Following are examples of the proper loss deduction codes to be used for an original claim and a corrected claim:

Claim #1 – Indemnity amount $1,500, producer premium amount of $600

Loss Deduction Code of “M” $600
Loss Deduction Code of “E” $900

On the next example a corrected claim is processed for the same policy as #1 reducing the indemnity amount to $1,100

Claim #2 – Indemnity amount $1,100, producer premium amount $600

Loss Deduction Code of “M” $600
Loss Deduction Code of “E” $500

If the producer owed premium of $150 on another policy when claim #2 processed the following codes should be used.

Loss Deduction Code of “M” $600
Loss Deduction Code of “P” $150
Loss Deduction Code of “E” $350

Codes:

M  Indemnity applied to the premium on the indemnified policy
P  Indemnity applied to the premium on another policy
E  Escrow
F  Indemnity applied to the Administrative Fee
R  Recovery of Prior Year Premium or Overpaid Indemnity
O  Other