

Bulletin 238

FILING PROCEDURES FOR PROPERTY/CASUALTY

FORMS, RATES, AND RULES

Property and casualty filings are governed by the following provisions of the Insurance Code:

- * Title 24-A MRSA § 2304-A requires the filing of every manual rate, minimum premium, class rate, rating schedule, plan or rule and every modification of these proposed for use.
- * Title 24-A MRSA § 2382-C requires the filing of workers' compensation insurance premium rates.
- * Title 24-A MRSA § 2302(2) specifies those lines of insurance not subject to rate review.
- * Title 24-A MRSA § 2412(1) requires the filing of each basic insurance policy, application, endorsement, or renewal form proposed for use, unless otherwise filed on an insurer's behalf by an advisory organization. This section also identifies specific lines of insurance exempt from the filing requirement.
- * Title 24-A MRSA § 2938-A requires the filing of underwriting rules pertaining to mass marketing plans.
- * Title 24-A MRSA § 2441 sets standards for policy form readability. Section 2439(2) identifies the policy forms subject to the requirements of § 2441.

Additionally, pursuant to the aforementioned provisions of law, filings must be made not less than 30 days in advance of a stated effective date, and any proposed modifications to approved filings must be filed for approval.

This bulletin sets forth new procedures applicable to property and casualty filings made with the Maine Bureau of Insurance (the Bureau) by an insurer, a group of affiliated insurers, an underwriting organization or an advisory organization (the filer). The purpose of this change is to streamline procedures and eliminate much of the unnecessary material currently being filed. The Bureau anticipates the new procedures will permit the Bureau to respond more quickly to filing questions and information requests. The new procedures are detailed below and apply to all filings not subject to conflicting requirements specified by law or regulation. Note that the cover or transmittal letter used to submit a filing is part of the filing made and will be referred to as "the cover letter." The subject or caption lines of the cover letter will be referred to as "the subject lines."

Filing Procedures

1. Each filing that is received by the Bureau will be assigned a unique identification number (the file tracking number) for the purpose of identifying that filing in the future. The file tracking number must be used on all correspondence relating to that particular filing and must be indicated on the subject lines of all subsequent correspondence.
2. Rates/loss costs and rules may be combined as a single filing; however, forms must be filed separately. To facilitate cross-referencing, if related rate/rule and form filings are made at the same or similar times, the fact must be noted on the cover letter for each related filing. Since the filings may be handled by different analysts within the Bureau, this change will allow for more efficient review.
3. Filings made by consultants or managing general agents on an insurer's behalf must include a letter from an officer of the insurance company authorizing the filer to make the filing.
4. Each filing must include a cover letter and be addressed to:

Superintendent of Insurance Express Delivery Address:
Property/Casualty Division 124 Northern Avenue
Maine Bureau of Insurance Gardiner, ME 04345
34 State House Station
Augusta, ME 04333-0034

5. A Bureau of Insurance Property/Casualty Filing Transmittal Form must be attached to the cover letter, containing the following information:

(a) The NAIC Group number (3 digits), the NAIC Company number (5 digits) and the name of the company or companies making the filing. This requirement does not apply to advisory organizations;

(b) The type of filing (rate, loss cost, rule, form, etc.);

(c) The line of business to which the filing applies;

(d) The name of the program to which the filing applies;

(e) If a form, the form number, edition date, and name of the form;

(f) The company's code number for the filing, if any;

(g) The program name and file tracking number of any filing being replaced.

(h) The annual statement line of business which will be used to report the experience related to the filing.

6. The following guidelines must be adhered to in preparing the cover letter and transmittal form.

(a) The effective date desired for the filing. Bear in mind that the Bureau does not approve filings retroactively. Hence, this effective date must factor in enough mailing time, which can be up to seven days (both for your filing to the Bureau and our response to you) and the full deemer or review period. The "deemer" or "deemed" period, the time allowed by statute to review form filings, begins the day the Bureau receives the filing. Rate and rule filings become effective a minimum of 30 days after receipt by the Bureau. Following that period, a filing is considered approved or effective by statute unless it has been disapproved, suspended, or responses to questions are not received in the time period allowed, in which case the filing may not be implemented. In no event may a filing be considered to be approved or effective during the 30 day period following receipt by the Bureau. Implementing a filing on an effective date before the filing is approved or effective may subject the filer to disciplinary action for violations of the Maine Insurance Code. Filings which are deemed to be approved or considered to be in effect may still be subject to change at the Bureau's request in order to bring rates/coverages into compliance with applicable laws. If the requested effective date is before the date the filing is approved, the date of approval becomes the effective date. Refer to Section 7(a) of this Bulletin for further information on the suspension of the review period.

(b) A statement of whether or not the filing is a replacement of a previous filing or replaces that of a prior insurer. If so, the prior filing should be explicitly identified, using the Bureau's file tracking number, if available, and the effective date of the prior filing. Changes should be clearly identified. In the case of a form filing, include a marked-up copy of the form showing new material underlined. Deleted material should be identified with strike through (example: ~~deleted material~~) or [brackets]. Obsolete or replaced pages or forms should be listed to facilitate removal from our files.

(c) The name and telephone number of the person to contact in case of questions regarding the filing. Toll-free telephone numbers are preferable, but if these are not available the company should provide numbers at which the contact persons can be reached by calling collect.

(d) Filings should be original, printed pages. If photocopies are submitted they must be fully legible.

(e) The annual statement line of business which will be used to report the experience related to the filing on page 14 of the annual statement. In some cases, this may be different from the "line of business" mentioned above. For example, a company may report its property experience under fire, commercial multi-peril, homeowners, etc.

(f) If the filing is an adoption of or contains material from an advisory organization reference filing, the reference filing number and the effective date in Maine must be included. Any variations from the reference filing must be clearly identified.

(g) A brief description of the effect of the filing, and the changes that it is introducing. Rate/loss cost

filings must include a description of the overall rate impact.

(h) Filings of new programs or those which make changes to policy cancellation/non-renewal provisions must contain confirmation that the forms comply with all applicable Maine cancellation and non-renewal laws with specific statutory references.

7. A filing shall include four copies of the cover letter, a single copy of the filing materials and supporting documents, and two legal size self-addressed stamped envelopes.

(a) One copy of the cover letter will be date stamped upon arrival in the Bureau, and returned to the filer as evidence that the filing was received in the Bureau. The Bureau's file tracking number will be noted near the verification of receipt. The provisions of Title 24-A MRSA §§ 2304-A and 2412(2) may be applied based on the date stamped on the return copy, unless the review period has been suspended. The stamp will clearly indicate whether the review period has been suspended or the effective date has been extended.

(b) Responses to Bureau inquiries should include three copies of the response letter and an additional self-addressed stamped envelope.

(c) After review by the Bureau, if the filing is acceptable, the second copy of the cover letter will be stamped or marked "approved" or "acknowledged," as appropriate, and returned to the filer. These copies must be maintained by the filer for a period of 3 years from the date they are replaced or withdrawn.

(d) The third copy of the cover letter will be used by the Bureau to track the approved filing through the microfiche filing process.

(e) The fourth copy of the cover letter, filings materials and supporting documents will remain on file with the Bureau according to its retention schedule.

8. It is acceptable for affiliated companies making substantially similar filings at the same time to make a single filing with each company's name on the cover letter. If affiliated companies choose to make a separate filing for each company requesting the change, this fact must be clearly noted on each cover letter to avoid confusion. The filing made by the group of affiliated companies need not be identical for each company in the group, however, any differences (e.g., rate variations) shall be clearly stated in the cover letter. No additional further copies of the cover letter are required for group filings.

9. The use of a group letterhead is acceptable. However, the company(ies) to which the correspondence applies must be clearly stated on the subject lines of the cover letter.

10. Rate/loss cost filings must include the following information:

(a) Earned premium and incurred loss experience. Premium and loss experience, both countrywide and specifically for Maine, excepting only where this is not available, in which case a full explanation should be submitted. Premium and loss experience must be shown separately for each year in the experience period used, as well as in the aggregate. The Bureau may require up to five years of premium and loss experience data. If the filing is made for more than one company, the experience of the different companies may be combined, so long as the combined experience is identified as such.

(b) Expense information, both countrywide and, where possible specifically for Maine. This expense information must be broken out in comparable detail to the expense groups shown on Part II of the Insurance Expense Exhibit, and an explanation of any investment income consideration in the profit provision must be provided. If loss adjustment expenses are included in the loss experience, this fact must be clearly identified.

(c) An explanation of the actuarial methodology used in developing the indicated rate change. This must include a description of any trending or credibility procedures used, as well as the role of judgement in the formulation of the final rate proposal.

(d) Any other information which the company considers relevant.

11. Loss cost filings: All filings by a member or a subscriber of an advisory organization which aim to modify the advisory organization's filed and approved loss cost for a line of business by applying a loss

cost multiplier must include completed copies of the Bureau's loss cost multiplier forms. Explanations should be provided regarding any unusual items contained in the filing. Loss cost filings must include the advisory organization filing reference number. Circular numbers are not acceptable. For more information regarding the filing of loss costs multipliers, see Bureau Bulletin # 176. Additional information on loss cost and rate filing procedures for workers' compensation insurance can be found in Bureau Bulletin # 235.

12. The Bureau may require additional information in support of a particular filing.

13. Please refer to Bureau of Insurance Rule Chapter 410 for microfiche filing requirements.

14. Please refer to Title 24-A MRSA § 601 and Bureau of Insurance Bulletin # 231 for information on filing fees.

Questions on the filing procedures described in this Bulletin should be directed to staff of the Property/Casualty Division at 207-624-8475.

These procedures take effect on January 1, 1995.

Dated: _____

Brian K. Atchinson
Superintendent of Insurance

MAINE BUREAU OF INSURANCE PROPERTY/CASUALTY DIVISION FILING TRANSMITTAL FORM 1.

COMPANY NAME: _____ 2. NAIC
CODE: _____ 3.

ADDRESS: _____
_____ 4. TYPE OF FILING

(Check all that apply): Loss Cost _____ Rate _____ Rule _____ Form _____ 5. LINE OF
INSURANCE: _____ 6. APPLICABLE

ANNUAL STATEMENT (PAGE 14) LINE OF BUSINESS: _____ 7. NAME
OF PROGRAM: _____ 8. FORM

NUMBER(S), NAME(S), AND EDITION DATE(S) Attach a list if space below is insufficient:

_____ 9. FORM

NUMBER(S), NAME(S) AND EDITION DATE(S) BEING REPLACED (INCLUDE BUREAU FILE TRACKING
NUMBERS WHERE POSSIBLE):

_____ 10.

COMPANY CODE NUMBER FOR THIS FILING: _____ 11.

PROPOSED EFFECTIVE DATE: _____ 12. IF
ADOPTING AN ADVISORY ORGANIZATION REFERENCE FILING LIST THE FILING REFERENCE NUMBER
AND THE EFFECTIVE DATE FOR THE STATE OF MAINE:

_____ 13. EFFECT

OF THE FILING, INCLUDING OVERALL RATE IMPACT IF APPLICABLE:

_____ 13. EFFECT

_____ 13. EFFECT

Date: _____ By: _____

Title: _____
Phone: _____ State House Station 34, Augusta,
Maine 04333 Telephone: (207) 624-8475 11/94 Ed.