	Same as Associated T/L
13-14	Type of Submission Count		Same as Associated T/L
15-24	Dollar Amount		
25-33	Record Count		
34-150	Reserved for Future Use	Leave Blank	

PART V – TECHNICAL REQUIREMENTS

A. GENERAL REPORTING REQUIREMENTS

1. Data must be reported in electronically using ISOeSubm or the Statistical Web Service (SWS). For more information about the free SWS web interface to upload data and receive electronic Submission Analysis Reports, please contact Rich Morales at RMorales2@iso.com or (201) 469-2272.

B. ISOESUBM REPORTING REQUIREMENTS

1. REQUIREMENTS

- a. Companies are NOT required to have an existing ISOeSubm account to file under the CSP plan in order to file SFAA statistics.
- b. Companies MUST establish an SFAA-specific ISOeSubm Mailbox; SFAA statistics CANNOT be submitted under a company's CSP mailbox.
- c. Files must be named according to our naming standard. File names must be in the format `sfaa*.zip`, where the * can be almost any character string to identify and track the submissions. There is no byte limit on the file name. Note that embedded spaces and special characters are not permitted in file names: only use A-Z, a-z, 0-9, _, and – characters in your file name. Generally, the file name is not case sensitive, but the 'sfaa' and 'zip' components of the name must each be all upper case or all lower case. For example, `SFAA*.zip` or `sfaa*.ZIP` are acceptable formats, but `Sfaa*.Zip` is not acceptable.
- d. For more details, review the ISOeSubm User Guide at <http://www.surety.org/statdept/fsreporting/ISOeSubmUserGuide.pdf>.

C. AVAILABLE VOLUNTARY COMPANY EDIT PACKAGE

1. ISO also has a Company Edit Package to assist in the preparation and error correction of all SFAA submissions. The CEP is available by subscription. Please contact Rich Morales at RMorales2@iso.com or (201) 469-2272 for more information or to subscribe.

PART V – TECHNICAL REQUIREMENTS (Con't)

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PART V – TECHNICAL REQUIREMENTS (Con't)

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PART VI – FORMS FOR REPORTING STATISTICS

A. Notice of Transmittal of Statistical Data (Premiums and Losses)

The Notice of Transmittal/Transmittal Letter form (Form SA 191F) is to be used for all premium, paid loss and outstanding loss submissions reported under the Fidelity and Surety Minimum Statistical Plan. Companies may access and print Transmittal Letter Forms on the SFAA website at <http://www.surety.org/content.cfm?lid=22&catid=9>. Transmittal Letter guidelines are included in Part VII.

Email all Transmittal Letter forms to eodonnell@surety.org immediately after uploading SFAA data files. These forms no longer need to be sent to ISO.

B. Accept Option Form

Companies may access and print Accept Option Forms on the SFAA website at <http://www.surety.org/content.cfm?lid=22&catid=9>. See Part III, B, 5 for information about the accept option.

PART VII – TRANSMITTAL LETTER GUIDELINES**A. Definitions**

1. Transmittal Letter (T/L) – A form that accompanies experience, or the lack thereof, signed by the company official responsible for compilation of statistical data for a Group or Company that reports to the SFAA under the Fidelity and Surety Statistical Plan (Full Level). Specific items included on the T/L are defined below.
2. Company/Group Name – The Company/Group Name represents the name of each reporting Carrier. A Group may wish to subdivide its reports by Company or a collection of Companies with prior SFAA approval.
3. Company/Group Number – Each reporting Company/Group is assigned a four-digit identification number by SFAA and this is entered as the Company/Group Number. Each Company/Group Number is assigned affiliated Company Numbers for member Companies of the Group. The Company/Group Number is always an affiliated Company Number.
4. Accounting Month and Year – Accounting Month must be December. Accounting Year shall indicate the year for which data is being submitted.
5. Type of Statistics – Indicated whether the submission reflects Premiums, Paid Losses or Outstanding Losses. A T/L may represent only one Type of Statistics, and each Type of Statistics shall have one T/L when reported. The three Types of Statistics are:
 - a. Premiums (Type of Statistics "1") – Representing the Direct Premiums Written for transactions entered on the company books for the Accounting Period.
 - b. Paid Losses (Type of Statistics "2") – Payments on claims for transactions entered on the company books for the Accounting Period. REPORT PAID ALLOCATED LOSS ADJUSTMENT EXPENSE DATA IN THIS FILE.
 - c. Outstanding Losses (Type of Statistics "3") – Reserves for future payments for transactions as of the end of the year. REPORT OUTSTANDING ALLOCATED LOSS ADJUSTMENT EXPENSE DATA IN THIS FILE.
6. Type of Submission – The manner in which the experience accompanying the T/L is being reported to SFAA. The Types of Submission are:
 - a. No Statistics to Report (Type of Submission "0") – Indication that no Fidelity or Surety transactions were entered on the company books for the Type of Statistics and the Accounting Period indicated. No submission control records are required for Type of Submission "0", but a T/L form must be submitted to the SFAA only.

Users of the Statistical Web Service can use the NIL Submission functionality under "Submission Options". A T/L form should still be sent the SFAA only.
 - b. Full Original (Type of Submission "1") – Indication that the Company/Group is reporting all transactions entered on the company books for the Type of Statistics and the Accounting Period indicated.

PART VII – TRANSMITTAL LETTER GUIDELINES (Con't)

- c. Partial Original (Type of Submission "2") – Indication that the Company/Group is reporting part of the transactions entered on the company books for the Type of Statistics and the Accounting Period indicated.
- d. Resubmission (Type of Submission "3") – Indication that the Company/Group is reporting experience previously rejected by SFAA or replacing previously submitted data containing company detected errors. Prior notification and approval by SFAA is necessary in the second case. Furthermore, if notification is received subsequent to the specified cut-off date, then a supplemental submission shall be used to correct the company detected errors.

The boxes under Resubmission are used to identify the "Type of Submission" and "Type of Submission Count" being resubmitted.

- e. Error Correction (Type of Submission "5") – Indication that parameter records are being reported by the Company/Group which will perform corrective action on detail records found in error by SFAA for the Type of Statistics and the Accounting Period indicated. No Submission control Records are required for Type of Submission "5".
 - f. Supplemental (Type of Submission "6") – Indication that the Company/Group is reporting experience in addition to that contained in the "Original" Submission(s) for the Type of Statistics and the Accounting Period indicated for one or both of the following reasons:
 - i. The original Submission(s) was (were) incomplete.
 - ii. The Company/Group is correcting detail record errors it has discovered for which SFAA did not discover any errors. Offsets and re-entries are needed.
7. Type of Submission Count – The sequential number assigned to each Type of Submission.
8. Final Partial – That Partial Original Submission which completes the reporting for the Company/Group of the transactions entered on the company books for the Type of Statistics and the Accounting Period indicated.

B. Receipt of Data for All Types of Submissions

Each Reporting Company or Group completes a Transmittal Letter (T/L) and emails it to eodonnell@surety.org immediately after the associated file has been uploaded.

Before the submission is processed through the Receipt and Acceptance (R&A) phase, the Transmittal Letter is validated, that is, the Transmittal Letter shall be properly completed to allow for R&A processing. The validations performed are:

- 1. Item 1: The Company/Group Name entered shall be an SFAA Full Level Reporting Company or Group.

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2. Item 2: The Company/Group Number entered shall be an SFAA Full Level Reporting Company or Group Number.
3. Item 3: A valid Accounting Month and a valid Accounting Year shall be entered.
4. Item 4: The Type of Statistics shall be "1", "2", or "3".
5. Item 5: The Type of Submission shall be "0", "1", "2", "3", "5", or "6". The Type of Submission Count cannot be left blank.
6. Item 6: This shall be left blank, or contain an "X" only if Type of Submission is "2".
7. Item 8: Grand Total Dollars shall be numeric or blank. Grand Total Dollars should be blank for "No Statistics to Report" or "Error Correction" only. If the Grand Total Dollars is negative, the credit box must contain an "X", otherwise the box should be blank.
8. Item 9: Grand Total Records cannot be negative and may be left blank for Type of Submission "0" only.
9. Items 1 and 2: The Company/Group Name and Company/Group Number shall agree.
10. Items 2 and 3: The Company/Group Number shall be affiliated with SFAA for Fidelity and Surety Statistical Plan (Full Level) reporting for the Accounting Period shown.
11. Items 3 and 4: Type of Statistics "1", "2", and "3" can only be reported for the Accounting Month of December.

C. Original Submissions

The following apply to Original Submissions only and these errors may be cause for rejection.

1. Full Original Submissions
 - a. Item 5: Type of Submission shall be "1".
Type of Submission Count shall be "01".
 - b. Item 6: This shall be left blank.
 - c. Item 9: This shall be non-zero.
2. Partial Original Submissions
 - a. Item 5: Type of Submission: This shall be "2".
Type of Submission Count: This shall be "01" for the first Partial Original Submission, "02" for the second Partial Original Submission, and so on for each necessary Partial Original Submission.

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- b. Item 6: An "X" is entered for the final Partial Original Submission. When an "X" is entered, no further Partial Original Submissions may be reported.
- c. Item 9: This shall be non-zero.

D. Receipt and Acceptance Processing

Validations will be performed (in addition to those above) which may be cause for rejection, such as receiving a "Resubmission" before an "Original," technical problems, damaged tapes or incorrect information in Item 9 of the T/L.

Submissions which pass through the initial Receipt phase are processed through the R&A programs. Field and Relationship Edits are performed on detail records, grand total controls are taken, distributional analyses are performed, an "error listing" is produced summarizing the results of processing, sequence numbers are assigned for parameter record error correction purposes, and a processing status is determined. At this point, submission may be rejected for one of two reasons:

1. The total dollar amount of the detail records processed is out of balance with Item 8 of the T/L.
2. The total number of detail records processed is out of balance with Item 9 of the T/L.

Rejections caused by any of the two reasons above require a Resubmission. The Type of Submission and Type of Submission Count applicable to the experience in a Resubmission shall be entered in the boxes provided under "Resubmission" on the Transmittal Letter.

E. Additional Causes for Rejection

If the submission has not been rejected in the initial R&A phase, it is still subject to rejection for any of the following reasons:

1. The total dollar amount of the detail records processed is out of balance with the corresponding Submission Control Record Dollar Amount.
2. The total number of detail records processed is out of balance with the corresponding Submission Control Record Count.
3. The total dollar amount of error records exceeds a specified percentage of the total dollar amount processed.
4. The total number of error records exceeds a specified percentage of the total number of records processed.
5. The submission was reported without a corresponding valid Submission Control Record or was reported without detail records but with a valid non-zero Submission Control Record. Submission Control Records are edited for validity and checked for duplicates.

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Submissions rejected shall be accounted for in a Resubmission. The Type of Submission and Type of Submission Count applicable to the experience in a Resubmission shall be entered in the boxes provided under "Resubmission" on the Transmittal Letter.

The procedure for handling rejected Submissions that never should have been submitted is to resubmit with "zeros" on the corresponding Submission Control Record.

F. Correction and Error Tolerance

All Submissions which are accepted are subject to compliance with specified error tolerances. The types of tolerances under consideration include:

1. The total dollar amount of error records exceeds a specific percentage of the total dollar amount of records processed.
2. The total number of error records exceeds a specified percentage of the total number or records processed.
3. The total dollar amount of error records exceeds a specified percentage of the total dollar amount of records processed for each State.

Parameter Record Error Correction Submissions are used to bring each Submission within the tolerances described above. Parameter Record Error Correction Submissions can be rejected only for T/L errors or for technical problems.

G. "Forced Reject" Submissions

If there is significant number of records in error in a submission that has been accepted with corrections necessary, companies may request that the original submission be rejected to allow a new, corrected full original submission at a cost.

The cost of this "forced reject" option will be incurred by the reporting company and billed by ISO, which is contracting with the SFAA to process SFAA data submissions. The cost will be based on the amount of effort needed to extract the processed data and will be determined at the time of request. After being presented with the cost of a "forced reject", statistical reporters have the option to pay the cost and submit a new original file, or to correct the data via error correction records at no cost.

In either circumstance, fines will be levied under the Incentive Assessment Program if applicable (i.e. if submissions are not received by March 1 or accepted with no corrections by April 17). Reporting companies are encouraged to contact Ed O'Donnell at eodonnell@surety.org or 202-778-3632 regarding extensions prior to the March 1 deadline.