



**SELF ASSESSMENT QUESTIONNAIRE**  
**GISA AUTOMOBILE STATISTICAL PLAN (ASP)**  
**REPORTING**

**Summary of Findings**

**General Insurance Statistical Agency (GISA)**

**December 2008**

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## **EXECUTIVE SUMMARY**

In March 2007, the General Insurance Statistical Agency (GISA) Board of Directors (Board) approved a number of initiatives as part of its Strategic Plan for the three years ending 2010.

The Board agreed, as part of the strategic initiative on promoting the harmonized collection of accurate and reliable data, that a specific project be undertaken to:

- Review and enhance processes for the collection of data; and
- Establish mechanisms to ensure quality, accuracy and completeness of data, including self assessments, data quality reviews, taking advantage of evolving technology.

In the spring of 2008, GISA issued the Self Assessment Questionnaire for Automobile Statistical Plan (ASP) Reporting to obtain information from all insurers that are required to submit data to the Automobile Statistical Plan (ASP) across Canada.

GISA received a total of 64 submissions on behalf of member companies. Some of the completed questionnaires were submitted on behalf of a group of companies.

The results of this questionnaire suggest that many respondents are aware of the current requirements for statistical reporting and do make some use of the IBC resources available to them. The results suggest that there may be a need for a renewed commitment to ensure that reporting is accurate, complete and done in a timely manner.

There needs to be a documented policies and procedures to ensure regulatory compliance and strive to improve the industry's reporting experience by minimizing errors, improving timeliness and avoiding deficiency fees.

Respondents need to consider more formal training programs, rather than relying on employee experience and on-the-job training. The development of best practices and standardized processes would be beneficial for companies who continue to experience problems with meeting their statistical reporting responsibilities.

Although the monitoring of policies and procedures appear to be satisfactory in the industry, there was little evidence of a wide-spread culture focused on improving internal processes. The payment of deficiency fees by most companies, for example, should be viewed as areas to be improved and as opportunities to improve effectiveness, rather than being viewed as a cost of doing business.

Although Data Management Best Practices exist throughout the industry, they exist in various states of complexity and there is very little uniformity amongst insurers.

The increased use of monitoring reports and audits should be encouraged to monitor and assess compliance with ASP reporting requirements and appropriate follow-up actions.

Companies should be encouraged to closely review their responses to this questionnaire and consider the possibility of improving, documenting or creating documented policies and procedures to ensure regulatory compliance and meet ASP reporting requirements.

**SUMMARY OF RECOMMENDATIONS**

<b>SECTION 1: COMPANY INFORMATION</b>	
1.5	It would be appropriate for the IBC to follow up with the 15 respondents who did not respond to the question regarding a dedicated SSC and ECC role to discuss how they meet this requirement. Insurance company staff roles and responsibilities for the ASP should be clearly defined.

<b>SECTION 2: POLICIES AND PROCEDURES TO ENSURE REGULATORY COMPLIANCE</b>	
2.1	It would be beneficial to promote the development and maintenance of formal documented policies/procedures to meet ASP reporting requirements.
2.9	It would be appropriate for the IBC to consider the development of more formalized training programs for updating and training staff regarding ASP reporting requirements rather than relying on employee experience and on-the-job training.

<b>SECTION 3: CONTENT AND MONITORING OF POLICIES AND PROCEDURES FOR INTERNAL STAFF</b>	
3.6	All insurers should use IBC reports for monitoring data quality. Further training on the use of such reports may be needed.
3.9	The date for submission of the ABR should be reviewed.
3.15	The current deficiency fee schedule should be reviewed to determine if the frequency of deficiency fee payment and amount of fees is a sufficient deterrent against late submissions, reporting errors, etc.

<b>SECTION 4: DATA MANAGEMENT BEST PRACTICES</b>	
4.1	Industry data management policies should incorporate best practices for ASP reporting.

<b>SECTION 5: CONTENT OF COMPLIANCE POLICIES AND PROCEDURES FOR OUTSOURCING</b>	
5.4	There should be documented policies/procedures for outsourcing services required for ASP reporting.

## **SUMMARY OF RECOMMENDATIONS**

<b>SECTION 6: CORPORATE RISK MANAGEMENT AND OVERSIGHT</b>	
6.5	Compliance reports to monitor and assess ASP reporting and follow-up action should be developed.
6.11	All insurers should develop a regular system of independent review or audit of ASP compliance and risk management processes.

<b>SECTION 7: ONGOING RISK MANAGEMENT</b>	
7.1 7.3	<p>In light of the number of companies reporting ongoing payment of deficiency fees for late submissions and errors (78%), a general lack of documented policies and procedures governing ASP reporting requirements (59%) and updating and training staff on ASP reporting requirements (45.3%), it is advisable for companies to closely review their responses to this questionnaire and reconsider possible changes and/or updates of related policies and procedures.</p> <p>Some form of formal information sessions would be useful to promote the use of Best Practices as a result of this exercise.</p>

## **INTRODUCTION**

In March 2007, the General Insurance Statistical Agency (GISA) Board of Directors (Board) approved a number of initiatives as part of its Strategic Plan for the three years ending 2010.

The Board agreed, as part of the strategic initiative on promoting the harmonized collection of accurate and reliable data, that a specific project be undertaken to:

- Review and enhance processes for the collection of data; and
- Establish mechanisms to ensure quality, accuracy and completeness of data, including self assessments, data quality reviews, taking advantage of evolving technology.

On May 1, 2008, GISA issued the Self Assessment Questionnaire for Automobile Statistical Plan (ASP) Reporting to obtain information from all insurers that are required to submit data to the Automobile Statistical Plan (ASP) across Canada.

GISA's Technical Advisory Committee (TAC) was consulted in advance of the issuance of the questionnaire to receive input.

The questionnaire was designed to gather information about the policies and procedures of insurers in effect at the date the questionnaire was completed. All Chief Executive Officers and Chief Agents were requested to certify that the information provided fairly represented the policies and procedures of their respective companies as of the date the questionnaire was completed.

Because individual responses to the questionnaire contained confidential information relating to trade secrets, as well as confidential commercial, technical or financial information, this report is a summary of the results at an aggregate level.

## **SUMMARY OF FINDINGS**

GISA received a total of 64 submissions. Some of the completed questionnaires were submitted on behalf of a group of companies. Outlined below are the key findings. Where statistics are provided, the reference number reflects back to the original questions in the questionnaire.

### **SECTION 1: COMPANY INFORMATION**

*This section gathered basic information about the insurer completing the questionnaire.*

This section collected information regarding the completion of the questionnaire by each company or group of companies and the respective jurisdictions that the company was required to submit data for the ASP.

The questionnaire also asked whether the company has a dedicated individual/position for the IBC roles of Statistical Submission Coordinator (SSC) and Error Correction Coordinator (ECC).

Forty eight respondents indicated that they had a dedicated individual/position for the SSC role and 49 respondents had a dedicated individual/position for the ECC role. Fifteen companies did not respond to this question which would indicate that they do not have a dedicated individual for these positions.

#### **Risks Identified:**

- Approximately 31% of respondents do not have a dedicated individual/position for the IBC roles of Statistical Submission Coordinator (SSC) and Error Correction Coordinator (ECC) which may lead to late submissions, unidentified errors and/or errors not being corrected.

#### **Recommendations:**

- It would be appropriate for the IBC to follow up with the 15 respondents who did not respond to the question regarding a dedicated SSC and ECC role to discuss how they meet this requirement. Insurance company staff roles and responsibilities for the ASP should be clearly defined.

## **SECTION 2: POLICIES AND PROCEDURES TO ENSURE REGULATORY COMPLIANCE**

*This section explored the existence and basic nature of policies and procedures used by insurers to ensure regulatory compliance and identify communication and training processes for staff.*

Close to 60% (38) of respondents indicated that they have documented internal policies/procedures that govern ASP reporting requirements. Responses for respondents without documented policies included:

- Use of the ASP manual to ensure processes for recording and reporting statistical data is in compliance with ASP requirements;
- Company has developed draft policies and procedures that have yet to be finalized or approved;
- Policies and procedures in place but not documented;
- No policies and procedures in place due to size of company.

For respondents that indicated they have documented policies/procedures in place, 23% (8) review them on a semi-annual or annual basis. Seventy-seven per cent (27) do not review policies and procedures on a regular basis. These respondents stated that reviews are conducted when policies and procedures are changed or on an as required basis.

Half of the respondents (17) indicated that changes to policies/ procedures are approved by Senior Management, CEO or another officer. Approvals by other staff (VP Insurance Products, Chief Underwriter, Department Manager, Insurance Analyst, etc.) were indicated by the other half (16) of the respondents.

For most companies that indicated they had documented internal policies/procedures that govern ASP reporting requirements, the date of the last review and/or update to these policies/procedures was subsequent to the last update of the Statistical Plan on January 1, 2008.

Although almost all respondents indicated that documented policies/procedures are available to staff, only 45% (29) indicated they have documented policies/procedures for updating and training staff regarding ASP reporting requirements.

### **Best Practices:**

- For companies that have policies and procedures for ASP reporting, most review and update them on a regular basis.

### **Risks Identified:**

- Forty per cent of insurers have no documented, or only informal, policies/procedures in place to meet ASP reporting requirements;

- Less than half the insurers responding have documented policies/procedures for updating and training staff regarding ASP reporting requirements. Most of these training sessions are conducted internally on an as required basis or as part of new employee orientation.

**Recommendations:**

- It would be beneficial to promote the development and maintenance of formal documented policies/procedures to meet ASP reporting requirements;
- It would be appropriate for the IBC to consider the development of formalized training programs for updating and training staff regarding ASP reporting requirements rather than relying on employee experience and on-the-job training.

**SECTION 3: CONTENT AND MONITORING OF POLICIES AND PROCEDURES FOR INTERNAL STAFF**

*This section aimed to obtain information on the content of policies and procedures for internal staff.*

Most respondents indicated they have policies and procedures for ensuring compliance with the ASP reporting principles of timeliness, completeness, validity and accuracy .

Almost 85% (54) of respondents confirmed monitoring compliance practices with documented guidelines such as the ASP manual and the Annual Balance Reconciliation (ABR) guide.

Almost all respondents (59) indicated some form of internal testing to ensure accurate ASP reporting.

Most respondents indicate use of IBC reports such as the Monthly Balance Report, Submission Detail Report, CEO Data Quality Report, and Statistical Submission Status Report (SSSR).

Over 67% (43) of respondents met the March 10, 2008 deadline for completing and submitting the 2007 (ABR) form. Some of the respondents that did not meet the deadline indicated that they experienced workload issues or staff shortages. Some noted that there is a tight timeline for completion of financial statement regulatory filings (end of February) and ABR deadlines.

Almost 55% (35) of respondents have documented policies/procedures to reconcile differences between ASP and Annual Statement reporting.

Almost 80% (50) of respondents have been charged a deficiency fee in the last 12 months as a result of late submissions, errors, etc. Many appear to be paying these fees on an ongoing basis.

**Best Practices:**

- Companies are conscious of the need for monitoring compliance practices with documented guidelines, the use of IBC reports, meeting ABR form deadlines and

adhering to ASP reporting principles. There appears to be ongoing communication between companies and the IBC Data Quality Team.

- Contacting the IBC Data Quality Team on an ongoing basis for assistance with data submissions and resubmissions, system testing, error correction, deficiency fees and data accuracy.
- Companies compare monthly IBC submissions against internal financial data and underwriting results.

**Risks Identified:**

- The ongoing payment of deficiency fees appears to be a normal course of business for most companies. Payment of deficiency fees does not appear to be a deterrent against late submissions, errors, etc.

**Recommendations:**

- The current deficiency fee schedule should be reviewed to determine if the frequency of deficiency fee payment and amount of fees is a sufficient deterrent against late submissions, reporting errors, etc.
- The date for submission of the ABR should be reviewed.
- All insurers should use IBC reports for monitoring data quality. Further training on the use of such reports may be needed.

**SECTION 4: DATA MANAGEMENT BEST PRACTICES**

*This section required information on Data Management Best Practices.*

Just over 50% (33) of respondents indicated that they have in place a documented Data Management Policy that focuses on the management and governance of corporate data assets. However, of the 33 respondents that have in place a documented Data Management Policy, only 25% (8) indicated the policy specifically addressed ASP reporting requirements.

Less than 55% (35) of all respondents indicated that their company has developed and adopted data quality standards. Only 27% (9) of the 33 respondents that have in place a documented Data Management Policy have any external data quality standards. Only 35% (11) have performed and adopted data quality metrics to assess company performance compared to these standards.

Less than 35% (22) of respondents indicated they have a corporate data steward (or stewardship function) that is responsible for the management of the corporation's data assets.

### **Best Practices:**

Numerous respondents listed additional best practices to ensure compliance with ASP reporting requirements. They include:

- Perform underwriting compliance audits of both brokers and business unit management to ensure source data is accurate.
- Data Error analysis to monitor quality based on data errors from ASP submissions.
- Systems development lifecycle policies and processes.
- Have specific guidelines that clearly define IT roles and business managers' roles as custodians of information.
- Have specific guidelines on data disposal, retention and classification guidelines for treatment of sensitive and regulatory information.
- Have a task force or committee that meets regularly to review/revise data management standards and has overall responsibility for data quality.
- Establish data quality standards for various functional areas that will improve source data.

### **Risks Identified:**

- Although insurance companies appear to have instituted several Best Practices to ensure compliance with ASP reporting requirements, only half of the respondents have a documented Data Management Policy that focuses on the management and governance of corporate data assets. This may lead to inconsistency in the handling of data management practices.

### **Recommendations:**

- Industry data management policies should incorporate best practices for ASP reporting.

## **SECTION 5: CONTENT OF COMPLIANCE POLICIES AND PROCEDURES FOR OUTSOURCING**

*This section required information regarding the outsourcing of services required for ASP reporting.*

Only 30% (19) of respondents outsource services related to the reporting requirements of the ASP (data submissions, error correction, system development, etc.). Most of the outsourcing (74%) is for system development. All respondents have a service agreement in place for these outsourcing activities.

Of the 19 respondents that indicated the use of outsourced services, just under 60% (11) have policies/procedures to ensure that the outsourced services are in compliance with ASP requirements.

### **Risks Identified/Recommendations:**

- There should be documented policies/procedures for outsourcing services required for ASP reporting.

## **SECTION 6: CORPORATE RISK MANAGEMENT AND OVERSIGHT**

*This section required information on corporate risk management and oversight, compliance reporting and ongoing review of corporate processes.*

Sixty-four per cent (41) of respondents indicated that they have monitoring in place to ensure adherence to the company's compliance practices, procedures and protocols as they relate to the ASP.

Respondents indicated that the position titles responsible for monitoring compliance with the ASP ranged from staff positions such as: Data Quality Analyst, Supervisor and Operations Unit Manager; to positions such as Chief Underwriter, VP - Insurance Products, CFO and CEO/General Manager.

Ninety per cent (58) of these respondents confirmed that there are processes to take corrective action where there has been an issue and/or deficiency identified with ASP reporting.

Only 43% (28) of respondents indicated that they use compliance reports to monitor and assess ASP reporting. Some respondents indicated that they rely on other existing reports (e.g. CEO Data Quality Report) to monitor and assess ASP reporting.

Eighty-nine per cent (57) of respondents indicated that they are satisfied that the appropriate individuals have the information, authority and resources required to remedy any potential risks of non-compliance identified in the monitoring process.

Only 31% (20) of respondents stated that ASP compliance and risk management processes are subject to an audit or review by a party independent of operational staff.

**Best Practices:**

- Some companies state that ASP compliance and risk management processes are subject to an audit or review by a party independent of operational staff.

**Risks Identified:**

- The lack of standardized compliance reports and formal ongoing audit practices in the monitoring and assessing of ASP reporting practices may lead to an increased risk of errors and non-compliance.

**Recommendations:**

- Compliance reports to monitor and assess ASP reporting and follow-up action should be developed;
- All insurers should develop a regular system of independent review or audit of ASP compliance and risk management processes.

**SECTION 7: ONGOING RISK MANAGEMENT**

*This section required companies to provide information regarding ongoing or future risk management activities.*

Almost 80% (50) of respondents indicated they were not planning any significant changes to policies/procedures relating to any of the areas explored in this questionnaire. Almost 90% (57) responded that they had not, as a result of this review, identified any areas of risk that could lead to errors in ASP reporting.

**Best Practices:**

Some companies identified these follow-up activities:

- Internal audit to review ASP processes.
- Use of IBC data quality reports incorporated into standard procedures.
- Processes formally documented.
- Source system changed to reduce errors.
- Convened task force/committee to develop and review formal processes, procedures and escalation protocols.
- Performed the ABR process internally on a quarterly basis

## **Risks Identified/Recommendations:**

- In light of the number of companies reporting ongoing payment of deficiency fees for late submissions and errors (78%), a general lack of documented policies and procedures governing ASP reporting requirements (59%) and updating and training staff on ASP reporting requirements (45.3%), it is advisable for companies to closely review their responses to this questionnaire and reconsider possible changes and/or updates of related policies and procedures.
- Some form of formal information sessions would be useful to promote the use of Best Practices as a result of this exercise

## **SECTION 8: COMMENTS**

*This section allowed companies to provide comments concerning the questionnaire.*

Numerous respondents provided additional comments, addressing:

- Format and content of the Questionnaire;
- Company data and information management policies/procedures;
- Replacement of Company's insurance system and investment in new application with clear transformation rules, documentation;
- Company implementation of the Legislative Compliance Management System;
- Company results based on CEO Data Quality reports issued by IBC;
- Staff knowledge and capabilities;
- Company only writes fleet business, so small staff to handle issues.

## **CONCLUSIONS**

The results of this questionnaire suggest that many respondents are aware of the current requirements for statistical reporting and do make some use of the IBC resources available to them.

There needs to be a consistent approach to document policies and procedures to ensure regulatory compliance and strive to improve the industry's reporting experience by minimizing errors, improving timeliness and avoiding deficiency fees.

Companies should be encouraged to closely review their responses to this questionnaire and the Summary of Findings in order to consider the possibility of improving, documenting or creating documented policies/procedures and practices to ensure regulatory compliance and meet ASP reporting requirements.