

How To Submit a Good Rate Filing?

Patrick Cobb, CPCU
CAS Ratemaking and Product
Management Seminar
March 11 – 13, 2013



Antitrust Notice

- The Casualty Actuarial Society is committed to adhering strictly to the letter and spirit of the antitrust laws. Seminars conducted under the auspices of the CAS are designed solely to provide a forum for the expression of various points of view on topics described in the programs or agendas for such meetings.
- Under no circumstances shall CAS seminars be used as a means for competing companies or firms to reach any understanding – expressed or implied – that restricts competition or in any way impairs the ability of members to exercise independent business judgment regarding matters affecting competition.
- It is the responsibility of all seminar participants to be aware of antitrust regulations, to prevent any written or verbal discussions that appear to violate these laws, and to adhere in every respect to the CAS antitrust compliance policy.

Quick Background / Situation

- Limited Actuarial Filing Support Resources
- Different opinions
- No consistency
- Little dedication
- Limited understanding of state specific requirements

How To Submit Good Rate Filing

- Centralize
- Standardize
- Simplify
- Automate
- Consistency
- Dedication / Understanding
- *As common as possible, as different as necessary or required*

Actions Taken to Submit Good Rate Filing

- Develop Actuarial Operations Unit (AOU)
 - Understand state requirements
 - Analyze similarities and "true" differences
 - Create and automate standardized rate support template (operationalize)
 - Automate forms
 - Develop consistency
 - Simplify the process for Pricing Actuaries
 - Defined and measured process

Creation of Standardized Templates

- What (Basics) Make a Good Rate Filing?
 -

Creation of Standardized Templates

- What (Basics) Make a Good Rate Filing
 - Required Transmittals

Creation of Standardized Templates

- What (Basics) Make a Good Rate Filing
 - Required Transmittals
 - Actuarial Memorandum

Creation of Standardized Templates

- What (Basics) Make a Good Rate Filing
 - Required Transmittals
 - Actuarial Memorandum
 - Expense Selections and Support

Creation of Standardized Templates

- What (Basics) Make a Good Rate Filing
 - Required Transmittals
 - Actuarial Memorandum
 - Expense Selections and Support
 - PLR Derivation

Creation of Standardized Templates

- What (Basics) Make a Good Rate Filing
 - Required Transmittals
 - Actuarial Memorandum
 - Expense Selections and Support
 - PLR Derivation
 - Investment Income / profit support

Creation of Standardized Templates

- What (Basics) Make a Good Rate Filing
 - Required Transmittals
 - Actuarial Memorandum
 - Expense Selections and Support
 - PLR Derivation
 - Investment Income / profit support
 - Rate Indications

Simplify Process For Pricing Actuaries

- Focus on non-operationalized activities
 - new product development
 - deep dive analysis
 - more complex analysis (GLM, etc.)
 - centralized reference and request unit
 - "support it and move on"
 - minimize inquiry response time
 - act more as a consultant as required to DOI's

How has it worked?

Year	Volume	Inquiry		Avg Days for Approval
		Inquiries	%	
2002	2,587			75
2003	1,711			61
2004	1,529			106
2005	812	201	25%	74
2006	594	83	14%	75
2007	905	197	22%	68
2008	699	133	19%	50
2009	431	107	25%	43
2010	924	107	12%	60
2011	588	91	15%	37
2012	590	72	12%	66
Total	5,543	991	18%	
Avg	693			
Change 2012/2005:		-64%	-51%	-11%

Note: Total is 2005 to 2012.


