

What Makes a Good Rate Filing?

CAS Ratemaking & Product Management
Seminar
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Disclaimer

- The views expressed in this presentation are those of the speaker. These views are not necessarily identical to those of the CAS or the speaker's employer.

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A Rate Filing is a Communication

- Know your audience
- What a regulator can do is governed by statute.

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A Rate Filing is Different From an Internal Communication Within your Company.

- You & the other party at your company have shared experience & knowledge
- You both know the company's data, rates, rating plan, typical analyses, and future plans better than the regulator.
- The regulator see many more different filings than a typical company actuary.

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RTFM

- NAIC links to State Web Sites
http://www.naic.org/state_web_map.htm
- SERFF <http://www.serff.com/> is public site. With SERFF ID can check state's submission requirements.
- NAIC Speed to Market Web Site
http://naic.org/index_industry.htm
- Communications from the Regulator
- Other Resources

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Use Your Words

- Tables are not enough
- Avoid acronyms
- Respond to the Regulators objections
- Prepare with at least a modicum of care
 - Run Spell Check
 - Read, review & proofread what is being sent

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A Good Rate Filing is Internally Consistent

- The selections are consistent with the indications.
- If the selections aren't consistent with the indications there are reasonable explanations with support for the inconsistent selections.

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A Good Rate Filing is

- Legible
- Preferably machine readable

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Is a Rate Filing

- An Actuarial Communication?
- A Statement of Actuarial Opinion?
- Yes, in part
 - Filing is usually a group effort
 - Management
 - Staff that deals with SERFF, etc.
- If these questions become a concern with your filing, We have a problem.

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Specifics about Ohio

- A quick look at the highlights
- File & Use for most lines
- Monopolistic State Fund for WC
- Often will have two reviewers for a filing
- For more details see <http://www.insurance.ohio.gov/Company/Pages/CompanyTab2pc.aspx>

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Insurers Must File Everything.

“Every insurer shall file with the superintendent of insurance every form of a policy, endorsement, rider, manual of classifications, rules, and rates, every rating plan, and every modification of any of them which it proposes to use.”

- Ohio Revised Code § 3937.03 (A)

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Insurers Must Support Everything.

“When ... the superintendent does not have sufficient information to determine whether such filing complies with sections 3937.01 to 3739.17 of the Revised Code, he may require such insurer to furnish the information upon which it supports such filing.”

- Ohio Revised Code § 3937.03 (A)

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Standards For Rates

“Rates shall not be excessive, inadequate, or unfairly discriminatory.”

- Ohio Revised Code § 3937.02 (D)

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A Rate Filing is a Public Record

“A filing and any supporting information shall be open to public inspection after the filing becomes effective.”

- Ohio Revised Code § 3937.03 (A)

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**Unfair and Deceptive Acts or Practices
are Banned.**

- The following is defined as an unfair and deceptive act
- (M) Making or permitting any unfair discrimination between individuals of the same class and of essentially the same hazard in the amount of premium, policy fees, or rates charged for any policy or contract of insurance, other than life insurance, or in the benefits payable thereunder, or in underwriting standards and practices or eligibility requirements, or in any of the terms or conditions of such contract, or in any other manner whatever.
 - Ohio Revised Code § 3901.21(M)

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Other Citations

- Schedule Rating: Ohio Administrative Code § 3901-1-22(E)
- Insurance Scores: Ohio Administrative Code § 3901-1-55(E)
- Private Passenger Auto
 - Not at Fault Accidents & Uninsured Motorists:
 - Ohio Revised Code § 3937.22 & 3937.23
 - No Split Municipalities: Ohio Revised Code § 3901.21 (the last item)

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