

What Makes a Good Rate Filing?

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Why Worry About Making a Good Filing?

- Audience-Is it a lot of work to make a rate filing in Florida? (show of hands)

Why Worry About Making a Good Filing?

- Audience-It is a lot of work to make a rate filing in Florida.
- Why throw away all that work by not getting an approval?
- For us, you need a acceptable filing to get approval
 - 'Acceptable' by our standards
 - Standards based on rules, laws

Keys to Success

- 7 'C's'
 - Coherent
 - Clear
 - Compliant
 - Complete
 - Consistent
 - Clock-Conscious
 - Continuously Improved

Coherence

- Can we understand and follow both what you wish to do and the support for it?
- We can't approve what we don't understand
- AAA standards require documentation sufficient so we can assess the work

Coherence

- Explanatory Memo
 - List all changes
 - If needed, how they relate to the overall change
 - Rate impact of each change
 - How each change supported
 - Where to find support for each change
 - Summary of how the exhibits and calculations flow for each change

Coherence

- Exhibits
 - Explain how the calculations flow and why they are proper
 - Annotate in column headings or at bottom of each page
 - How column computed, or
 - Data source for each column
 - Precise: AY vs. CY, on-level, etc.+
 - Much prefer 'self-contained' exhibits, that do not require constant switching from one exhibit to another

Coherence

- Subsequent Correspondence
 - Explain what supplied
 - Explain where supplied
 - Explain how question is answered

Coherence

- Items Uploaded
 - Not universally known, but attachments are uploaded with either default name or name assigned by filer.
 - Will not have same name as the file has on your computer unless they upload it with that name
 - Prefer name that describes the attachment

Clear

- Need definitive, specific information
 - Bad: Our rates are based on ABC Insurance’s approved filing
 - Good: We have used the entire rating program of ABC Insurance’s XYZ program as contained in the approved Florida filing 10-xxxx.
 - Bad: We are filing a 10% rate change.
 - Good: we are filing a flat increase of 10% across-the-board for our entire XYZ program.

Clear

- Coherence is part of clarity too.
- Problems
 - Inability to follow flow of exhibits
 - Need explanation of how they interact and annotation
 - Poor disclosure of what is changed in the filing and how it is supported
 - Example-Checking slip instead of explanatory memo.-
“We changed these broad categories of rates”

Compliant

- Be aware and know all the rules and laws that apply to your filing (and comply)
 - Even the less reviewed ones like minimum premium and schedule rating criteria
 - Example-60 day File and Use for commercial auto
 - Don’t forget to check for law and rule changes since the last filing
- Include all the forms you need to include
 - Don’t just rely on I-File to bring them up.
 - Be sure you understand I-file and any changes in I-File

Compliant

- If one criteria is not met, filing will likely be disapproved.
- If you have questions, call us.

Complete

- Complete follows compliant-all required forms present
- Proper support (e.g. loss data or competitor comparison) for each revised or new rate or factor
 - Need approved state of Florida filing number for competitor
- Full explanation as outlined in 'coherent' and 'clear'

Complete

- Example items
 - Rate indications workbook and support document (any independent rates that affect most policies)
 - Loss cost workbook and support document (any modifier/deviation on loss costs)
 - Actuarial opinion and memorandum that comply with 690-170.0135 (all filings with any rate effect)
 - Explanatory memorandum that is different from cover letter and actuarial memorandum
 - Support for alternate profit provision per 690-170.003
 - The rate change, premium, PIF, etc. for the entire program, even if only part is affected, in the UDL.

Consistent

- Examples:
 - Internally consistent
 - If one form says the commission expense is x%, all the other forms should too.
 - If Berquist–Sherman is used, the actuarial memo should disclose operational changes
 - Consistent with data
 - If the calculation of rates for a territory (or overall) indicate an increase of x%, but a very different rate change is sought, explain why and how it is supported

Clock-Conscious

- We have deadlines and how quickly we resolve filings is monitored.
 - We typically set deadlines for all responses due from cos.
 - Filing may be disapproved if questions not answered by deadline
 - Extensions need to be agreed to in advance and are not always granted.
 - If you ask at the last minute, you may end up with a disapproval.
 - Note that many professionalism courses will discuss not 'taking on work you can't do'.

Continuously Improved

- Concept from manufacturing-part of first big wave of success for Japan, Inc.
- Long process, but upshot is
 - Learn to change from your failures
 - Learn to amplify your success
- Suggest you keep a record of what worked for you in past filings, and what you had to change.
 - Save some trouble and fix it at the start of the next filing

What Makes a Good Rate Filing?

- ????
