



## **2013 Bulletin 6 Data Call Update April 17, 2013**



On March 14, the Office of Insurance Regulation (OIR) held its workshop on the proposed Data Call rule. Representatives from FLTA, many underwriters and a number of individual agents appeared, and offered comments and suggestions. Others submitted written comments.

OIR incorporated most of our suggestions and has released the latest versions of the various forms, which are attached below:

[Proposed Data Call Rule](#)

[Proposed Data Call Report Form](#)

[Proposed Electronic Certification](#)

There are several changes we would point out in this draft:

1. The certification is limited to a “best of my knowledge and belief” standard and expressly recognizes that much of the information being submitted is estimated. As to the estimates, you will be certifying that the estimates are “a reasonable good-faith estimate or allocation made in accordance with the instructions to the data submittal form.” Tying the certification to the instructions is important, because the instructions do limit and clarify the information to be provided.
2. While it is important for us to capture the “Bad Years” in order to capture a complete economic cycle for ratemaking, the OIR recognized the difficulty in capturing highly detailed information from years past. Accordingly, the instructions to the report form provides:

For reporting periods prior to January 1, 2014, the reporting entity shall complete those portions of the forms for which information is readily available, or for which information can be reasonably estimated, from accounting records, computerized closing systems, and tax returns.

For such periods, the reporting entity shall, at a minimum, report the following lines, which correspond with items on IRS form 1120:

1. Lines 1--29 (entity information, underwriters, and employee count);
2. Line 45 (investment income);
3. Line 49 (gross revenue);
4. Line 50 (employee compensation without sub-parts a) and b));

5. Line 52 (dividends);
6. Line 56 (employee benefits);
7. Line 57 (rent and occupancy);
8. Line 58 (real estate depreciation);
9. Line 65 (other depreciation);
10. Line 71 (marketing/advertising); and
11. Line 82 (total expenses).

The OIR would obviously like to capture as much detail information for years past as is feasible, but they do not expect or require each agency to go back and manually review every closing file to compile data. While OIR expects every agent to be able to pull “top line” information from your agency tax returns, most agencies will have ready access to more detailed data from your accounting system and we encourage you to provide as much detail as is available from your computer systems. It will only improve the quality of our results.

3. The form clarifies that Schedule B should only show labor allocations for the “Roman Numerals” not all of the subheadings which are intended to provide detail of the types of things included within the “Roman Numeral” main headings.

We do not anticipate material changes from this version of the Rule and Report Form, and expect it to be implemented in substantially this form – with data collection to begin January 1, 2014 for an initial report in 2015.

FLTA has been working with our regulators for several years to help design a well-thought out data call to be used to capture both agency and underwriter information. While we all recognize that any requirement to gather and report data will be a burden, if not an outright “Pain in the Neck” – our providing good data is the price of having an accurate promulgated rate. So as an industry, we have supported the adoption of the new data call statute and coordinated many hours of live meetings, conference calls and discussion as we offered our comments and suggestions on what a good data call should include. You can learn more about this project and FLTA’s involvement at [http://www.flta.org/Data\\_Call](http://www.flta.org/Data_Call)

FLTA will be developing training and other resources to assist in implementing the Data Call in your agency as we get closer to 2014. Stay Tuned.

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