

Minutes
UDS Technical Support Group
Teleconference Call – Wednesday, January 28, 2009

Members/Interested Parties Present:

Guaranty Funds

Beth Gonesh (AGFG - WC)
Diane Baum (AGFG - WC)
Darin Miller (OH/WV)
June Edge (OH/WV)
Mark Might (OH/WV) - Chair
Debbie Price (MD)
Jim Winskowicz (GFMS)
Dimitar Kotsev (GFMS)
Kathy Lavin (GFMS)
Dotty Zoller (TX)
John Arment (MI)
Laura Keller (PA – WC)
Linda Baum (NJ – WC)
Mike Royal (CA)
Nick Crews (NCIGF)

Receivers

Pieter Capozzi (CLO)
Jenny Wilson (Legion)
Joe Vavra (Legion)
Mark Czarnecki (OSD)
Randy Smith (PA)
Rick Clayton (OH)
Rita Ann Lamb (Reliance)
Paul Radel (Reliance)
Jim Hamilton (Home)
Davis Tharayil (Home)
Richard Wygand (Home)

Consultants

Dale Stephenson (DFS Consulting)
Julie Snyder (JAS Consulting)
Rod Nun (ISU)
Steve Green (Lightspeed)
Tom Orser (Inservco)
Mark Peckler (Fitzgibbons & Co.)

Call to Order

The meeting was called to order by Mark Might at approximately 2:05 p.m.

Roll Call

The list of members who accepted the invitation to participate in the call was read by Mark Might and other participants were asked to identify themselves.

Approval of 12/11/2008 Minutes

The minutes of the previous meeting of the UDS TSG (attachment to Agenda e-mail) were approved.

“E”, “F” and “G” Formats

Julie Snyder, UDS Consultant for the NCIGF, reported that the NAIC Information Technology Working Group did not address these formats during their conference call held on January 27th, 2009.

“I” Record Format

Debbie Price (MD) reported that a final draft of the “I” Record Chapter was being circulated among subcommittee members and would be ready to submit for TSG approval during the February conference call meeting.

UDS Training Project

Julie Snyder, Training Project Coordinator, reported that the “D” Record Training Webinars will be hosted by the NCIGF using the Ready Talk conferencing software. The calls will be free to both Funds and Receivers.

Training Program outlines for the “A”, “B”, “C”, “E”, “F” & “G” Formats are being developed by Julie. She is still looking for a few more volunteers for the group who will be developing the content of the training for these formats.

Medicare Secondary Payer Reporting Requirement

June Edge, Project Manager reported that an Advisory had been sent out to all Fund Managers from the Administrative Working Group outlining the general requirements, timeline and recommended steps to be taken in preparation for implementation. Laura Keller, Admin Working Group Chair and John Arment, IT Working Group Chair, will forward copies of the documents produced so far for distribution to all TSG members.

Discussion/Approval of Proposed Additional FAQ’s for UDS Claims Manual

a.) Replacement File Naming Convention (Exhibit 1) – The revised FAQ was approved as presented. (Motion: Randy Smith, Second: Darin Miller)

b.) Pre-liquidation Recoveries – TABLED – Paul Radel gave a summation of the Recoveries Subcommittee reasoning for the proposed FAQ. A number of attendees expressed their preference for adding additional recovery codes instead of transaction codes to identify the recovery reimbursement transactions. The Subcommittee will reconvene to assess the ramifications of the alternative recommendation and report back to the TSG in February. Steve Green was added to the Recoveries Subcommittee to provide some additional IT perspective.

c.) Escheated Funds (Exhibit 2) – The proposed FAQ was approved as presented with the substitution of “stale date(d)” for the references to “void” in the document. (Motion: Randy Smith, Second: Dotty Zoller)

Suggested UDS Manual Revisions

a.) Darin Miller’s suggested technical corrections (Exhibits 3 & 4) to both the Claims and Financial Manuals were approved as presented (Motion: Steve Green, Second: Randy Smith)

b.) Mark Might proposed a re-ordering of the “C” Record FAQ’s (Chapter 10) in the Claims Manual according to topic (e.g. General, Reserves, Payments, Recoveries, etc.). The concept was approved. He will prepare a draft of this revision for the February Meeting.

Other Matters

Next meeting – Due to the time sensitive nature of some of the TSG open items, the next teleconference meeting is scheduled for February 25th, 2009.

Adjournment

The meeting was adjourned at approximately 3:40 p.m.

Respectfully Submitted,

Mark A. Might
Chair Exhibit 1

Exhibit 1

FAQ Replacement File Naming Convention

Q# - When a Receiver or Fund is sending a replacement file, what name should be given to the file?

A# - The recommended way to name a replacement file is to assign it the current date and next available batch sequence number. A “Y” entered in the Replacement File Indicator Field of the files Header Record will let the person receiving the file know it is a replacement and should prompt a follow-up communication with the sending party to determine which file is being replaced.

Exhibit 2

FAQ

I am a Fund. I have issued several claim settlement and expense checks which have not been cashed and now are stale-dated. Subsequent attempts to contact the claimants have been unsuccessful. I need to void the original checks and tender a check to the Division of Unclaimed Funds in my state for the total amount of these unclaimed checks. How should I report these transactions in UDS?

Solution #1

One solution to the problem of dealing with the stale-dated checks and the subsequent check issuance to the State Division of Unclaimed Funds (Escheat) is to record both in your G/L and **not** in your claim system or UDS. Assuming the original settlement and expense checks were reported via UDS, the Receiver has record of these payments and has most likely reported them to any reinsurers involved. The stale-date and re-issue transactions would have no effect on your ultimate claim against the estate. If these check stale-date and re-issue transactions are posted to your G/L in the same quarterly reporting period, there should be no reconciliation problems with your FIQ's or Section 1 of your "D" Record submissions. One drawback to this solution would be that you lose the audit trail for the check stale-date and re-issue in your claim system and UDS. There is also the possibility that upon subsequent file review, the Receiver may delete the original stale-dated check from their system and without supporting evidence of the subsequent check issuance to the Escheat Fund, consider the claim closed without payment. A suggestion would be to send a list of the related detail for the escheated funds to all Receiverships affected, including insolvent company claim number (or policy number for unearned premium claims), insured name and claimant/payee name.

Solution #2

The other solution to the problem of dealing with the stale-dated checks and check issuance to the State Division of Unclaimed Funds (Escheat) would be to record them in your G/L, your claim system and subsequently report them through UDS. It is suggested that an "***Escheated by Fund***" transaction comment be added to the escheat payment transaction for additional clarification **and** that the stale-date and escheatment transactions be dated to coincide with the same reporting period. This solution has the advantage of maintaining the audit trail in the claim system and UDS. However, unless further explanation is provided, the issuance of a single check to the Escheat Fund for multiple claim settlements may precipitate an inquiry from the Receiver when the same check number is reported in your UDS "C" Record submissions multiple times. A suggestion would be to send a list of the related detail for the escheated funds to all Receiverships affected, including insolvent company claim number (or policy number for unearned premium claims), insured name and claimant/payee name.

If you report the check stale-date transactions via UDS, but fail to report the re-issue to the Escheat Fund, this will result in an understatement of your claim against the estate. Similarly, an overstatement of your claim will result if you report the re-issue to the Escheat Fund, but fail to report the check as stale-dated.

Exhibit 3

PROBLEMS WITH “D” RECORD APPENDIX AND DESCRIPTORS

Header Record

1. Field #2 - Insolvent Company # is listed as Alpha, should be Numeric

Trailer Record

1. Field #2 - Insolvent Company # is listed as Alpha, should be Numeric
2. Field #11 - Reporting Through Date is listed as Alpha, should be Numeric
3. Fields #14 - #24 - Do not use decimal implications as are utilized in the UDS Claims Manual in the No. of Positions Column. For example, in Field #14, it reads No. of Positions merely as 15, instead of 15 [(12).xx-]. There should be consistency between the two manuals.
4. Field #25 - Record Filler Spaces are listed as Numeric, Conditional, but should be Alpha, Required. This is a flat, fixed-length file. Filler spaces are necessary to make the record the appropriate length, and moreover, they must be alpha spaces, allowing for empty strings to pad the record. Someone might interpret the numeric requirement to mean the record should be padded with zeroes, which is incorrect.

“D” Record Layout - Short Description

1. Fields #17 - 46, #48, #50, #52, #54-55, #57-59 - Do not use decimal implications as are utilized in the UDS Claims Manual in the No. of Positions Column. For example, in Field #14, it reads No. of Positions merely as 15, instead of 15 [(12).xx-]. There should be consistency between the two manuals.
2. Field #56 - Cost Accounting Allocation Code - In description, we list the three basis, but do not give examples of what one-letter code to use for each. For example: T = Time, C = Claims Cost, O = Other

Exhibit 4

PROBLEMS WITH UDS CLAIMS MANUAL APPENDIX AND DESCRIPTORS

Header Record

2. Field #2 - Insolvent Company # is listed as Alpha, should be Numeric
3. Field #11 - Batch Through Date is listed as Alpha, should be Numeric
4. Field #14 - Record Filler Spaces is not denoted as Alpha, Required, but should be to ensure that empty spaces are utilized (instead of zeroes) to fully populate the record to its predetermined length.

Trailer Record

1. Field #2 - Insolvent Company # is listed as Alpha, should be Numeric
2. Field #11 - Batch Through Date is listed as Alpha, should be Numeric
3. Field #15 - Record Filler Spaces is not denoted as Alpha, Required, but should be to ensure that empty spaces are utilized (instead of zeroes) to fully populate the record to its predetermined length.