

## R-3: “What Makes a Good Rate Filing?”

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## Overview

- Filing Environment
- Reasonability
- Sound Data
- Specific Considerations

## The Filing Environment

- Know the state's Filing Requirements
  - In PA, they are available on our website via:
    - “Services for Insurance Companies” →
    - “Product and Rate Filing Requirements” →
    - “Submission Checklists and Product Requirements” → “Property and Casualty”
  - Alternatively, e-mail me at [kcreighton@pa.gov](mailto:kcreighton@pa.gov) and I'll send you the link.

## **The Filing Environment**

- Types of Filing Requirements
  - Rate & Rule (Pricing) Provisions
    - Coverage Requirements
    - Filing Review (Waiting) Periods
    - Filing Review Requirement
    - Statutory Pricing Requirements
    - Statutory Pricing Prohibitions

## **The Filing Environment**

- Call or meet with the insurance department
  - In PA, we continue to welcome and encourage this type of dialogue.
  - We meet with 10 to 20 companies annually to discuss either initial filing plans or plans to materially revise existing rating structures prior to the submission of a filing.

## The Filing Environment

- Keep current on others' filing activity
- Notices of pending filings on our website:  
“Services for Insurance Companies” → “Industry Activity” → “Product and Rate Activity” → “Product Filing Notices”
- Approved filings on our website:  
“Approved Rate and Form Filing Search” instead of “Product Filing Notices” above

## **The Filing Environment**

- Know the statutory review (waiting) period and plan for an effective date that you can easily implement
- Expect a review period generally consistent with the level of significance of the proposed changes



## **Reasonability...**

- From the policyholder's perspective
  - Magnitude of change
  - Consistency - Current v. Prior change(s)
  - How well are your agents or customer service representatives prepared to explain changes?

## **Reasonability...**

- From the regulator's perspective
  - Unsupported / Judgment-based Selections
  - Consistency or Reconciliation to Prior Filings
  - Territorial Relativities

## Sound Data

- Reconciliation – by the insurance company
  - Within the current filing
  - With prior filings
  - With special data calls
  - With other external data sources

## **Specific Considerations**

- Overlap with another pending filing?
- (Overall) Cover Letter
- (Detailed) Memorandum
- Include current filing authorization for third party filers
- Frequency Distribution / Histogram

## **Specific Considerations**

- Maximum % and \$ Increase / Decrease
- No underwriting guidelines are to be submitted
- All manual pages and support at time of filing submission (Review Period is for review)
- Legible exhibits / Proper size

## Specific Considerations

- Rates fully disclosed? (“Can an insured rate their policy?”)
- Support, Support, Support
- Department doesn’t have your institutional knowledge (“Paint a picture”)
- Support in SERFF: .PDF and Excel

## Specific Considerations

- When citing competitors in support, identify the companies and their approved PA rates / rating values
- Able to respond to Department questions in a timely fashion?
- Be careful if filing a countrywide program re: PA laws / nuances / sensitivities

## Specific Considerations

- No changes during review initiated by filer
- When Selection  $\leftrightarrow$  Indication, explain why there was a deviation
- In PA, support can be considered Proprietary and Confidential – mark those documents in SERFF accordingly. Haven't yet had issues with Right to Know but ...