



# Technical Release Notes – Version 12.0

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## Contents

<b>Executive Summary</b> .....	<b>2</b>
<b>Who to contact for more information</b> .....	<b>2</b>
<b>1. Innovating more timely and accurate data</b> .....	<b>3</b>
<b>2. MarketStance continues steadily expanding government data sources for commercial insurance</b> .....	<b>6</b>
<b>3. Multicultural Advisor features new Census 2010-based population data and estimation techniques and expanded commercial market coverage</b> .....	<b>7</b>
<b>4. New farm estimates published by the USDA Economic Research Service</b> .....	<b>7</b>
<b>5. Quarterly Census of Employment and Wages derived inflation factors</b> .....	<b>8</b>
<b>6. Revamped payroll and revenue estimates for self-employed</b> .....	<b>8</b>
<b>7. Self-employed operating locations eliminated from certain 6-digit classes of business</b> .....	<b>9</b>
<b>8. Property premiums incorporate inventories as a personal property exposure</b> .....	<b>9</b>
<b>9. IRS Statistics of Income (SOI) help resolve important questions about lessors risks—revealing a big Census Bureau error in the 2008 &amp; 2009 Non-employer Statistics</b> .....	<b>9</b>
<b>10. Adjustments to state by line premiums and losses reported by A.M. Best</b> .....	<b>11</b>
<b>11. Online Reporting Platform Label Changes</b> .....	<b>11</b>
<b>12. Who to contact for more information</b> .....	<b>11</b>
<b>Appendices A-E</b> .....	<b>12</b>
Appendix A. Examples of Revisions to Multi-cultural Estimates.....	12
Appendix B. Industries removed from self-employed exposure and premium estimates.....	13
Appendix C. SIC and NAICS Business Classification Changes .....	14
Appendix D Adjustments to Statutory Premium Data .....	17
Appendix E ZIP code changes.....	19
Appendix F. Online Reporting Platform Label Changes .....	28



## Executive Summary

MarketStance Commercial Insight 12.0 represents a major upgrade of all of our database products. For this update cycle, we cut by half the latency in key Census Bureau data – that is, the amount of time between Census reporting years and the year for which we estimate insurable exposures and premiums. This latency reduction allows our exposure and premium estimates to be significantly more accurate.

As detailed below, the development of this improved projection framework was in part motivated by some of the strains on our estimation and projection procedures that were revealed by the Great Recession and its subsequent, uneven recovery.

In other areas, newly incorporated source data and estimation techniques provide improvements in several specific domains:

- ❖ Government Data - We substantially expanded the number of government data sources, greatly improving our estimates of exposures and premiums for lessors risks, farm risks, private sector payrolls, and the increasingly important ethnic and gender business segments that we track in our Multicultural Advisor product;
- ❖ Business Data -- We increased by nearly 50 percent the number of source records processed to more than 20 million records—up from about 14 million—adding a full year of more current Census source data tabulated for our historical 2- and 4-year exposure estimates;
- ❖ Property Valuation -- We modified the exposure basis used in our property estimation procedures so that these include inventory valuations in middle-market and larger accounts. This resulted in a substantial additions to prior premiums estimated in manufacturing, retail, and wholesale classes;
- ❖ Exposure Growth Forecast -- Our exposure and premium growth forecasts and our Growth Advisor product reflect the adjustments made to the 2- and 4-year national employment growth forecast produced by Moody’s Analytics (September 2012);
- ❖ Statutory Premium Data -- As we have in the past, we substantially restated and updated 2011 statutory data provided by A.M. Best, reducing the reporting biases inherent in that data source;
- ❖ ZIP code changes -- MarketStance continues to update our ZIP code file; we dropped plus added an extensive number of ZIP codes;
- ❖ Online Reporting Platform Label Changes – MarketStance made a label change from the term “enterprise” to “company” – noting that the definition of size segments and business entities being counted in the MarketStance data has not changed; this is a label change only.

## Who to contact for more information

Please contact Gail DeLucia in our Client Services department at [ms@marketstance.com](mailto:ms@marketstance.com) / 888-777-2587 or your Regional Relationship Director if you have any questions or service needs. We value your business, and thank you for your continued support!



## 1. Innovating more timely and accurate data

Commercial Insight 12.0 debuts the one-year projection framework developed by our team since the last update. Our team’s work exemplifies the substantial ongoing investment MarketStance makes in the timeliness and accuracy of all of our core databases. Just like many of our clients, we remain strongly committed to innovating continuously – both in “under the hood” improvements to our databases’ sources and techniques, and by inventing products, measures, and reporting functions.

<b>Versions</b>	<b>Publication Years</b>	<b>Census Data Years</b>	<b>Projection Span</b>	<b>Statutory Premium Reporting Year (CY)</b>	<b>Number of Source Records, County Databases</b>
<b>9.0-9.2</b>	2009-10	2004 & 2006	2 years	2008	14.3 million
<b>10.0-10.2</b>	2010-11	2005 & 2007	2 years	2009	14.4 million
<b>11.0-11.2</b>	2011-12	2006 & 2008	2 years	2010	14.3 million
<b>12.0-12.2</b>	2012-13	2007, 2009 & 2010	1 year	2011	20.1 million

\*U.S. Census Bureau County Business Patterns, ZIP Code Business Patterns, and Non-employer Statistics series are all published annually.

This new projection framework makes our estimates more timely and increases by about fifty percent the volume of records that are processed to make our core database products (Table 2).

Two types of factors drove this shift to a new one-year framework;

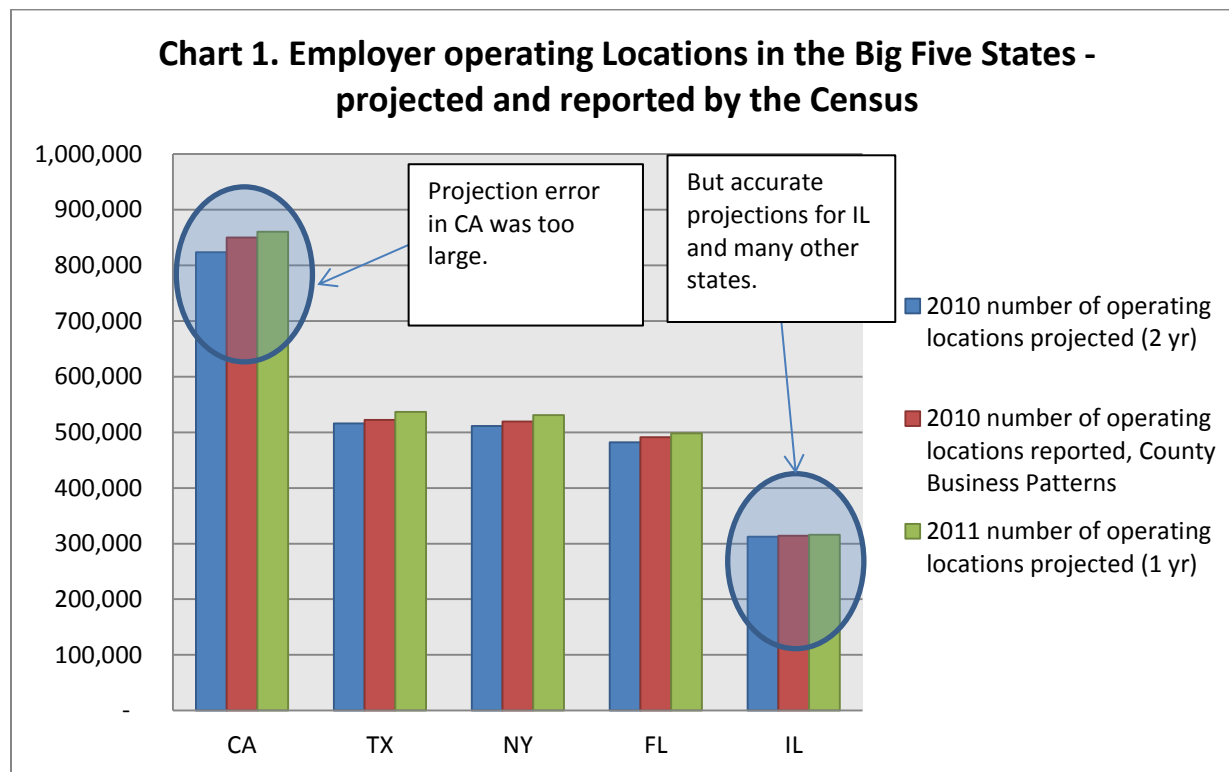
First, Census publication dates have moved earlier in the calendar in recent years. For instance, for the upcoming year the Bureau has scheduled publication of the 2011 County Business Patterns for April 2013 – whereas in prior years this series might not have been released until five months later, making it too late for our planned Commercial Insight (CY 2012) Version 13.0 release of fall 2013.

But the more important driver of the change followed review of our projection results compared to what the Census actually reported after our data went into production for Versions 11 and earlier. In that projection framework, CY exposure and premium estimates projected Census data forward by two years. We knew that this represented a necessary compromise for our clients.

For example when we examined our Version 11 and earlier results, our biggest question was, how has the framework truly fared during the Great Recession – and can we do better?



We found that our procedures were quite accurate at the national level for projecting the number of operating locations. However, they tended to exaggerate the rate of business failure, while underestimating the extent of actual jobs lost during the recession. We identified the root causes and addressed these in the new projection framework.



Charts 1-3, compare our two-year projection of 2010 operating locations, employees, and payrolls in the “Big Five” states—California, Florida, Illinois, New York, and Texas—to the actual 2010 values subsequently reported by the Census Bureau and to our new one-year projected values in Commercial Insight 12.0.

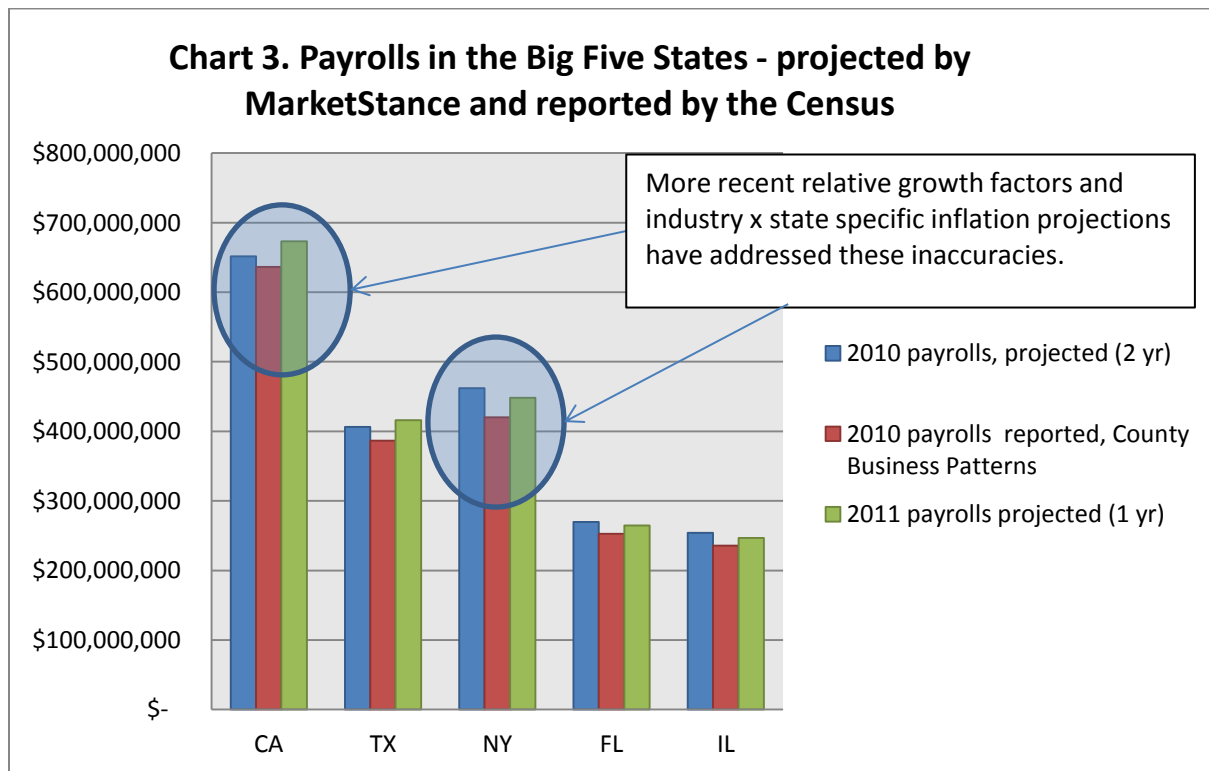
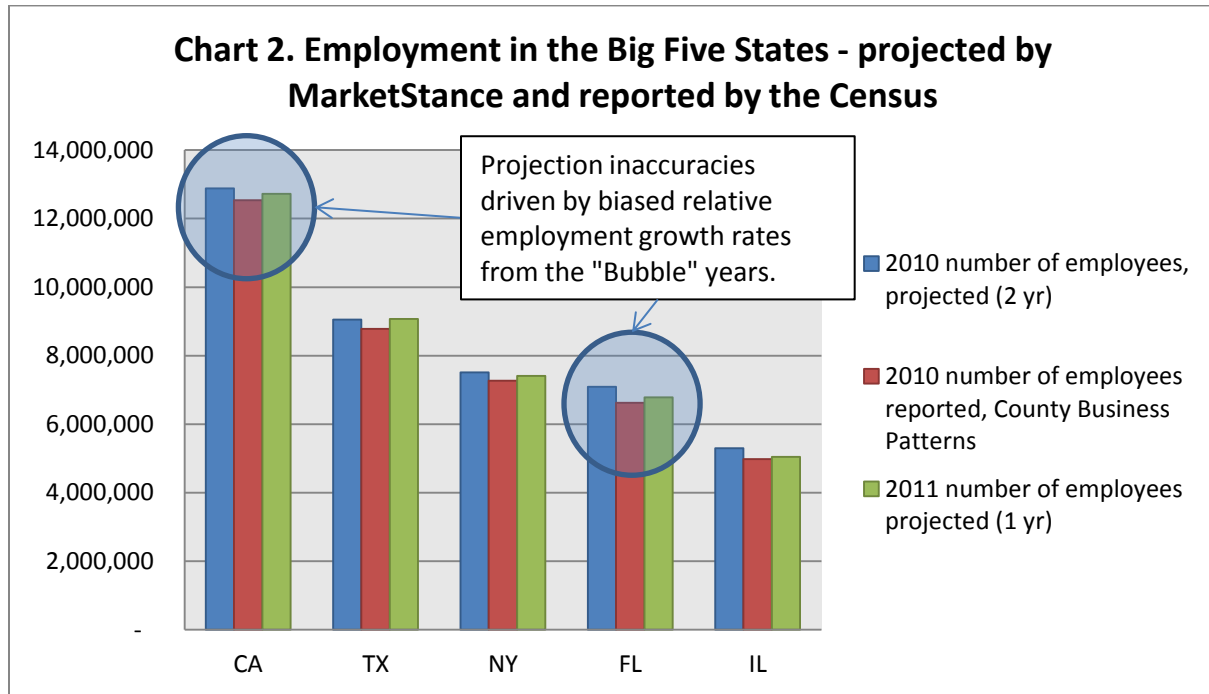
While for the US as a whole we projected 0.8 percent fewer operating locations in 2010 than the Census Bureau reported – indeed a respectable error for a national projection over two years – the two-year projection was less accurate in the four largest states, with the projected values missing the subsequently reported Census values by 1-2 percent in Texas, New York, and Florida – and an unacceptable 3.1 percent in California (see Chart 1).

The modifications that we applied involved remodeling the historical relationship between the rate of employment growth and the rate at which business start-ups and shut-downs occur. Our earlier 2-year projection model was simply overly pessimistic with respect to these relative rates of change – in general, forecasting too many shut-downs when the economy and employment slowed so dramatically during 2009-10.

Turning to the 2-year employment and payroll projections between 2008 source data and 2010 Census reporting, as Charts 2 & 3 illustrate, we found the opposite. Here, the Version 11 projections yielded



employee counts and payrolls that were considerably above the Census values for those states. The biases in our projections were most pronounced in Florida and Illinois, where we projected 6-7 percent more employment growth during 2008 and 2009 than what Census later reported, and in Illinois and New York, where payrolls were 8-10 percent above the Census values.





For both employment and payroll projections our procedures placed too much weight on the relatively rapid historical growth of employment in particular industries in years prior to 2008. These were not strongly predictive of what occurred during the recession and its aftermath. For example, employment in residential construction and compensation in many parts of the financial sector during the housing bubble years of the early- and mid-2000s accelerated payroll growth well beyond historic norms, relative to employment.

The one-year projection framework, along with significant revamping of the projection weights applied in modeling the historical relationships between growth in operating locations, employment, and payroll coupled with more detailed industry- and state-specific payroll inflation factors provide more resilient anchors for the all-important current year exposure estimates.

In part, we were able to draw on several new data sources to accomplish this – but most of the change required developing new estimation techniques, then implementing and testing these changes on over 100,000 lines of directly or indirectly impacted code.

## 2. MarketStance continues steadily expanding government data sources for commercial insurance

Even our long-time clients may not be aware of the degree to which we have expanded the range of government-sourced data powering our products. To that end, Table 1 summarizes progress made over the last four years.

**Table 2. Key exposure data sources, by Survey or Program and MarketStance Version**

Data source	Version	9	10	11	12
County & ZIP Code Business Patterns***		X	X	X	X
Non-employer Statistics***		X	X	X	X
Economic Census **		X	X	X	X
Census of Agriculture (USDA) **		X	X	X	X
Census of Governments **		X	X	X	X
Survey of Business Owners**		X	X	X	X
Quarterly Census of Employment and Wages (US BLS)****		X	X	X	X
American Community Survey***			X	X	X
US Bureau of Economic Analysis Industry Fixed Assets***				X	X
Services Annual Survey***				X	X
Annual Retail Trade Report***				X	X
IRS Statistics of Income***					X
County Population Estimates***					X
USDA Economic Research Service intercensal farm estimates***					X
FDIC Statistics on Depository Institutions****					future

\*\*Five year frequency - next Census publication begins in December 2013.

\*\*\*Annual frequency, with 12-18 month latency between the data year and the month of publication.

\*\*\*\*Quarterly frequency, with 9 month latency between the data quarter and the quarter of publication.



### **3. Multicultural Advisor features new Census 2010-based population data and estimation techniques and expanded commercial market coverage**

Our multicultural advisor product offers our clients a powerful tool for multicultural segment identification. The product forecasts exposure growth and reports commercial lines premiums in these fast growing cultural segments in the United States for businesses with fewer than 500 employees. Indeed, clients will notice that we now cover the full universe of private sector companies with fewer than 500 employees which the Census considers identifiable by the owners' ethnicity or gender, about 31 million operating locations and \$126 billion of direct written premium, close to two-thirds of the \$195 billion U.S. commercial market we cover.

We keep tabs on the rapidly changing cultural nature of the American business insurance market by applying our estimation frameworks to the Survey of Business Owners program of the Economic Census. But this survey, comprehensive as it is, occurs only every five years. Data from the 2007 Economic Census was published in 2010-11, and will not be published again until 2015-16. Yet the dynamism of the cultural changes impacting the market continues, which means that we supplement our estimates with other trustworthy data sources.

The population estimates program of the Census Bureau facilitates our work in this area. It makes ethnicity and gender population estimates for all states and counties in the United States. The estimates now fully reflect the 2010 Census results, and we have integrated those with our multicultural advisor product. This has enabled us to make significant improvements in our estimates of the ethnic & gender composition of the commercial insurance marketplace.

Appendix A provides an idea of the extensive additional business demographic detail available in the Multicultural Advisor, and of the degree of change in our product after this update, profiling the ethnic and gender composition of the commercial market in Prince William County, Virginia. Note the remarkable change in the estimated Hispanic and Asian shares of the commercial market. This largely reflects the improved county population data implemented in Version 12.0.

### **4. New farm estimates published by the USDA Economic Research Service**

The number of farm operating locations, payrolls, sales, and machinery/building values are now projected using **CY 2011** data reported by the USDA in the years between the Census of Agriculture. This new source data improves upon the prior projection framework for the agriculture sector, which had relied on historical growth rates between the 2002 and 2007 Census.

Following a review of our procedures, several thousand farms that were not reported in 11.0 - 11.2 were added, primarily in goat/sheep farming. Also, several hundred thousand farms with no paid employees were reclassified as self-employed, drawing on additional Census of Agriculture tabulations.



## **5. Quarterly Census of Employment and Wages derived inflation factors**

MarketStance payroll forecasts now incorporate state and industry inflation factors derived from the Quarterly Census of Employment and Wages, coupled with seven years of historical County Business Patterns data. This makes our payroll forecasts more robust with respect to the territory and industry dimensions. Most importantly, because we are now using data reported by the Bureau of Labor Statistics on a quarterly basis to determine the growth of payrolls between 2010 (the source data year for much of our data) and 2011 (the current year we report premiums), those payroll growth factors will capture important trends taking place in the insurance marketplace that we were not able to capture in our earlier models.

## **6. Revamped payroll and revenue estimates for self-employed**

Prior to 2010, the Census Bureau did not release data reporting the revenue size distribution of their non-employer statistics. The source data merely contained the total receipts and number of establishments – and it was up to us to take it from there.

Lacking any form of revenue distribution meant, for example, that it was exceedingly difficult to model a given set of self-employed businesses. To what extent were these businesses part-time/part-year, more of a hobby than a going concern, or in contrast a large consulting firm with revenue in excess of businesses with 10+ employees? Prior to 2010 the Census data were silent on these important questions for our insurance clients.

The data provided by the Census demonstrated that the size distribution of self-employed establishments is in fact far more skewed to the small end of the revenue size distribution than we currently report, with millions of businesses falling beneath 5,000 dollars in annual revenue – more truly hobbies than going concerns.

However, it also revealed a surprisingly significant cluster of businesses at the larger end, with some 27,000 firms with revenues greater than 1 million dollars – and about 2,000 with revenue above 2.5 million per year.

Our current estimates partially incorporated these insights. In general, what clients will now see is a substantial drop in the owner-equivalent payrolls we report – and aggregate revenues that are generally much more in line with the data source. We will fully implement the revenue distributions published at the national level by the Census in subsequent releases.





## **7. Self-employed operating locations eliminated from certain 6-digit classes of business**

Following Census guidance, we are now no longer reporting self-employed operating locations in the following classes of business where self-employment is highly unlikely:

- Fossil Fuel Electric Power Generation
- Nuclear Electric Power Generation
- Electric Bulk Power Transmission and Control
- Commercial Banking
- Savings Institutions
- Credit unions (by definition, as nonprofits, excluded from our data source)
- Department Stores (except Discount Department Stores)
- Elementary and Secondary Schools
- Junior Colleges

**Please refer to Appendices B & C to see the full list in of the 6-digit SIC and NAICS impacted by this change**, with the percentage of total written premiums and percentage of operating locations that we had previously reported in each industry in the self-employed segment in Commercial Insight Version 11.2. While this change makes a more accurate classification for a relatively large percentage of operating locations classified previously in these classifications (40 percent), this large percentage is simply due to the numerical dominance of self-employed firms across all industries. The reclassified firms account for less than one-quarter of one percent of direct written premiums that we estimated in 2010.

## **8. Property premiums incorporate inventories as a personal property exposure**

We refined our procedures to incorporate inventory values as part of personal property exposures when estimating property premiums. This led to a major increase in mono-line property direct written premiums reported in Manufacturing, Retail, and Wholesale businesses, where direct written premiums rose from a combined \$8.9 billion to a combined \$13.9 billion in these three one-digit SICs. The greatest percentage and magnitude of change in our estimates was for SIC 5W (Wholesale) firms, where premiums rose about 2.1 billion dollars (or 221 percent), followed by retail (+\$1.6 billion or 167%) and manufacturing (+\$1.2 billion or 10 percent).

## **9. IRS Statistics of Income (SOI) help resolve important questions about lessors' risks—revealing a big Census Bureau error in the 2008 & 2009 Non-employer Statistics**

Following our major revisions for lessors' risks in version 11.2 (see release notes), we continued to receive client input and new information about the market, including new tabulations from the IRS



Statistics of Income. We concluded that there are far more commercial landlords in the non-employer space than we have previously reported.

Prior modeling had extrapolated the commercial fraction of all lessors' risks by from the Economic Census, which only covers employers. Commercial lessors comprise only about 29 percent of all lessors risks reported in NAICS 5311. However, reviewing the IRS data, out of 1 million partnerships reporting gross rental income to the IRS in 2009 (the most recent year published), about 511,000 are reported to be commercial landlords – the vast majority of them being part of self-employed partnerships. As a result, we are now reporting about 523,000 commercial landlords -- more than double our previous 229,000.

Second, as clients may recall from prior release notes and their own analyses, much of the property value and property & BOP premiums have in past versions of MarketStance data been reported in premium opportunities in the catch-all SICs 651380 and 651480 (NAICS 531118) – lessors of multi-family and single-family properties, respectively, but where the actual property owners are in other (unknown) industries. These classifications received a large fraction of the additional lessors' premiums in version 11.2 of our data; and it was in these classifications that we reported about three hundred thousand additional operating locations.

However, following our SOI review, it became clear that the number of landlords classified elsewhere is actually far smaller than previously reported. On the small end of the company size spectrum most of these "owners classified elsewhere" are property managers, with very small concentrations numbering less than 10,000 in each other major industry sector such as mining, manufacturing, and retail.

As we detailed in the version 11.2 release notes – we had learned via the Census bureau itself that the Non-employer Statistics had a “built-in” downward bias for our estimation purposes, at least when it came to using the Census-reported revenues to estimate TIV and premiums (this has to do with the fact that individuals report gross rents to the IRS, but the business itself reports but a small fraction, the taxable business revenues, which is all that the Census picks up).

Given these facts, the big question became, where were all of the landlords, if not “classified elsewhere” according to the best available statistics? The answer came in the form of a startling announcement on August 15, 2012, when the Census Bureau admitted publicly, that it had in fact made an error of relatively epic proportions in both the 2008 and 2009 Non-employer Statistics series, just after discussing all of these issues privately with us. Because of an IRS programming glitch, they told us, the Census failed to report the existence of about 311,000 lessors (and others) that filed their partnership tax returns electronically.

While we do not know categorically that our summer-long inquiries caused the Census to find and rectify this error, it would be more than a little strange for them to suddenly reissue a data series as a result of their own internal review, which had failed to catch the problem for two consecutive years. We are still waiting for the corrected 2008 Non-employer Statistics.



## **10. Adjustments to state by line premiums and losses reported by A.M. Best**

As in years past we have validated and, where necessary, adjusted the A.M. Best premium and loss data from the 2011 state/line file. Similarly we have in some instances updated premium using other sources, most notably state departments of insurance and state consolidated annual financial reports for workers' comp.

MarketStance benchmarks its losses and premiums to A.M. Best's highly reliable line of business tabulations by state. However when A.M. Best reports large fluctuations in premium and losses by state and line year over year, we assess whether these reflect the actual state of the market, or are anomalies. For anomalous data we reallocate the premium to more accurately reflect the reality of the market by state and line, while maintaining the US size of the market from combined carrier written premium and state departments of insurance.

**The adjustments made for the 12.0 release by state are detailed in Appendix D.**

## **11. ZIP code changes**

MarketStance continues to update our ZIP code file; we dropped plus added an extensive number of ZIP codes. **The adjustments made for the 12.0 release are detailed in Appendix F.**

## **12. Online Reporting Platform Label Changes**

MarketStance made a label change from the term "enterprise" to "company" – noting that the definition of size segments and business entities being counted in the MarketStance data has not changed. Just like earlier this year when we changed "non-employer" to "self-employed", we're striving to make our platform labels more intuitive. The enterprise and non-employer both came from government source data and have always seemed quite cryptic to clients.

**The adjustments made for the 12.0 release are detailed in Appendix F.**

## **13. Who to contact for more information**

Please contact Gail DeLucia in our Client Services department at [ms@marketstance.com](mailto:ms@marketstance.com) / 888-777-2587 or your Regional Relationship Director if you have any questions or service needs. We value your business, and thank you for your continued support!



## Appendices A-E

### Appendix A. Examples of Revisions to Multi-cultural Estimates

Estimated Direct Written Premium, Prince William County, Virginia, by Ethnicity and Gender of Owner

Owners' Ethnicity/Gender	Pct. Written Premium, v12.0  (CY 2011 estimates)	Pct. Written Premium, v11.2  (CY 2010 estimates)
White, Male	60.6%	65.3%
African American, Male	3.7%	2.3%
Hispanic, Male	4.1%	1.2%
Asian, Male	4.8%	3.0%
American Indian, Male	0.2%	0.1%
White, Female	11.3%	14.2%
African American, Female	1.5%	1.0%
Hispanic, Female	1.6%	0.5%
Asian, Equally Owned Male & Female	2.2%	1.4%
American Indian, Female	0.1%	0.1%
White, Equally Owned Male & Female	7.9%	9.8%
African American, Equally Owned Male & Female	0.3%	0.2%
Hispanic, Equally Owned Male & Female	0.5%	0.1%
Asian, Equally Owned Male & Female	1.1%	0.7%
American Indian, Equally Owned Male & Female	0.0%	0.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>



## Appendix B. Industries removed from self-employed exposure and premium estimates

Table A-1. Industries removed from self-employed exposure and premium estimates, by percentage written premium and exposure previously reported in Commercial Insight 11.2

SIC INDUSTRY	NAICS INDUSTRY	WRITTEN PREMIUM	OPERATING LOCATIONS
Electric - other power generation including nuclear (SIC 493140)	Nuclear electric power generation (NAICS 221113)	0.03%	43%
National commercial banks (banking) (SIC 602101)	Commercial banking (NAICS 522110)	0.01%	6%
Savings institutions, federally chartered (SIC 603500)	Savings institutions (NAICS 522120)	0.01%	5%
Credit unions, federally chartered (SIC 606100)	Credit unions (NAICS 522130)	0.01%	4%
National commercial banks (credit card issuing) (SIC 602102)	Credit card issuing (NAICS 522210)	0.04%	20%
State commercial banks (credit card issuing) (SIC 602202)	Credit card issuing (NAICS 522210)	0.01%	18%
Savings institutions, not federally chartered (SIC 603600)	Savings institutions (NAICS 522120)	0.01%	5%
Branches of foreign banks (SIC 608101)	Commercial banking (NAICS 522110)	0.00%	8%
Credit card issuing by personal credit institution (SIC 614140)	Credit card issuing (NAICS 522210)	0.12%	24%
State commercial banks (banking) (SIC 602201)	Commercial banking (NAICS 522110)	0.01%	5%
Other short-term business credit institutions (SIC 615393)	Credit card issuing (NAICS 522210)	0.23%	29%
Elementary & secondary schools (SIC 821100)	Elementary & secondary schools (NAICS 611110)	0.99%	79%
Colleges, universities, & professional schools (SIC 822100)	Colleges, universities, & professional schools (NAICS 611310)	0.10%	76%
Credit unions, not federally chartered (SIC 606200)	Credit unions (NAICS 522130)	0.01%	4%
Junior colleges & technical institutes (SIC 822200)	Junior colleges (NAICS 611210)	0.21%	70%
<b>TOTALS</b>		<b>0.26%</b>	<b>40.4%</b>



## Appendix C. SIC and NAICS Business Classification Changes

With each release, Commercial Insight databases are reviewed for the currency and applicability of the 6-digit SIC to NAICS industry concordance embedded in our products.

The SIC6 business class remains the standard lowest level industry detail we publish, with 1,651 6-digit SICs constituting the universe of business classifications potentially covered by MarketStance in any given release. The NAICS 2007 industry classifications, in contrast, are in about 150 cases assigned based on the proportion of total sales revenues attributable to a given NAICS.

In the majority of cases, the SIC6 relates to only one NAICS code, so no translation choice needs to be made. However, when a choice between one NAICS code and another needs to be made to avoid having one 6-digit SIC relating to more than one NAICS in our output data, MarketStance reports the NAICS with the **maximum revenue**. Because the sales revenue estimates fluctuate from release to release, a handful of NAICS mapping changes typically result, per Table B-1.

**Table B-1. 6-digit SIC to 2007 NAICS mapping changes**

SIC6	SIC TITLE	v11 NAICS	NAICS TITLE	v12 NAICS	NAICS TITLE
<b>223110</b>	Broadwoven fabric mills, wool (wool broadwoven fabric finishing without weaving fabric)	313210	Broadwoven Fabric Mills	313311	Broadwoven Fabric Finishing Mills
<b>233710</b>	Women's suits & coats (contractors)	315234x	Women's and Girls' Cut and Sew Suit, Coat, Tailored Jacket, and Skirt Manufacturing	315212	Women's Girls', and Infants' Cut and Sew Apparel Contractors
<b>249930</b>	All other miscellaneous wood product manufacturing	321912	Cut Stock, Resawing Lumber, and Planing	337125	Household Furniture (except Wood and Metal) Manufacturing
<b>347920</b>	Metal coating, engraving, jewelry & silverware	339914	Costume Jewelry and Novelty Manufacturing	339911	Jewelry (except Costume) Manufacturing
<b>371140</b>	Motor vehicles bodies & trailer manufacturing	336211	Motor Vehicle Body Manufacturing	336992	Military Armored Vehicle, Tank, and Tank Component Manufacturing
<b>507200</b>	Hardware	423710x	Hardware Merchant Wholesalers	425120	Wholesale Trade Agents and Brokers
<b>735320</b>	Heavy construction equipment rental &	238910	Site Preparation Contractors	237990	Other Heavy and Civil Engineering

**Table B-1. 6-digit SIC to 2007 NAICS mapping changes**

SIC6	SIC TITLE	v11 NAICS	NAICS TITLE	v12 NAICS	NAICS TITLE
	leasing				Construction
<b>874121</b>	Construction management services, single & multi-family housing	236115	New Single-Family Housing Construction (except Operative Builders)	236116	New Multifamily Housing Construction (except Operative Builders)
<b>874840</b>	Other management consulting services	541614	Process, Physical Distribution, and Logistics Consulting Services	541618	Other Management Consulting Services

**(x) Indicates that all of the businesses in that NAICS classification in v11 have been reclassified to the v12 NAICS, because it is the predominant NAICS on an estimated revenue basis for the related 6-digit SIC.**

MarketStance also suspends coverage of certain 6-digit SIC industries if our current estimates suggest a near zero probability of a business operating in a given 6-digit classification. Typically, the businesses in such hard-to-identify industries in the government source data are covered by MarketStance in a more populated 6-digit SIC, per Table B-2. Likewise, coverage is added when our current estimates warrant adding a classification due to change in a data source or in our estimation techniques, per Table B-3. Certain lightly populated SICs are covered under larger, closely related SICs in the ZIP code database products, per Table B-4. Also, note that ZIP code products do not cover state government exposures or premiums (SIC 911110).

**Table B-2. 6-digit SIC change for Version 12.0, county and ZIP databases**

v11 SIC6	SIC TITLE	v12 SIC6	SIC TITLE
<b>384111</b>	Surgical & medical instrument manufacturing - freezers	<b>358510</b>	Refrigeration & heating equip (except motor vehicle air conditioning)

**Table B-3. 6-digit SIC addition for Version 12.0, county databases only**

SIC6	SIC TITLE
<b>384112</b>	Surgical & medical instrument manufacturing- process furnace & oven


**Table B-4. 6-digit SIC6 concordance for Version 12.0, ZIP code databases only**

<b>SIC6</b>	<b>SIC TITLE</b>	<b>Currently covered in SIC6</b>	<b>SIC TITLE</b>
<b>234120</b>	Women's & children's sewn apparel	232210	Men's & boys' underwear & nightwear (contractors)
<b>369960</b>	Other measuring & controlling device manufacturing NEC	382910	Other measuring & controlling device manufacturing
<b>384112</b>	Surgical & medical instrument manufacturing - process furnace & oven	356700	Industrial furnaces & ovens
<b>384113</b>	Surgical & medical instrument manufacturing - scales & balances	359600	Scales & balances, except lab





## Appendix D Adjustments to Statutory Premium Data

### Alaska

- AIG reported 178 million dollars of Inland Marine premium in 2011, up from \$93 million in 2010. We redistributed this premium to other states based on AIG's prior filings in this line of business.

### Colorado

- Farm Credit Association reported 4.8 million dollars of Other Liability (Claims Made) premium, 1.8 million dollars of CMP non-liability premium and 1.4 million dollars of Other Commercial Auto Liability premium. All of the company's premiums are reported in Colorado. However, the banking establishments that are members of this mutual are located throughout the United States. We redistributed the premiums based upon the relative concentration of NAICS 522298, All Other Non-depository Credit Intermediation.

### Delaware

1. In 2011 A.M. Best reported Nuclear Electric Insurance Limited (NEIL) writing 212 million dollars of Commercial Multi-Peril (Non-Liability). However, no nuclear plants currently or in the past have operated in this state, where the company is licensed and incorporated. We have therefore proportionately assigned premiums and incurred losses in the 30 states with a nuclear power plant exposure, based on each state's megawatts of generating capacity.
2. Architects and Engineers Insurance Company, a risk retention group, reports almost 6 million dollars of Other Liability (Claims Made) premium in 2011. All of the company's premiums are reported in Delaware. However, the risks retained by the group are physically located throughout the United States, so we redistributed premiums based upon the relative concentration of architects and engineers in each state. Please see the note below regarding the inclusion/exclusion of certain captive and risk retention group-like entities in our benchmarking procedures.

### Indiana & Ohio

- Reported Other Commercial Auto direct losses incurred for Argo Group were deemed invalid in these two states. In the source data, Argo Group direct losses Indiana were reported as negative 542,757 dollars, while in Ohio they were reported as 545,930 dollars. While it appears these are likely counterbalancing entries, we were unable to determine where the losses occurred. We excluded these losses from our benchmarks.

### Maryland

- ACE group reported 101 million dollars of Other Liability (Occurrence) premium in 2011 versus 15 million dollars in 2010. We redistributed this premium to other states based on ACE's prior filings in this line of business.



#### New York

- AIG reported 10.7 million dollars of Products Liability premium in 2011, up from -39 million dollars in 2010. We redistributed this premium to other states based on AIG's prior filings in this line of business.

#### Ohio

- AIG Reported 20.7 million dollars in Workers Compensation premium for 2011 up from a reported \$24 million in 2010. We redistributed this premium to other states based on AIG's prior filings in this line of business.

#### South Dakota

- In 2011 A.M. Best reported Balboa Insurance writing 4.8 million dollars of Commercial Auto Physical Damage – a modest percentage of this line of business in this state. This is down from \$22 million in 2010 and \$25 million in 2009. In 2008, Best reported Balboa writing \$66 million in South Dakota and Delaware, an even greater percentage of written premiums. Prior to its acquisition by Bank of America, in 2006 this carrier wrote less than \$1 million total in this line in these two states and the size of this market reported by A.M. Best was substantially smaller. As was done in 2007-2010 Commercial Insight data, we reallocated the premiums written, earned, and incurred losses, based on Balboa 2006 prior statutory filings.

#### Tennessee

- Liberty Mutual Insurance Companies reported 207 million dollars of Other Liability (occurrence) premium in 2011 versus 19.7 million dollars in 2010. We redistributed this premium to other states based on Liberty Mutual's prior filings in this line of business.

#### Vermont:

- Other Liability (Claims-made) was reported at 35 million dollars, a large increase over previous state totals. This was due to very large year-over-year increases in reported premium from AIG, Arch Insurance Group, Allianz, Alterra, Ironshore and ACE. Substantial offshore premium has been moving to Vermont captives in the last few years; however the captive risks are almost entirely not located Vermont. As a result, we used MarketStance estimated E&O premiums by state as a proxy for redistributing the increased premiums from these six carriers to all states, reducing the premium in Vermont for this line by 9 million dollars to 26 million dollars.
- A.M. Best reports premiums for a captive insurer of the Archer Daniels Midland company, Agrinational Insurance Company. We excluded the property and commercial auto premiums and losses reported by A.M. Best from our tabulations of Vermont's property and commercial auto statutory benchmarks. At 37 million dollars, the Agrinational premiums in this line represent over one third of the property market. Benchmarking to that total would have greatly overstated the Vermont market.



## Appendix E ZIP code changes

Table C-1. ZIP codes dropped in Version 12.0

ZIP Code	City	State
01705	FRAMINGHAM	MA
01812	ANDOVER	MA
01971	SALEM	MA
02055	MINOT	MA
02204	BOSTON	MA
02295	BOSTON	MA
04223	DANVILLE	ME
06087	UNIONVILLE	CT
06104	HARTFORD	CT
06154	HARTFORD	CT
06521	NEW HAVEN	CT
06725	WATERBURY	CT
06859	NORWALK	CT
07175	NEWARK	NJ
08905	NEW BRUNSWICK	NJ
10079	NEW YORK	NY
10098	NEW YORK	NY
10114	NEW YORK	NY
10157	NEW YORK	NY
10249	NEW YORK	NY
10571	PLEASANTVILLE	NY
10943	MIDDLETOWN	NY
11053	PORT WASHINGTON	NY
12229	ALBANY	NY
12769	PHILLIPSPORT	NY
13737	BIBLE SCHOOL PARK	NY
15265	PITTSBURGH	PA
15270	PITTSBURGH	PA
15510	SOMERSET	PA
15915	JOHNSTOWN	PA
18769	WILKES BARRE	PA
19093	PHILADELPHIA	PA
19171	PHILADELPHIA	PA
19172	PHILADELPHIA	PA
19193	PHILADELPHIA	PA
19196	PHILADELPHIA	PA
19398	SOUTHEASTERN	PA
19455	NORTH WALES	PA



Table C-1. ZIP codes dropped in Version 12.0

ZIP Code	City	State
19712	NEWARK	DE
20043	WASHINGTON	DC
20058	WASHINGTON	DC
20073	WASHINGTON	DC
20204	WASHINGTON	DC
20251	WASHINGTON	DC
20390	WASHINGTON	DC
20500	WASHINGTON	DC
21263	BALTIMORE	MD
21264	BALTIMORE	MD
21411	ANNAPOLIS	MD
22333	ALEXANDRIA	VA
22907	CHARLOTTESVILLE	VA
23285	RICHMOND	VA
24003	ROANOKE	VA
24009	ROANOKE	VA
24032	ROANOKE	VA
24513	LYNCHBURG	VA
24544	DANVILLE	VA
25028	BOB WHITE	WV
25060	DOROTHY	WV
25093	GORDON	WV
25505	BIG CREEK	WV
25665	BORDERLAND	WV
25777	HUNTINGTON	WV
25811	AMIGO	WV
25913	RAVENCLIFF	WV
27625	RALEIGH	NC
27861	PARMELE	NC
27969	RODUKO	NC
28254	CHARLOTTE	NC
28258	CHARLOTTE	NC
28275	CHARLOTTE	NC
29292	COLUMBIA	SC
29734	ROCK HILL	SC
29914	DALE	SC
30160	KENNESAW	GA
30368	ATLANTA	GA
30374	ATLANTA	GA



Table C-1. ZIP codes dropped in Version 12.0

ZIP Code	City	State
30384	ATLANTA	GA
30388	ATLANTA	GA
30447	NORRISTOWN	GA
31026	EATONTON	GA
31192	ATLANTA	GA
31294	MACON	GA
32198	DAYTONA BEACH	FL
32885	ORLANDO	FL
33234	MIAMI	FL
33439	BRYANT	FL
33900	FORT MYERS	FL
33927	EL JOBEAN	FL
34692	HOLIDAY	FL
35144	SILURIA	AL
35485	TUSCALOOSA	AL
35897	HUNTSVILLE	AL
36062	PETREY	AL
36745	JEFFERSON	AL
37246	NASHVILLE	TN
37351	LUPTON CITY	TN
37867	SHAWANEE	TN
37995	KNOXVILLE	TN
38188	MEMPHIS	TN
38331	EATON	TN
39072	POCAHONTAS	MS
39595	PASCAGOULA	MS
40281	LOUISVILLE	KY
40620	FRANKFORT	KY
40622	FRANKFORT	KY
40858	MOZELLE	KY
41362	PRIMROSE	KY
41663	TRAM	KY
41735	DELPHIA	KY
42375	STANLEY	KY
43657	TOLEDO	OH
44398	AKRON	OH
45025	HAMILTON	OH
45374	TROY	OH
45400	DAYTON	OH



Table C-1. ZIP codes dropped in Version 12.0

ZIP Code	City	State
45481	DAYTON	OH
45490	DAYTON	OH
46380	TEFFT	IN
46858	FORT WAYNE	IN
46868	FORT WAYNE	IN
46968	ORA	IN
47104	BETHLEHEM	IN
47731	EVANSVILLE	IN
47744	EVANSVILLE	IN
47830	BELLMORE	IN
48663	SAGINAW	MI
48863	OAK GROVE	MI
49018	BATTLE CREEK	MI
49069	MARSHALL	MI
49961	SIDNAW	MI
50013	AMES	IA
50308	DES MOINES	IA
50331	DES MOINES	IA
52642	ROME	IA
55172	SAINT PAUL	MN
55569	OSSEO	MN
55745	GRAND RAPIDS	MN
56393	SAINT CLOUD	MN
57326	CHAMBERLAIN	SD
59112	BILLINGS	MT
60117	BLOOMINGDALE	IL
60669	CHICAGO	IL
61131	LOVES PARK	IL
61426	CASTLETON	IL
62971	ORAVILLE	IL
63150	SAINT LOUIS	MO
63188	SAINT LOUIS	MO
63378	TRELOAR	MO
64144	KANSAS CITY	MO
65036	GASCONADE	MO
68109	OMAHA	NE
70186	NEW ORLEANS	LA
70500	LAFAYETTE	LA
71951	HOT SPRINGS NATIONAL PAR	AR

**Table C-1. ZIP codes dropped in Version 12.0**

<b>ZIP Code</b>	<b>City</b>	<b>State</b>
75267	DALLAS	TX
76130	FORT WORTH	TX
77209	HOUSTON	TX
78461	CORPUS CHRISTI	TX
78651	MC NEIL	TX
79931	EL PASO	TX
79952	EL PASO	TX
80938	COLORADO SPRINGS	CO
80944	COLORADO SPRINGS	CO
81009	PUEBLO	CO
81038	FORT LYON	CO
83799	BOISE	ID
84136	SALT LAKE CITY	UT
84151	SALT LAKE CITY	UT
88323	FORT STANTON	NM
90307	INGLEWOOD	CA
90842	LONG BEACH	CA
91123	PASADENA	CA
91407	VAN NUYS	CA
91618	NORTH HOLLYWOOD	CA
91756	MONTEREY PARK	CA
91771	ROSEMEAD	CA
92142	SAN DIEGO	CA
92162	SAN DIEGO	CA
92164	SAN DIEGO	CA
92292	PALM SPRINGS	CA
93760	FRESNO	CA
94163	SAN FRANCISCO	CA
94234	SACRAMENTO	CA
94267	SACRAMENTO	CA
94279	SACRAMENTO	CA
94622	OAKLAND	CA
94661	OAKLAND	CA
95172	SAN JOSE	CA
98132	SEATTLE	WA
99146	LAURIER	WA
99548	CHIGNIK LAKE	AK
99670	SOUTH NAKNEK	AK
99724	BEAVER	AK

**Table C-1. ZIP codes dropped in Version 12.0**

ZIP Code	City	State
99733	CIRCLE	AK

**Table C-2. ZIP codes added in Version 12.0**

ZIP Code	City	State
01203	PITTSFIELD	MA
01347	LAKE PLEASANT	MA
01470	GROTON	MA
02031	EAST MANSFIELD	MA
02283	BOSTON	MA
02284	BOSTON	MA
06155	HARTFORD	CT
06233	BALLOUVILLE	CT
06913	STAMFORD	CT
07715	BELMAR	NJ
08647	TRENTON	NJ
10124	NEW YORK	NY
10203	NEW YORK	NY
11026	GREAT NECK	NY
11249	BROOKLYN	NY
11405	JAMAICA	NY
11853	JERICO	NY
12225	ALBANY	NY
12237	ALBANY	NY
12242	ALBANY	NY
12243	ALBANY	NY
12256	ALBANY	NY
13352	HINCKLEY	NY
15257	PITTSBURGH	PA
15448	JACOBS CREEK	PA
15460	MARTIN	PA
16016	BOYERS	PA
17123	HARRISBURG	PA
17130	HARRISBURG	PA
17332	HANOVER	PA
17334	HANOVER	PA
19091	MEDIA	PA
19170	PHILADELPHIA	PA
19905	DOVER	DE
20091	WASHINGTON	DC





Table C-2. ZIP codes added in Version 12.0

ZIP Code	City	State
20217	WASHINGTON	DC
20318	WASHINGTON	DC
20413	WASHINGTON	DC
20472	WASHINGTON	DC
20501	WASHINGTON	DC
20527	WASHINGTON	DC
20532	WASHINGTON	DC
20543	WASHINGTON	DC
20579	WASHINGTON	DC
20598	DHS	VA
20799	CAPITOL HEIGHTS	MD
21290	BALTIMORE	MD
21656	PRICE	MD
22034	FAIRFAX	VA
22158	SPRINGFIELD	VA
22350	ALEXANDRIA	VA
23107	MARYUS	VA
23822	AMMON	VA
24043	ROANOKE	VA
25727	HUNTINGTON	WV
26106	PARKERSBURG	WV
27094	RURAL HALL	NC
27199	WINSTON SALEM	NC
29395	JONESVILLE	SC
30370	ATLANTA	GA
32163	THE VILLAGES	FL
33633	TAMPA	FL
34137	COPELAND	FL
36515	CARLTON	AL
37230	NASHVILLE	TN
38609	BELEN	MS
40122	FORT KNOX	KY
40282	LOUISVILLE	KY
40818	COALGOOD	KY
40964	MARY ALICE	KY
41542	LOOKOUT	KY
43007	BROADWAY	OH
43291	COLUMBUS	OH
44192	CLEVELAND	OH



Table C-2. ZIP codes added in Version 12.0

ZIP Code	City	State
44193	CLEVELAND	OH
45280	CINCINNATI	OH
46274	INDIANAPOLIS	IN
46291	INDIANAPOLIS	IN
48275	DETROIT	MI
48288	DETROIT	MI
48606	SAGINAW	MI
48918	LANSING	MI
53274	MILWAUKEE	WI
55348	MAPLE PLAIN	MN
55815	DULUTH	MN
58076	WAHPETON	ND
60290	CHICAGO	IL
60684	CHICAGO	IL
60694	CHICAGO	IL
61652	PEORIA	IL
62098	WRIGHTS	IL
62764	SPRINGFIELD	IL
63160	SAINT LOUIS	MO
65105	JEFFERSON CITY	MO
65108	JEFFERSON CITY	MO
70097	KENNER	LA
70167	NEW ORLEANS	LA
70178	NEW ORLEANS	LA
75033	FRISCO	TX
77203	HOUSTON	TX
78292	SAN ANTONIO	TX
80252	DENVER	CO
80257	DENVER	CO
80328	BOULDER	CO
80841	U S A F ACADEMY	CO
84129	SALT LAKE CITY	UT
85141	PICACHO	AZ
85191	VALLEY FARMS	AZ
89158	LAS VEGAS	NV
90309	INGLEWOOD	CA
91382	SANTA CLARITA	CA
93199	GOLETA	CA
93717	FRESNO	CA

**Table C-2. ZIP codes added in Version 12.0**

<b>ZIP Code</b>	<b>City</b>	<b>State</b>
93737	FRESNO	CA
94204	SACRAMENTO	CA
94230	SACRAMENTO	CA
94256	SACRAMENTO	CA
94497	SAN MATEO	CA
96838	HONOLULU	HI
96840	HONOLULU	HI
96849	HONOLULU	HI
97256	PORTLAND	OR
97475	SPRINGFIELD	OR
97861	MIKKALO	OR
98378	RETSIL	WA
99252	SPOKANE	WA
99299	SPOKANE	WA
99623	WASILLA	AK



## Appendix F. Online Reporting Application Label Changes

Previous Version Size Segment Labels as Enterprise		Version 12.0 New Size Segment Labels as Company*	
Self-Employed (0 EEs)	0 Enterprise EEs	Self-Employed (0 EEs)	0 Company EEs
Small Commercial Enterprise (1-49 EEs)	1-4 Enterprise EEs	Small Commercial Company (1-49 EEs)	1-4 Company EEs
Small Commercial Enterprise (1-49 EEs)	5-9 Enterprise EEs	Small Commercial Company (1-49 EEs)	5-9 Company EEs
Small Commercial Enterprise (1-49 EEs)	10-19 Enterprise EEs	Small Commercial Company (1-49 EEs)	10-19 Company EEs
Small Commercial Enterprise (1-49 EEs)	20-49 Enterprise EEs	Small Commercial Company (1-49 EEs)	20-49 Company EEs
Middle Markets Enterprise (50-999 EEs)	50-99 Enterprise EEs	Middle Markets Company (50-999 EEs)	50-99 Company EEs
Middle Markets Enterprise (50-999 EEs)	100-249 Enterprise EEs	Middle Markets Company (50-999 EEs)	100-249 Company EEs
Middle Markets Enterprise (50-999 EEs)	250-499 Enterprise EEs	Middle Markets Company (50-999 EEs)	250-499 Company EEs
Middle Markets Enterprise (50-999 EEs)	500-999 Enterprise EEs	Middle Markets Company (50-999 EEs)	500-999 Company EEs
National Accounts Enterprise (1,000+ EEs)	1,000-1,499 Enterprise EEs	National Accounts Company (1,000+ EEs)	1,000-1,499 Company EEs
National Accounts Enterprise (1,000+ EEs)	1,500-2,499 Enterprise EEs	National Accounts Company (1,000+ EEs)	1,500-2,499 Company EEs
National Accounts Enterprise (1,000+ EEs)	2,500-4,999 Enterprise EEs	National Accounts Company (1,000+ EEs)	2,500-4,999 Company EEs
National Accounts Enterprise (1,000+ EEs)	5,000+ Enterprise EEs	National Accounts Company (1,000+ EEs)	5,000+ Company EEs

**\*This is a label change only. The definition of size segments and business entities being counted in the MarketStance data has not changed.**