

The Surety Association of America

1101 CONNECTICUT AVENUE, NW, SUITE 800, WASHINGTON, DC 20036 TEL: (202) 463-0600 – FAX: (202) 463-0606
website: <http://www.surety.org>
E-mail: information@surety.org

LYNN M. SCHUBERT
President

EDWARD G. GALLAGHER
General Counsel
ROBERT J. DUKE
Director-Underwriting
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Vice President of Public Affairs
And Government Relations
BARBARA FINNEGAN REIFF
Director of Regulatory Affairs
SEAN P. FOLEY
Senior Statistical Analyst

October 23, 2001

TO: Reporting Companies – Full Level

RE: **Revised Statistical Plan Pages**
Revised Actuarial Edit Definitions

The SAA Statistical Plan (Full Level) has been updated to require “Exposure Amount” to be reported for Surety loss records. Revised pages of the Statistical Plan and Actuarial Edit Definitions that reflect the new requirement are enclosed.

The following pages are included with this mailing:

Statistical Plan

1. Table of Contents
2. SRI-2
3. SRI-4.1
4. SRI-4.2
5. SCS-7

Actuarial Edit Definitions

1. Cover Page
2. TOC
3. V1.3-4
4. V3.1-8
5. V3.1-9
6. V3.2-3
7. V3.2-5
8. V3.2-7

Revisions to the Statistical Plan pages are denoted by a (\$) in the margin. (On pages SRI-4.1 and SRI-4.2, items 16 through 23 have been renumbered only and have not been denoted by a (\$).)

These changes are mandatory for all loss records with rating dates of January 2003, and subsequent. Companies may report, on an optional basis, the “Exposure Amount” for loss records with rating dates of December 2002, and prior.

The "Exposure Amount" currently is required for all Surety premium records, and these changes are being made in order to collect this field for loss records.

The "Exposure Amount" is to be reported in thousands of dollars. For loss records, this field must be signed positive over the units position, or unsigned.

Please note that page V3.2-6 has been eliminated from the edits. The functions of error code V173 on this page now are performed by error code V164.

This mailing is available through the SAA's website www.surety.org.

Please contact Sean Foley at 202-778-3627 or sfoley@surety.org if you have any questions about this material.

FIDELITY AND SURETY

STATISTICAL PLAN

TABLE OF CONTENTS

PAGES	DESCRIPTION
GR-1-3	GENERAL RULES
1.1-1.3	PREMIUMS AND LOSSES
2	PREMIUMS
3	LOSSES
FRI-1-4	REPORTING INSTRUCTIONS – FIDELITY AND FORGERY
1-2	PREMIUMS AND LOSSES
3.1-3.3	PREMIUMS
4.1-4.3	LOSSES
FCS-1-16	CODING SECTION – FIDELITY AND FORGERY
	PREMIUMS AND LOSSES
1	Transaction Type Code
2	State Code
3.1-3.4	Territory Code
4	Annual Statement Line of Business
5	SAA Subline
6.1-6.13	Class of Insured Code
7	Policy Code
8	Type of Coverage Code
9.1-9.5	Form of Coverage Code
10	Amount of Coverage
11	Number of Additional Locations
12	Deductible Amount
13	Number of Ratable Employees
	PREMIUMS
14	Rating Modification Factor
15	Rate Departure Factor/Company Loss Cost Multiplier
	LOSSES
16	Type of Loss Code
SRI-1-4	REPORTING INSTRUCTIONS – SURETY
1-2	PREMIUMS AND LOSSES
3.1-3.2	PREMIUMS
4.1-4.2	LOSSES
SCS-1-7	CODING SECTION – SURETY
	PREMIUMS AND LOSSES
1	Transaction Type Code
2	State Code
3	Annual Statement Line of Business
4	SAA Subline
5.1-5.10	Classification Code
6	Type of Contract Bond Code
S 7	Exposure Amount

REPORTING INSTRUCTIONS**SURETY
PREMIUMS AND LOSSES****SURETY UNIT RECORD FORMAT**

<u>FIELD DESCRIPTION</u>	<u>RECORD COLUMNS</u>	
	<u>PREMIUMS</u>	<u>LOSSES</u>
Company or Group Number	1-4	1-4
Transaction Type Code	5	5
Accounting Date	6-7	6-7
Rating Date	8-10	8-10
Transaction Effective Date	11-13	--
Transaction Expiration Date	14-16	--
State Code	17-18	17-18
Annual Statement Line of Business	24-26	24-26
SAA Subline	27-29	27-29
Classification Code	30-32	30-32
Claim Report Year	--	43-44
\$ Exposure Amount (Thousands of Dollars)	50-56	50-56
Type of Contract Bond Code	57	57
Claim Count	--	72
Premium Amount (Whole Dollars)	96-103	--
Loss Amount (Whole Dollars)	--	96-103
Loss Record Identification	--	104-117
Premium Record Identification	118-130	--
Columns for Company Use	131-150	131-150

Record Columns not listed above are reserved for future use.

REPORTING INSTRUCTIONS

SURETY LOSSES

1. *Company or Group Number (Field: Columns 1-4)*
Report the Company or Group Number assigned by SAA.
2. *Transaction Type Code (Field: Column 5)*
Report the appropriate Transaction Type Code.
3. *Accounting Date (Field: Columns 6-7)*
All transactions must be reported in a single annual submission. Month requires a one-digit code and year a one-digit code. Report Accounting Date month of December in column 6. Report the units digit of the calendar year the transactions were entered on the Carrier's books in column 7. Refer to the General Rules section for coding instructions.
4. *Rating Date (Field: Columns 8-10)*
Report the Rating Date shown on the corresponding premium entry.
5. *Reserved for Future Use (Field: Columns 11-16)*
Report blank.
6. *State Code (Field: Columns 17-18)*
Report the State Code shown on the corresponding original premium entry.
7. *Reserved for Future Use (Field: Columns 19-23)*
Report blank.
8. *Annual Statement Line of Business (Field: Columns 24-26)*
Report the code of the Annual Statement Line of Business to which the transaction was assigned.
9. *SAA Subline (Field: Columns 27-29)*
Report the appropriate SAA Subline Code.
10. *Classification Code (Field: Columns 30-32)*
Report the appropriate Classification Code.
11. *Reserved for Expansion of Classification Code (Field: Columns 33-35)*
Report blank.
12. *Reserved for Future Use (Field: Columns 36-42)*
Report blank.
13. *Claim Report Year (Field: Columns 43-44)*
Report the calendar year in which the claim was initially recorded.
- \$ 14. *Reserved for Future Use (Field: Columns 45-49)*
Report blank.
- \$ 15. *Exposure Amount (Field: Columns 50-56)*
Report the appropriate amount in thousands of dollars. Any numeric value from 0000000 – 9999999, signed positive over the units position, or unsigned, is valid. Refer to the General Rules section for coding instructions.
16. *Type of Contract Bond Code (Field: Column 57)*
Report the appropriate Type of Contract Bond Code for Contract Bonds in the 6XX, 7XX and 8XX Classification Code series. Report zero or blank for all other Surety Bonds.
17. *Reserved for Future Use (Field: Columns 58-71)*
Report blank.

18. *Claim Count (Field: Column 72)*
- A. Cases to be counted as claims must be only those in connection with which a loss payment has been made or a loss reserve established.
 - B. A claim closed without a loss payment shall not be counted as a claim.
 - C. A claim partly paid and partly outstanding may carry the claim count either in the paid or outstanding record but must only be counted once.
 - D. Salvage, subrogation and other recoveries (not reinsurance) shall be recorded as a credit to claim count only if the recovery is the total cost of the claim reported under that statistical entry.
 - E. A claim on which more than one payment is made shall only be counted once.
 - F. In cosurety loss transaction situations, the section pertaining to the reporting of claim counts shall apply only to the “originating” carrier. All other cosureties shall report a claim count of “0” on all cosurety loss transactions.

In the case of a co-originated bond, the first signing company shall be deemed to be the “originating” carrier for statistical purposes.

Situations involving concurrent bonds shall be handled as if they were cosurety situations and, in such cases, the first carrier in alphabetical order shall be deemed to be the “originating” carrier for statistical purposes.

Refer to the General Rules section for coding instructions.

19. *Reserved for Future Use (Field: Columns 73-95)*
Report blank.
20. *Loss Amount (Field: Columns 96-103)*
Report the amount of the loss rounded to the nearest dollar. Any signed or unsigned numeric value from 00000000 to 99999999(+/-) is valid. Refer to the General Rules section for coding instructions. Rounding is to be accomplished by dropping 1 through 49 cents and by increasing or decreasing (depending on whether the amount is positive or negative) the dollar amount by 1 for 50 through 99 cents.
21. *Loss Record Identification (Field: Columns 104-117)*
Report the claim number or any other alphanumeric identification as significant digits that will make it possible to locate the claim records in the company files. The Loss Record Identification must consist only of significant alpha or numeric digits.
22. *Reserved for Future Use (Field: Columns 118-130)*
Report blank.
23. *Columns for Company Use (Field: Columns 131-150)*
This field is for company use only and may be reported blank or may contain any alphanumeric combination that suits the individual carrier’s purposes.

EXPOSURE AMOUNT

PREMIUM RECORDS: Report the amount (in thousands of dollars) to which a rate is applied in order to determine the premium. Amounts under \$1,500 shall be reported as “0000001”.

In the case of a bulk premium report (i.e. several bonds with the same set of unique codes being reported on a single record) report the cumulative exposure amount of all bonds in the bulk report as well as the aggregate written premium of all bonds in the bulk report.

The sign of the Exposure Amount shall be the same as the sign of the Premium Amount for the record being reported.

§ LOSS RECORDS: For each loss record, report the amount (in thousands of dollars) that was reported on the corresponding premium record. Valid amounts for loss records are 0000000 – 9999999, signed positive over the units position or unsigned. The Exposure Amount Field is mandatory for all loss records with a rating date year of 2003 and subsequent, and is optional for loss records with a rating date year of 2002 and prior.

EXAMPLES:

DESCRIPTION	CODE
License Bond – Amount of <i>Bond Penalty</i> = \$5,000	0000005
Construction Contract Bond – Amount of <i>Contract Price</i> = \$1,500,000	0001500
Change Order generating additional or return premium – Amount of <i>Change Order</i> = \$24,475	0000024
Open Penalty Appeal Bond – Amount of <i>Judgment</i> = \$125,750.....	0000126
Bulk Report for two bonds – One bond for \$5,000 and One bond for \$10,000	0000015

EXCEPTIONS:

Bid Bonds and all others containing no Bond Penalty.....	0000000
All others not rated on a “Per \$M” basis – Code to Bond Penalty as shown in examples above.	

FIDELITY AND SURETY STATISTICAL PLAN

ACTUARIAL EDIT DEFINITIONS

(FULL PLAN)

EFFECTIVE JANUARY 1, 1995

Revised:

April 1, 1997
January 1, 1998
January 1, 2000
January 1, 2001
January 1, 2002

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TABLE OF CONTENTS
FIDELITY & SURETY STATISTICAL PLAN
ACTUARIAL EDIT DEFINITIONS

PART I LEVEL V1.1 GENERAL COMMON EDITS – Pages 1-12
 LEVEL V1.2 GENERAL PREMIUM EDITS – Pages 1-11
 LEVEL V1.3 GENERAL LOSS EDITS – Pages 1-12

<u>ERROR CODE</u>	<u>PAGE</u>	<u>ERROR CODE</u>	<u>PAGE</u>
V100	V1.2-11 (PREMIUMS)	V113	V1.2-7
V100	V1.3-12 (LOSSES)	V114	V1.2-8
V101	V1.1-4	V115	V1.2-9
V102	V1.1-5	V116	V1.2-10
V103	V1.1-6	V121	V1.3-5
V104	V1.1-7	V122	V1.3-6
V105	V1.1-8	V123	V1.3-7
V106	V1.1-9	V124	V1.3-8
V107	V1.1-10	V125	V1.3-9
V108	V1.1-11	V126	V1.3-10
V109	V1.1-12	V127	V1.3-11
V111	V1.2-5	V199	V1.2-4 (PREMIUMS)
V112	V1.2-6	V199	V1.3-4 (LOSSES)

PART II LEVEL V2.1 FIDELITY AND FORGERY COMMON EDITS – Pages 1-27
 LEVEL V2.2 FIDELITY AND FORGERY PREMIUM EDITS – Pages 1-6
 LEVEL V2.3 FIDELITY AND FORGERY LOSS EDITS – Pages 1-5

<u>ERROR CODE</u>	<u>PAGE</u>	<u>ERROR CODE</u>	<u>PAGE</u>
V130	V2.1-7	V143	V2.2-6
V131	V2.1-8, C-1-7	V151	V2.3-4
V132	V2.1-5-6	V152	V2.3-5
V135	V2.1-9, A-1-11, B-1-12, C-1-7	V236	V2.1-21
V136	V2.1-17	V237	V2.1-22
V137	V2.1-18	V238	V2.1-23
V138	V2.1-19	V239	V2.1-27
V139	V2.1-20	V204	V2.1-24
V141	V2.2-4	V205	V2.1-25-26
V142	V2.2-5		

PART III LEVEL V3.1 SURETY COMMON EDITS – Pages 1-9
 LEVEL V3.2 SURETY PREMIUM EDITS – Pages 1-7
 LEVEL V3.3 SURETY LOSS EDITS – See Page V3.3-1

<u>ERROR CODE</u>	<u>PAGE</u>	<u>ERROR CODE</u>	<u>PAGE</u>
V161	V3.1-4-5	V171	V3.2-4
V162	V3.1-6	V172	V3.2-5
V163	V3.1-7	V174	V3.2-7
V164	V3.1-8		
V165	V3.1-9		

FIDELITY & SURETY STATISTICAL PLAN
ACTUARIAL EDIT DEFINITIONS

EDIT: BLANK FIELDS

PROCEDURE:

- 1) Do not perform this edit if error code V104 (TRANSACTION TYPE) or V108 (SAA SUBLINE) is present.
- 2) Error Constraint(s):
 - a) If the TRANSACTION TYPE is 6 or 7 and the SAA SUBLINE is 001 and the RATING DATE YEAR is 80-94, then columns 11-16, 19-21, 33-38, 41, 47-49, 57-69, 73-95 must be blank; otherwise invalid. (V199)
 - b) If the TRANSACTION TYPE is 6 or 7 and the SAA SUBLINE is 002 and the RATING DATE YEAR is 80-94, then columns 11-16, 19-23, 33-42, 45-49, 58-71, 73-95 must be blank; otherwise invalid. (V199)
 - c) If the TRANSACTION TYPE is 6 or 7 and the SAA SUBLINE is 001 and the RATING DATE YEAR is 95-39, then columns 11-16, 22, 23, 33-36, 41, 42, 45-48, 57, 61, 73-82, 88-95, 118-130 must be blank; otherwise invalid. (V199)
 - d) If the TRANSACTION TYPE is 6 or 7 and the SAA SUBLINE is 002 and the RATING DATE YEAR is 95-39, then columns 11-16, 19-23, 33-42, 45-49, 58-71, 73-95, 118-130 must be blank; otherwise invalid. (V199)

FIDELITY & SURETY STATISTICAL PLAN
ACTUARIAL EDIT DEFINITIONS

EDIT: AMOUNT FIELD/EXPOSURE AMOUNT

(Field: Columns 50-56)

PROCEDURE:

1) Error Constraint(s):

- a) If the RATING DATE YEAR is 80-94, then valid entries for AMOUNT FIELD are 0000000 – 9999999; otherwise invalid. (V164)
- b) If the TRANSACTION TYPE is 1 and the RATING DATE YEAR is 95-39, then the EXPOSURE AMOUNT must be 0000000 – 9999999, signed positive or negative over the units position, or unsigned; otherwise invalid. (V164)
- c) If the TRANSACTION TYPE is 6 or 7 and the RATING DATE YEAR is 95-02, then the EXPOSURE AMOUNT must be blank or 0000000 – 9999999, signed positive over the units position, or unsigned; otherwise invalid. (V164)
- d) If the TRANSACTION TYPE is 6 or 7 and the RATING DATE YEAR is 03-39, then the EXPOSURE AMOUNT must be 0000000 – 9999999, signed positive over the units position, or unsigned; otherwise invalid. (V164)

FIDELITY & SURETY STATISTICAL PLAN
ACTUARIAL EDIT DEFINITIONS

EDIT: CLASSIFICATION CODE and AMOUNT FIELD/EXPOSURE AMOUNT

PROCEDURE:

- 1) Do not perform this edit if error code V161 (CLASSIFICATION CODE) or V164 (AMOUNT FIELD) is present.
- 2) Error Constraint(s):
 - a) If the RATING DATE YEAR is 80-94 and if the AMOUNT FIELD is 0000000, then the CLASSIFICATION CODE must be 300, 524 or 553; otherwise invalid. (V165)
 - b) If the RATING DATE YEAR is 95-39 and if the EXPOSURE AMOUNT is 0000000 (signed over the units position or unsigned), then the CLASSIFICATION CODE must be 524, 553, 600, 700 or 800; otherwise invalid. (V165)

FIDELITY & SURETY STATISTICAL PLAN
ACTUARIAL EDIT DEFINITIONS

ORDER OF EDIT PERFORMANCE

LEVEL: V3.2

1. V171
2. V172
3. V174

FIDELITY & SURETY STATISTICAL PLAN
ACTUARIAL EDIT DEFINITIONS

EDIT: RATE DEPARTURE FACTOR and COMPANY OR GROUP NUMBER

PROCEDURE:

Reference External Table V003

- 1) Do not perform this edit if error code V171 (RATE DEPARTURE FACTOR) is present.
- 2) Error Constraint(s):

If the RATE DEPARTURE FACTOR is 999, then COMPANY OR GROUP NUMBER must appear on External Table V003; otherwise invalid.

(V172)

NOTE: PAGE V3.2-6 HAS BEEN INTENTIONALLY OMITTED

FIDELITY & SURETY STATISTICAL PLAN
ACTUARIAL EDIT DEFINITIONS

EDIT: Sign of PREMIUM and Sign of EXPOSURE AMOUNT

PROCEDURE:

1) Do not perform this edit if error code V106 (PREMIUM OR LOSS AMOUNT) or V164 (AMOUNT FIELD / EXPOSURE AMOUNT) is present.

2) Error Constraint(s):

If the RATING DATE YEAR is 95-99, then the sign of the PREMIUM and the sign of the EXPOSURE AMOUNT must agree according to the following rules:

- i) If the PREMIUM is unsigned, then the EXPOSURE AMOUNT must be unsigned or signed positive; otherwise invalid. (V174)
- ii) If the PREMIUM is signed positive, then the EXPOSURE AMOUNT must be unsigned or signed positive; otherwise invalid. (V174)
- iii) If the PREMIUM is signed negative, then the EXPOSURE AMOUNT must be signed negative; otherwise invalid. (V174)