

Section 4

Chapter 1

GENERAL DESCRIPTION OF ACCOUNTING AND STATISTICAL RESPONSIBILITIES

A. Ceding Company

Most of the ceding company's internal procedures and responsibilities with respect to their insureds, agents, statistical agents and regulatory authorities should not differ for ceded as opposed to retained business. However, ceded business should be separately identified as such on the company's books due to the different rate level in effect for such business. Additional company responsibilities relating specifically to ceded business are outlined below.

1. Prepare and promptly file all required accounting and statistical reports and expense data.
2. Correct and promptly return any transactions questioned by AIPSO or the Facility.
3. Disburse funds when requested by the Facility.
4. Bill, collect and report surcharges from insureds for recoupment as directed by the Facility.

B. Reinsurance Facility

1. Receive and process cession notices from the ceding companies.
2. Receive and disburse funds in settlement of balances, penalties, etc. with ceding companies.
3. Bill and collect membership fees and assessments when due from participating members.
4. Calculate the required Ceding Expense Allowance and Claims Expense Allowance.
5. Invest funds available on business effective on or after October 1, 1977.

6. Maintain all necessary controls, books, ledgers, data sets and budgets required, and perform all related administration.

7. Calculate and file rate revisions on Facility business.

C. AIPSO--Central Processor

1. Receive and balance accounting reports from ceding companies.
2. Receive and balance cessions submitted on tape or telecommunicated from the Facility and the ceding companies.
3. Perform certain validity tests on the data received from the ceding companies and take all steps to insure that such data are corrected as necessary.
4. Establish a masterfile of policy records containing cessions, premiums and losses.
5. Create and maintain summary controls.
6. Calculate premiums unearned, IBNR, Anticipated Salvage and Subrogation Recoverables Claim Counts, Earned but Unbilled Premium, Premium Deficiency Reserve, and any other data required for reports. ★
7. Prepare consolidated reports for participating members, Board of Governors and regulatory authorities.
8. Allocate participation experience and report shares to participating members.
9. Prepare claims review, underwriting review, and any other performance review or audit reports as necessary.
10. Assist AIPSO and Facility Committees in regard to development and maintenance of Accounting and Statistical Procedures.