

On the CUTTING EDGE

News about the Electronic Data Gathering Enterprise system coming soon.

North Carolina Reinsurance Facility

Circular Letter to All Member Companies

RF-07-03

March 20, 2007

EDGE Progress Report

DONE

- Reporting Cycles Shortened

Congratulations –You did it! One of the first milestones for the transition to the new EDGE information system has been achieved. The member companies were asked to shift the deadline for reporting Facility monthly accounting reports to a new deadline of 25 days after the close of a month from the original 45 days. This shift started with the October accounting reports and in January 2007, we officially began closing the reporting cycle on this date.

We are very happy to report that by January all member companies are now reporting on the new schedule. This shift allows the Facility to settle with member companies on ceded business approximately one month earlier than the previous deadline allowed. Great job!

- Migration Coordinators Reported

To date, nearly all companies who report business to the Facility have identified a Migration Coordinator. We have emailed every Migration Coordinator contact submitted for active or reporting companies to verify the accuracy of the contact information and the companies represented by each. Please contact Linda McCalpin at lam@ncrb.org or 919-582-1020 with any corrections or changes.

STILL IN THE WORKS

Development

The development is wrapping up and EDGE is ready for testing. The next several months will be spent testing every aspect of the new system and running parallel to the AIPSO mainframe system to ensure accuracy. Select member companies will be included in the User Acceptance Testing (UAT) phase of the testing to ensure that the system meets your needs.

Data Migration

We have concluded the first of several data migrations to transfer 12 years of Facility data to the new system.

FTP

All data transmissions to the NCRF in the near future will be over the internet using File Transfer Protocol (FTP). This process is being tested and finalized and will begin to roll out in the next few weeks. Exhibit 1 highlights the FTP setup process. The detailed instructions for FTP Account Setup and Data Transmission will be distributed during the setup. To facilitate the FTP set up process, we have created a survey site with the scheduling options. Details are on the next page.

Once a member company is set up and approved for transmission, the company will begin to submit all of their North Carolina Facility data files to the NCRF via FTP and discontinue submission to AIPSO. These files will be forwarded by the NCRF to AIPSO for normal processing until EDGE goes live later this year. For those member companies that currently combine their NCRF data with data for other states having Automobile Reinsurance Facilities (New Hampshire and South Carolina), you should continue to report those states directly to AIPSO.

While FTP capability was not available by the end of 2006 as hoped, it will be worth the wait. We have worked with our partner AIPSO to synchronize FTP encryption and file naming standards that can be leveraged for all Automobile Reinsurance Facility mechanisms. At the company's option, the same standards can be used for NCRF EDGE reporting and for South Carolina and New Hampshire Facility reporting to AIPSO as well in an effort to minimize differences between the states.

The new file naming conventions are designed for automated processing and to allow the submission of multiple files on the same day while preventing any files from being overwritten. The file naming convention details for these will be provided during the setup process.

Please direct questions or correspondence regarding EDGE to: Linda McCalpin 919-582-1020 lam@ncrb.org

She'll make sure you're connected with the person best able to help.

Visit our EDGE FAQs on our website at <http://www.ncrb.org/ncrf/>

Data Security

The NCRF Data Security policy requires at least one of these two data transmission standards. For best security practices, both are recommended.

- Files must be encrypted using PGP Encryption (public key to be provided by NCRF at setup)
- Files should be transmitted using an FTP client that supports secure FTP (i.e. FTP over SSL, or SFTP)

User Accounts

Companies may have one or more FTP user accounts. These will be assigned at setup, and more can be added as needed.

Other Data Reporting Standards

Please note these standards are not new (See NCRF Standard Practice Manual Sections 3 and 4). EDGE will not require extensive programming changes by member companies compliant with current data specifications.

- Data must be submitted as an individual file per each company code and file type (Cessions, Monthly Summary and Accounting Detail, Supplemental Accounting Summary and Detail, and Surcharge Detail Report)
- Monthly Summary and Detail Accounting Reports should be combined in a single file (but separate from Cessions or Surcharge Detail)
- Cessions record layout must be in telecommunications format (80 character length) and submitted separately from the Monthly Summary and Detail Accounting Report files

Questions about FTP should be directed to: ftpsupport@ncrb.org

the IT person who will facilitate the FTP set up and tell us what your first, second and third preferences are for the time bands. We will do our best to accommodate your requests: [EDGE FTP Schedule Info](#).

3. Keep Migration Coordinator contact current

Please contact Linda McCalpin at lam@ncrb.org or 919-582-1020 with any corrections or changes.

What you'll need to do LATER:

1. *Send all data files to the NCRF via FTP. Once your FTP connection has been set up and tested, you will receive a confirmation from the NCRF that you are approved for live data transmissions. You must receive this confirmation before your submissions will actually be processed. Once approved, your company will transmit all electronic Facility data (Cessions, Premiums, Losses, and Loss Reserve detail and summaries, Recoupment summaries, and Surcharge Detail Reports) via FTP to the Facility. Once EDGE goes live, you will already be routinely submitting files to the Facility, and AIPSO processing will be turned off. This does not apply to the correction sheets currently sent to AIPSO monthly for the FQ-1 error report corrections – please continue to send those to AIPSO until the EDGE online error correction functionality is live.*
2. *Register for EFT (Electronic Funds Transfer) settlement options for consolidated billing in later in 2007.*
3. *Register for Web administration accounts for on-line access later in 2007.*

What do you need to do NOW to get ready.

The following information should help you in your planning.

1. *Pass this information along to your IT / Accounting / Facility Reporting specialists.*
2. *Migration Coordinators should complete the FTP scheduling survey. Please click on this site and identify*

What you should have ALREADY done:

1. *Submitted a Migration Coordinator.*
2. *Submit Monthly Accounting Report to AIPSO by the 25th day after the close of the accounting month (rather than the old 45 day schedule – see Circular RF-06-12).*
3. *Notified your IT department to prepare for FTP setup.*

Getting a word in EDGEwise



We are excited about our progress and eager for you to see the new system. We expect to roll out pieces of it in phases, like the FTP setup process, to help minimize the impact when the system becomes fully functional later this year. We appreciate your cooperation so far in preparing for this system and ask for your continued

support through the next steps to completion. Thank you again for your ideas and remember that we are doing this for you and not to you.

Edith T. Davis
Director, Reinsurance Facility

Edith T. Davis



Exhibit 1
Circular Letter RF-07-03
March 20, 2007

**North Carolina Reinsurance Facility
EDGE Information System
FTP Setup Process Overview**

1. Member Company sends in FTP account request form.
2. NCRF assigns the FTP Account(s) - (Logon ID and Password).
3. NCRF sends FTP Setup information back to Member Companies via email using the email address provided in the account request form (including FTP account details and Public PGP encryption key).
4. The designated IT person from Member Company completes the steps to prepare encrypted data files for testing and confirms his/her readiness for FTP testing by sending an email confirmation to ftpsupport@ncrb.org.
5. Member Company sends a test Cession and a test Accounting files to NCRF after encrypting with the NCRF public key. This testing will be conducted in parallel to the current process the Member Companies have setup with AIPSO for reporting data. Member companies may use data for the current or previous month for testing.
6. The Member Company will continue to report data via the current process until testing is complete. Once NCRF and AIPSO have confirmed that the test data received via the new FTP process at NCRF is in sync with existing data files received by AIPSO, the testing will end.
7. NCRF sends confirmation to the Member Company that they are production ready and Member Company discontinues the current reporting process and starts sending data files to NCRF only via FTP.