

## **WCIRB Policy Data Quality Program**

**Effective January 2023**

**Notice**

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## Background and Purpose

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### I. Background and Purpose

Timely, complete and accurate policy data is critical to the development of correct experience modifications and the provision of accurate policyholder coverage information, as well as to ensure the proper and complete use of approved policy forms. The *WCIRB Policy Data Quality Program* (Program) is intended to assist and encourage insurers in identifying and, as appropriate, modifying their data reporting procedures, thereby enhancing the timeliness, completeness and accuracy of their policy submissions to the WCIRB and minimizing any adverse impact from the inaccurate or untimely submission of data on the overall quality of WCIRB data.

### II. Eligibility and Participation Requirements

- A. This Program is administered on an insurer group basis. For purposes of the Program, an insurer group (hereinafter collectively referred to as “insurer”) is based on the ownership groups designated by the National Association of Insurance Commissioners (NAIC).<sup>1</sup>
- B. All insurers are subject to Part III of the Program.
- C. Insurers that wrote at least 100 policies and \$35 million<sup>2</sup> in total California workers’ compensation written pure premium in the latest available calendar year<sup>3</sup> will be subject to Part IV and will remain so even if the insurer’s premium volume or policy count falls below the eligibility threshold while the insurer is subject to the Remedial Procedures detailed in Part IV, Sections C and D. Notwithstanding the above, the WCIRB reserves the right to include any other insurer in Part IV.
- D. Insurers must designate a primary authorized individual to act as the Program Coordinator to receive all correspondence related to the Program.<sup>4</sup> An insurer shall immediately notify the WCIRB of any change in the designated Program Coordinator or their contact information by emailing [pdqp@wcirb.com](mailto:pdqp@wcirb.com). Failure to provide the WCIRB with proper notification of any change prevents an insurer from asserting that it did not receive written notifications related to the Program, including for purposes of waiving fines.

### III. Policy Reporting Electronic Submissions

Pursuant to the *California Workers’ Compensation Uniform Statistical Reporting Plan—1995* (USRP), insurers must report policy information for every workers’ compensation insurance policy extending insurance coverage under California’s workers’ compensation laws by electronic submission to the WCIRB in accordance with the reporting requirements of the USRP and those described in the Workers Compensation Insurance Organizations’ Workers Compensation Policy Reporting Specifications (WCPOLS).

#### A. Submissions Requirements

The USRP requires that insurers receive the WCIRB’s approval to submit data electronically. Insurers must receive approval when:

- preparing to write California workers’ compensation insurance policies;
- developing a new policy reporting system; and
- changing or adding a Data Submitter<sup>5</sup> to report policy data on their behalf.

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<sup>1</sup> In some instances, to reflect insurers’ business operations, insurers within a particular NAIC group may be grouped into separate subgroups for purposes of the Program.

<sup>2</sup> This amount is subject to change by the WCIRB President based on significant changes in the average statewide rate level.

<sup>3</sup> This standard is based on direct written premium at the advisory pure premium rate level as reported on the WCIRB call for quarterly experience. This pure premium is after the application of experience modifications but prior to the application of deductible credits.

<sup>4</sup> Insurers may designate different coordinators for Part III and Part IV.

<sup>5</sup> A Data Submitter is a unique reporting entity registered as a Third Party Entity with the WCIRB and authorized to submit policy data on behalf of the insurer.

## Policy Reporting Electronic Submissions

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### B. Timeliness Standards

1. Insurers or their Data Submitters must notify DataSubmissions@wcirb.com that their policy reporting system is ready for testing. Insurers or their Data Submitters should submit their first test submission file no later than 30 days prior to the inception date of the first workers' compensation insurance policy or issuance date for other policy transactions to be reported by the insurer or their Data Submitter.
2. Insurers or their Data Submitters must complete testing and receive approval by the WCIRB for all policy transaction types within 180 days from the Testing Commencement Date. The Testing Commencement Date is the earlier of: (1) the date the WCIRB acknowledges receipt of the notification that the policy reporting system is ready for testing or (2) the 30th day after the inception date of the first policy document received from the insurer or their Data Submitter. The WCIRB will advise insurers in writing of the Testing Commencement Date, subsequent deadlines and remediation procedures. Extensions to the 180-day deadline may be granted exclusively at the WCIRB's sole discretion.

### C. Electronic Versions of Policy Documents and Processing Fees

1. Until approved for electronic policy submissions, insurers or their Data Submitters shall submit to the WCIRB electronic versions (digital images or PDFs) of policy, cancellation, reinstatement and endorsement documents provided to policyholders for processing and in accordance with the timing requirements of the USRP.
2. Insurers are subject to a processing fee of \$25 per electronic version of the policy, cancellation, reinstatement or endorsement document.

### D. Remediation Procedures

If (1) the WCIRB does not approve an insurer or their Data Submitter for all policy transaction types within 180 days from the Testing Commencement Date or (2) the insurer or their Data Submitter continues to submit electronic versions of policy documents for policy transactions for which the insurer has already been approved, unless an extension (see Part III, Section B, Subsection 2 above) or an exception (see Part III, Section D, Subsection 3 below) has been granted by the WCIRB, then the following actions will be taken:

1. WCIRB Staff: The Program Coordinator will be notified in writing by the WCIRB within 30 days following the end of the 180-day deadline. Within 30 days of notice, the insurer must submit a detailed written statement explaining why the insurer or their Data Submitter has not met the deadline and including a remediation plan that describes:
  - The specific measures to be undertaken by the insurer,
  - The time frames during which the measures will be implemented, and
  - The date by which the insurer expects completion of Part III.

The WCIRB will respond to the insurer within 30 days of receipt of the insurer's written explanation or remediation plan.
2. Fine for Non-Compliance: The insurer will be assessed a fine equal to 1/100 of 1% of the most recent certified calendar year written pure premium<sup>6</sup>, subject to a minimum of \$5,000 and a maximum of \$50,000.
3. Increase in Document Processing Fees: Insurers will be subject to an increased processing fee of \$250 per electronic version of the policy, cancellation, reinstatement or endorsement

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<sup>6</sup> Complete calendar year (January 1 to December 31) direct written premium at the pure premium rate level (prior to application of deductible credits), as reported on the WCIRB *Data Call for Direct California Workers' Compensation Experience* (due by February of the following year), that has been certified as to its accuracy on the *WCIRB Financial Call Data Certification* (due by June of the following year) submitted by that insurer.

## Policy Reporting Electronic Submissions

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document until the insurer or their Data Submitter completes testing and receives approval for all policy transaction types.

Upon request by the insurer, exceptions may be made for insurers who are: (i) approved to submit electronically for all transaction types, but due to system limitations or capabilities, submitting electronic versions of certain policy documents is the only reasonable way to submit policy transactions to the WCIRB or (ii) unable to complete testing due to causes beyond reasonable control (such as acts of nature, fire or casualty or malfunction of public utilities, communications or computer services). In either instance, the insurer will continue to be subject to the \$25 per electronic version document fee.

4. Classification and Rating Committee: The WCIRB will cite the insurer to the Classification and Rating (C&R) Committee that fails to meet the standards in Part III.
  - a. The remediation plan provided to the WCIRB above may be modified and updated by the insurer prior to the C&R Committee meeting.
  - b. An officer from the insurer will be required to meet with the C&R Committee to explain the insurer's non-compliance with Part III and the USRP's policy reporting requirements and to present the remediation plan. At the meeting of the C&R Committee, the following actions will be taken:
    - The insurer's non-compliance will be reported to the C&R Committee.
    - Any additional lawful administrative actions the C&R Committee may deem necessary, reasonable or appropriate to facilitate or encourage the insurer's compliance with Part III and the USRP's policy reporting requirements.
  - c. The WCIRB will report the C&R Committee's findings and actions to the appropriate insurance company officer and advise that if the insurer is not approved for electronic reporting within the 180 days following the expiration of the first 180-day deadline, the insurer will be cited to the Governing Committee for further administrative action.
5. Governing Committee: If an insurer has not been approved for electronic reporting within 180 days following the expiration of the first 180-day deadline, the WCIRB will cite the insurer to the Governing Committee.
  - a. Within 30 days of notification of the citation to the Governing Committee, the insurer shall provide a new remediation plan that describes:
    - The specific measures to be undertaken by the insurer,
    - The time frames during which the measures will be implemented, and
    - The date by which the insurer expects completion of Part III.
  - b. A senior officer of the insurer will be required to meet with the Governing Committee to explain why the insurer's remediation plan submitted to the C&R Committee failed to achieve the desired results and to present the new remediation plan. At the meeting of the Governing Committee, the following actions will be taken:
    - The insurer's non-compliance with the USRP will be reported to the Governing Committee.
    - A monthly fine equal to 1/100 of 1% of the most recent certified calendar year written pure premium<sup>7</sup> at the time the insurer was notified that it had been cited to the C&R Committee pursuant to Part III, Section D, Subsection 4 above, subject to a minimum

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<sup>7</sup> Complete calendar year (January 1 to December 31) direct written premium at pure premium rate level (prior to application of deductible credits), as reported on the WCIRB *Data Call for Direct California Workers' Compensation Experience* (due by February of the following year), that has been certified as to its accuracy on the *WCIRB Financial Call Data Certification* (due by June of the following year) submitted by that insurer.

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of \$5,000 and a maximum of \$50,000, may be imposed. The monthly fine will continue until such time as the insurer has completed testing and receive approval for all policy transaction types.

- Any other additional lawful administrative actions the Governing Committee deems necessary, reasonable or appropriate to facilitate or encourage the insurer's compliance with Part III and the USRP's policy reporting requirements, including citation to the California Department of Insurance.
- c. The WCIRB will report the Governing Committee's findings and actions to the appropriate insurance company officer.
- d. If the insurer fails complete testing by the upon deadline, the insurer will be cited to the California Insurance Commissioner unless the Governing Committee instructs the WCIRB President otherwise.

## IV. Administration and Monitoring of Data Accuracy

### A. Accuracy of Electronic Reporting

#### 1. Selection of Policy Transactions

- a. Scheduling Insurer Review: The WCIRB will establish a schedule to ensure that each insurer subject to Part IV will be issued a Selection List of policy documents to be submitted to the WCIRB for purposes of verifying the accuracy of electronically reported policy data at least once every three years. The WCIRB will notify each insurer of its schedule at least three months in advance of publishing the Selection List. The WCIRB reserves the right to initiate more frequent reviews based on the findings for an individual insurer.
- b. Quota: The minimum selection quota for each insurer is twenty policies, twenty endorsements and ten cancellation/reinstatement transactions. Based upon its initial review of the documents, and as necessary to conduct a complete and thorough analysis, the WCIRB may issue the insurer a supplemental Selection List of additional policy documents to be submitted to the WCIRB. The WCIRB reserves the right to adjust the selection minimum based on the findings for an individual insurer.
- c. Selection List(s): The WCIRB will issue each insurer scheduled for review a Selection List comprising a sample of the insurer's recently submitted policy transactions. The Selection List will indicate the insurer's California insurer code, policy number and policy effective date.
- d. Providing Requested Materials: Within 30 days following publication of the Selection List, the insurer shall submit electronic copies (digital images or PDFs) of the policy documents provided to policyholders, representing each of the requested policy transactions. Hard copy policy documents must be submitted electronically, and in the manner prescribed by the WCIRB.
- e. Fines for Delinquent Material: Submissions will not be considered received until all requested materials are provided to the WCIRB.
  - i. If all of the requested materials are not received by the WCIRB within 30 days following publication of the Selection List, the insurer will be charged a \$500 fine.
  - ii. If all of the requested materials are still not received by the WCIRB within 60 days following publication of the Selection List, the insurer will be charged another \$500 fine, and the WCIRB will provide the insurer with an updated Selection List that identifies a new sample of policy transactions.

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1. If all of the requested materials from the updated Selection List are not received by the WCIRB within 30 days following publication of the updated Selection List, the insurer will be charged another \$1,000 fine.
2. If all of the requested materials from the updated Selection List are still not received by the WCIRB within 60 days following publication of the updated Selection List, the insurer will be charged another \$1,000 fine, and the insurer's results will be subject to remedial action as described in Part IV, Sections C and D.
- iii. Waivers of fines for delinquent materials may be granted at the WCIRB's sole discretion upon a demonstration of good cause, provided a request for waiver is received within 30 days following publication of the Selection List or updated Selection List.

### 2. Comparison of Hard Copy to Electronic Transactions

The WCIRB will compare the following data elements submitted electronically with the corresponding information on the hard copy policy documents:

- a. Policyholder Name(s)
- b. Address – Mailing
- c. Address – Location(s)
- d. Classification(s)
- e. Coverage Dates
- f. Experience Modification(s)
- g. Form Number(s)
- h. Forms – Variable Text on Limiting and Restricting Endorsements

Based on its initial review, the WCIRB may determine that a complete and thorough analysis requires examination of additional information. If so, the WCIRB will send the insurer a request for additional documents and/or policy transactions. Submission of the requested hard copy policy documents to the WCIRB is subject to the same timeline(s) and fines as set forth in Part IV Section A, Subsection 1, Rules d and e, except that the time period will begin on the date the WCIRB issued its request or updated request for the additional information.

At the close of its review of all submitted documents, the WCIRB will advise the insurer of its findings:

- i. Subject to Part IV, Section A, Subsection 1, Rule a if there were no differences between the hard copy and electronic transactions, then no further action is needed until the next scheduled selection.
- j. If there were differences between the hard copy and electronic transactions, then the WCIRB will require the insurer to identify the root cause of each difference and submit a proposed time frame for remedying the identified cause(s), which will be subject to WCIRB approval. At the end of the agreed-upon time frame, the WCIRB will provide the insurer with a new Selection List of policy transactions, and submission of the requested hard copy policy documents to the WCIRB will be subject to the same timeline(s) and fines as set forth in Part IV, Section A, Subsection 1, Rules d and e.
- i. Subject to Part IV, Section A, Subsection 1, Rule a, if the WCIRB's review of these documents shows that the identified issues have been resolved, then no further action is needed until the next scheduled selection.



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- ii. If the WCIRB determines that the identified issues have not been resolved by the agreed-upon time frame, the insurer's results will be subject to remedial action as described in Part IV, Sections C and D.

### B. Data Quality Metrics

All policy transactions will be reviewed using the data quality measurements outlined herein. Within 30 days from the end of each quarter, the WCIRB will publish for each participating insurer a report detailing the insurer's results with respect to policy transactions submitted to the WCIRB during the quarter as well as during the latest four-quarter period. Unless otherwise specified, if an insurer's results over a four-quarter period exceed the designated tolerance identified in the Appendix for one or more of the data quality measurements outlined in this section, the insurer's results will be subject to remedial action pursuant to Part IV, Sections C and D, provided the established minimum volume during the four-quarter period is met.

Refer to the Appendix for the designated tolerance and minimum volume for each metric.

#### 1. *Submission Timeliness – Policies*

The "Submission Timeliness – Policies" data quality metric measures an insurer's success in submitting all policies on a timely basis as specified in the USRP.<sup>10</sup> Specifically, for each insurer, the percentage of policies<sup>11</sup> received more than 30 days after the policy inception date is determined as follows for the time period under review:

$$\frac{\text{Number of policies received more than 30 days after the policy inception date}}{\text{Total number of policies received}}$$

#### 2. *Submission Timeliness – Cancellations/Reinstatements*

The "Submission Timeliness – Cancellations/Reinstatements" data quality metric measures an insurer's success in submitting all cancellations and reinstatements within 30 days after the issuance date.<sup>12</sup> Specifically, for each insurer, the percentage of cancellations and reinstatements received more than 30 days after the issuance date is determined as follows for the time period under review:

$$\frac{\text{Number of cancellations and reinstatements received more than 30 days after the issuance date}}{\text{Total number of cancellations and reinstatements received}}$$

#### 3. *Responsiveness to Policy Work Items*

The "Responsiveness to Policy Work Items" data quality metric measures an insurer's success in responding on a timely and accurate basis to WCIRB policy work item inquiries related to verifying the accuracy of data reported on policies. This metric looks at the volume of work items that remain unresolved for more than 60 days from issuance of the inquiry.<sup>13</sup> Specifically, for each insurer, the responsiveness to policy work items percentage is determined as follows for the time period under review:

<sup>10</sup> Pursuant to Part 2, Section 1, Rule 1a(1), of the USRP, policies are due to the WCIRB no later than 30 days after policy inception.

<sup>11</sup> "Policies" includes the following WCPOLS transactions: New Policy, Renewal Policy, Annual Rating Endorsement and Renewal Certificate/Renewal Agreement.

<sup>12</sup> This requirement will ensure that cancellations and reinstatements are reported to the WCIRB in a timely manner after issuance of such transactions.

<sup>13</sup> The date of issuance of the inquiry is the date the work item is generated by the WCIRB and the insurer is notified. This metric only considers the days a work item is assigned to the insurer and does not include the days a work item is pending with the WCIRB.

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Number of unresolved work items that have passed the 60-day threshold<sup>14</sup>

Total of the number of resolved work items within the 60-day threshold plus the number of unresolved work items that have passed the 60-day threshold

### 4. *Unmatched Policy Transactions – Cancellations/Reinstatements*

The “Unmatched Policy Transactions – Cancellations/Reinstatements” data quality metric measures an insurer’s success in reporting required policy transactions to the WCIRB. This metric looks at the volume of cancellations and reinstatements reported to the WCIRB that are not matched within 60 days to its corresponding policy. Specifically, for each insurer, the percentage of unmatched cancellations and reinstatements is determined as follows for the time period under review:

Number of cancellations and reinstatements not matched within 60 days  
Total number of cancellations and reinstatements received

### 5. *Unmatched USRs*

The “Unmatched USRs” data quality metric measures an insurer’s success in reporting required policy transactions to the WCIRB. This metric looks at the volume of original<sup>15</sup> first report level unit statistical reports (USRs) reported to the WCIRB that are not matched within 60 days to its corresponding policy. Specifically, for each insurer, the percentage of unmatched USRs is determined as follows for the time period under review:

Number of original first report level USRs not matched within 60 days  
Total number of original first report level USRs received

### 6. *Experience Modification Reporting Success – Policy Transactions*

The “Experience Modification Reporting Success – Policy Transactions” data quality metric measures an insurer’s success in reporting its initial policies<sup>16</sup> to the WCIRB with WCIRB published experience modification data within 60 days of receipt of the initial policy. Specifically, for each insurer, the percentage of initial policies reported with experience modification audit errors is determined as follows for the time period under review:

Number of initial policies with unresolved experience modification audit errors  
60 days after receipt of the initial policy  
Total number of initial policies with published experience modifications

### 7. *Forms Compliance*

The “Forms Compliance” data quality metric measures an insurer’s success related to the use of approved policy forms and the endorsement of provisions required by California law using approved forms. Specifically, for each insurer, all instances are identified where an unapproved form is used, along with a count of the number of policies impacted. In addition, all instances are identified where a policy is not endorsed with provisions required by California law using approved forms.

Insurer results for this metric are advisory only. However, an insurer may be subject to remedial action as described in Part IV, Sections C and D if deficiencies are identified.

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<sup>14</sup> Work items unresolved within the 60-day period are not counted in the metric because their responsiveness under the metric has not yet been determined. Any work items resolved after the 60-day threshold would have already been counted in the rolling four-quarter metric results used to evaluate insurers.

<sup>15</sup> An “original” USR refers to the first submission of the USR at a specific report level.

<sup>16</sup> An “initial policy” is the first of any of the following WCPOLS transactions received by the WCIRB: New Policy, Renewal Policy, Annual Rate Endorsement and Renewal Certificate/Renewal Agreement.

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### C. Review of Data Quality Metric Results

Unless otherwise specified, if an insurer's results over a four-quarter period exceeds the designated tolerance for one or more of the data quality measurements specified in Part IV, Section B, the insurer will be notified in writing by WCIRB staff within 30 days following the end of the four-quarter period and requested to provide either an explanation for exceeding the designated tolerance or a remediation plan.

Within 30 days of notice, the insurer must submit either:

1. A detailed written explanation that includes sufficient documentation confirming that the data exceeding the designated tolerance is correct as reported and does not indicate a data and/or reporting deficiency, or
2. A remediation plan that describes the data and/or reporting deficiencies that caused the designated tolerance(s) to be exceeded, the actions the insurer has taken or will take to remedy the deficiencies and the time frame by which the insurer expects all the deficiencies will be resolved and its performance will meet Part IV, Section B tolerances.

Insurers shall provide, at the request of the WCIRB, all relevant documents required to validate the accuracy and completeness of reported data.

The WCIRB will respond to the insurer within 30 days of receipt of the insurer's written explanation or remediation plan.

The insurer will be subject to the Remedial Procedures described in Part IV, Section D if any of the following occurs:

1. No detailed written explanation or remediation plan is submitted by the insurer within 30 days of the WCIRB's initial notice;<sup>17</sup>
2. The WCIRB determines the insurer's detailed written explanation does not provide sufficient documentation confirming that the data exceeding the designated tolerance is correct as reported;
3. The WCIRB determines that the insurer's data and/or reporting deficiencies have not been resolved and its results continue to exceed Part IV, Section B tolerances; or
4. Notwithstanding an insurer's results under Part IV, the WCIRB determines that an insurer has (1) systemic data and/or reporting deficiencies or (2) egregiously or persistently failed to timely, completely and satisfactorily respond to WCIRB requests for written explanation or documentation to validate the quality of reported data.

### D. Remedial Procedures

1. Stage 1: WCIRB Staff. The following actions shall be taken when the WCIRB determines that an insurer must undergo Stage 1 remediation.
  - a. The WCIRB will notify the insurer that it is subject to Stage 1 remediation and determine the time frame by which all the deficiencies must be resolved and Part IV, Section B tolerances must be met (Remediation Evaluation Period) to avoid being cited to the C&R Committee for further administrative action as described in Stage 2. The Remediation Evaluation Period shall encompass a minimum of two quarters and may be subsequently extended until enough data has been attained to produce a credible determination of whether all the deficiencies have been remediated.

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<sup>17</sup> An extension of the deadline may be granted, provided the insurer requests an extension on or before the original deadline. All extensions are subject to written pre-approval by WCIRB staff on a case-by-case basis.

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- i. If the insurer does not make significant progress in resolving all the deficiencies and meeting Part IV, Section B tolerances during the Remediation Evaluation Period, the insurer will be cited to the C&R Committee for further administrative action as described in Stage 2.
  - ii. If significant progress is made in resolving all the deficiencies and results meet Part IV, Section B tolerances during the Remediation Evaluation Period, such performance must be sustained over the subsequent four consecutive quarters (Remediation Monitoring Period); otherwise, the insurer will be cited to the C&R Committee for further administrative action as described in Stage 2.
  - iii. If significant progress is made in resolving all the deficiencies and results meet Part IV, Section B tolerances during the Remediation Evaluation Period, and such performance is sustained through the Remediation Monitoring Period, the insurer will not be cited to the C&R Committee as described in Stage 2. If, following the Remediation Monitoring Period, (a) the insurer's results for one or more of the data quality metrics exceed one or more of tolerances specified in Part IV, Section B, (b) data and/or reporting deficiencies are identified, or (c) both types of issues are identified, the insurer's performance will again be subject to remedial action pursuant to Part IV, Sections C and D.
- 2. Stage 2: C&R Committee. If an insurer's results do not meet Part IV, Section B tolerances and all deficiencies are not resolved after completion of Stage 1 as described above, the insurer will be subject to the following:
  - a. The WCIRB will cite the insurer to the C&R Committee.
  - b. Within 30 days of notification of citation to the C&R Committee, the insurer shall provide a new remediation plan that describes:
    - i. The specific remedial measures to be undertaken by the insurer,
    - ii. The time frames during which the remedial measures will be implemented, and
    - iii. The date by which the insurer expects all of its data and/or reporting deficiencies will be resolved and its performance will meet Part IV, Section B tolerances.
  - c. An officer of the insurer will be required to meet with the C&R Committee to explain why the insurer's remediation plan submitted in Stage 1 failed to achieve the desired results and to present the new remediation plan.
  - d. At the meeting of the C&R Committee, the following actions shall be taken:
    - i. The insurer's performance with respect to this Part IV and any other data quality concerns in other WCIRB data quality programs will be reported to the C&R Committee;
    - ii. A fine equal to 1/100 of 1% of the most recent certified calendar year written pure premium<sup>18</sup> at the time the insurer was notified that it had been cited to the C&R Committee pursuant to Part IV, Section D, Subsection 2a, above, subject to a minimum of \$5,000 and a maximum of \$50,000, will be imposed; and
    - iii. A Remediation Evaluation Period will be established.
  - e. The C&R Committee may recommend any additional lawful administrative actions it deems necessary, reasonable or appropriate to facilitate or encourage the insurer's

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<sup>18</sup> Complete calendar year (January 1 to December 31) direct written premium at the pure premium rate level (prior to application of deductible credits), as reported on the WCIRB *Data Call for Direct California Workers' Compensation Experience* (due by February of the following year), that has been certified as to its accuracy on the *WCIRB Financial Call Data Certification* (due by June of the following year) submitted by that insurer.

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implementation of adequate remedial measures, including citation to the Governing Committee.

- f. The WCIRB will report the C&R Committee's findings and actions to the appropriate insurance company officer and advise of the following:
  - i. If the insurer does not make significant progress in resolving all the deficiencies and meeting Part IV, Section B tolerances during the Remediation Evaluation Period, the insurer will be cited to the Governing Committee for further administration action as described in Stage 3.
  - ii. If significant progress is made in resolving all the deficiencies and results meet Part IV, Section B tolerances during the Remediation Evaluation Period, such performance must be sustained through the Remediation Monitoring Period; otherwise, the insurer will be cited to the Governing Committee for further administrative action as described in Stage 3.
  - iii. If significant progress is made in resolving all the deficiencies and results meet Part IV, Section B tolerances during the Remediation Evaluation Period, and such performance is sustained through the Remediation Monitoring Period, the insurer will not be cited to the Governing Committee. If, following the Remediation Monitoring Period, (a) results for one or more of the data quality metrics exceed the designated tolerances specified in Part IV, Section B, (b) data and/or reporting deficiencies are identified, or (c) both types of issues are identified, the insurer's performance will again be subject to remedial action pursuant to Part IV, Sections C and D.
3. Stage 3: Governing Committee. If an insurer's results do not meet Part IV, Section B tolerances and all deficiencies are not resolved after completion of Stage 2 as described above, the insurer will be subject to the following:
  - a. The WCIRB will cite the insurer to the Governing Committee.
  - b. Within 30 days of notification of citation to the Governing Committee, the insurer shall provide a new remediation plan that describes:
    - i. The specific remedial measures to be undertaken by the insurer,
    - ii. The time frames during which the remedial measures will be implemented, and
    - iii. The date by which the insurer expects all of its deficiencies will be resolved and its performance will meet Part IV, Section B tolerances.
  - c. A senior officer of the insurer will be required to meet with the Governing Committee to explain why the insurer's remediation plan submitted in Stage 2 failed to achieve the desired results and to present the new remediation plan.
    - i. The insurer's performance with respect to the Part IV and any other data quality concerns in other WCIRB data quality programs will be reported to the Governing Committee.
  - d. Within 60 days of notification to the insurer that it has been cited to the Governing Committee:
    - i. A Remediation Evaluation Period will be established; and
    - ii. A monthly fine equal to 1/100 of 1% of the most recent certified calendar year written pure premium<sup>19</sup> at the time the insurer was notified that it had been cited to the C&R

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<sup>19</sup> Complete calendar year (January 1 to December 31) direct written premium at pure premium rate level (prior to application of deductible credits), as reported on the WCIRB *Data Call for Direct California Workers' Compensation Experience* (due by February of the following year), that has been certified as to its accuracy on the *WCIRB Financial Call Data Certification* (due by June of the following year) submitted by that insurer.

## Administration and Monitoring of Data Accuracy

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Committee pursuant to Part IV, Section D, Subsection 2a, Stage 2: C&R Committee, subject to a minimum of \$5,000 and a maximum of \$50,000, will be imposed. The monthly fine will continue until such time as:

- Enough data has been reported and evaluated subsequent to the meeting with the Governing Committee to produce a credible evaluation of the insurer's performance, and
  - The insurer's performance meets Part IV, Section B tolerances and resolves all of the deficiencies.
- e. The Governing Committee may recommend any additional lawful administrative actions it deems necessary, reasonable or appropriate to facilitate or encourage the insurer's implementation of adequate remedial measures, including citation to the California Insurance Commissioner.
  - f. The WCIRB will report the Governing Committee's findings and actions to the appropriate insurance company senior officer and advise of the following:
    - i. If the insurer does not make significant progress in resolving all the deficiencies and meeting Part IV, Section B tolerances during Remediation Evaluation Period, the WCIRB President will, unless instructed otherwise by the Governing Committee, cite the insurer to the California Insurance Commissioner for consideration of further remedial action, including but not limited to additional fines, penalties and/or suspension of authority to transact workers' compensation insurance. The citation to the California Insurance Commissioner will include a report on the insurer's performance with respect to this Program and any other data quality concerns in other WCIRB data quality programs.
    - ii. If significant progress is made in resolving all the deficiencies, and results meet Part IV, Section B tolerances during the Remediation Evaluation Period, such performance must be sustained through the Remediation Monitoring Period; otherwise, the insurer will be cited to the California Insurance Commissioner unless the Governing Committee instructs the WCIRB President otherwise.
    - iii. If significant progress is made in resolving all the deficiencies, results meet Part IV, Section B tolerances during the Remediation Evaluation Period and such performance is sustained through the Remediation Monitoring Period, the insurer will not be cited to the California Insurance Commissioner. If, following the Remediation Monitoring Period, (a) the insurer's results exceed the designated tolerances for one or more of the data quality metrics specified in Part IV, Section B, (b) data and/or reporting deficiencies are identified, or (c) both types of issues are identified, the insurer's performance will again be subject to remedial action pursuant to Part IV, Sections C and D.
  4. An insurer whose results are approaching Part IV, Section B tolerances or that has data and/or reporting deficiencies may be requested to meet periodically or correspond with the WCIRB for the purpose of outlining the remedial measures the insurer proposes to implement to improve performance.

## Appendix

### Appendix

#### Metric Tolerances

Unless otherwise specified:

- The data quality metrics in this Program are measured against specified tolerances defined below. The WCIRB evaluates each metric's tolerance from time to time, taking into consideration the distribution of statewide data.
- If an insurer exceeds a designated metric tolerance over a four-quarter period, the insurer's results will be subject to remedial action as described in Part IV, Sections C and D, provided the minimum volume for the metric is met during the four-quarter period.

Metric		Tolerance	Minimum Volume for Remediation	Other Criteria
<b>Timeliness</b>				
1	Submission Timeliness – Policies	5%	25 policies received more than 30 days after the policy inception date	
2	Submission Timeliness – Cancellations/Reinstatements	5%	25 cancellations and/or reinstatements received more than 30 days after the issuance date	
3	Responsiveness to Policy Work Items	20%	25 unresolved policy work items that passed the 60-day threshold	
4	Unmatched Policy Transactions – Cancellations/Reinstatements	2%	25 cancellations and/or reinstatements not matched within 60 days	
5	Unmatched USRs	2%	25 original first report level USRs not matched within 60 days	
<b>Completeness and Accuracy</b>				
6	Experience Modification Reporting Success – Policy Transactions	5%	25 initial policies reported with experience modification audit errors within 60 days of receipt of the initial policy	

**Appendix**

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Metric		Tolerance	Minimum Volume for Remediation	Other Criteria
7	Forms Compliance	N/A	N/A	Insurer results for this metric are advisory only. However, an insurer may be subject to remedial action as described in Part IV, Sections C and D if deficiencies are identified.





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