

Maine Bureau of Insurance
Rate Filing Review Requirements Checklist
Individual Health Policies Subject to [Title 24-A M.R.S.A § 2736](#)
H02I, H03I, H07I, H08I, H09I, H10I, H11I, H13I, H14I, H16I.004, H17I, H19I, H20I
[Excludes [Medicare Supplement Policies](#), [Long Term Care Policies](#),
and All “Individual Health Plans” Subject to [Title 24-A, § 2736-C](#)
(i.e., H15I, H16I.005A, H16I.005B, H16I.005C, HOrg02I.005B, HOrg02I.005C)]

S E C T I O N	REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	SPECIFIC LOCATION OF COMPLIANCE IN FILING
A.	General Rate Filing Requirements: Separate Filings:	Rule 940, § 5. A. Rule 940, § 6. C.	<p>A rate filing must be submitted whenever a new policy, rider, or endorsement form that affects benefits is submitted for approval and whenever there is a change in the rates applicable to a previously approved form. Rates must be filed with a form filing rather than separately. The filing must be clearly identified as an individual rate filing.</p> <p>Individual rates must be filed separately from small group or large group rates. The Superintendent may request additional information as necessary.</p>	
B.	Electronic (SERFF) Filing Requirements:	Title 24-A, 2736, 1.	<p>Effective September 12, 2009, all filings must be filed electronically, using the NAIC System for Electronic Rate and Form Filing (SERFF). See http://www.serff.com.</p> <p>If the filing is found to be in compliance with the applicable requirements, the SERFF record will show the rates to be “Approved,” and the record will be closed.</p>	
C.	Additional Rate Filing Requirements:	Rule 940, § 5. C.	Every rate submission subject to Title 24-A, § 2736 must contain the following:	
	1. Carrier Information:	Rule 940, § 5. C. 1.	The name and address of the carrier, and the name, title, email address and direct phone number of the person responsible for the filing, must be provided in the SERFF “Filing Contact Information” section.	
	2. Scope and Purpose of Filing:	Rule 940, § 5. C. 2.	Specify whether this is a new form and rate filing, a rate revision, or a justification of an existing rate.	<i>Location, page:</i>

	3. Description of Benefits:	Rule 940, § 5. C. 3.	Include a brief description of the benefits provided by each policy form and any attached riders or endorsements.	<i>Location, page:</i>
	4. In-Force Business and annualized premium:	Rule 940, § 5. C. 4.	Provide the number of Maine policyholders or certificateholders who will be affected by the proposed rate revision and their annualized premium.	<i>Location, page:</i>
	5. Proposed Effective Date(s):	Rule 940, § 5. C. 5.	State the proposed effective date and method of implementation of the proposed rate (e.g., next anniversary or next premium due date).	<i>Location, page:</i>
	6. Confidentiality:	Title 24-A, 2736, 2.	Rate filings for individual health policies subject to Title 24-A, § 2736 and all supporting information are public records, except: (1) Protected health information required to be kept confidential by state or federal statute must be kept confidential, and (2) Descriptions of the amount and terms or conditions or reimbursement in a contract between an insurer and a 3 rd party may be kept confidential. Any confidential information should be clearly identified as described in the confidentiality protocol , available on the Bureau of Insurance website.	<i>Location, page, if applicable:</i>
D.	Submission Requirements, Individual Insurance Plans:	Rule 940, § 6.	This section applies to all individual health insurance rate filings. Individual health insurance plan rate filings must meet these requirements, unless the Superintendent determines that the requirement is not appropriate for a particular filing. Note: Pursuant to Title 24- §2701, 2.C. , Title 24-A, §2736 , §2736-A , §2736-B , and §2736-C apply to: (1) Association groups as defined by Title 24-A, §2805-A , except associations of employers; (1-A) Credit union groups as defined by Title 24-A §2807-A ; and (2) Other groups as defined by Title 24-A, §2808 , except employee leasing companies registered pursuant to Title 32, Chapter 125 .	
	1. Rate Filings must Accompany Form Filings:	Rule 940, § 6. A.	Every policy, rider, or endorsement form affecting benefits which is submitted for approval must be accompanied by a rate filing or, if the form does not require a change in the premium, the submission must include a complete explanation of the effect on the anticipated loss ratio. The rate filing must include all rates, rating formulas and revisions. Rates must be filed with the form rather than separately.	<i>Location, page:</i>
	2. Rate Revisions:	Rule 940, § 6. C.	If the filing is a rate revision, the reason for the revision must be stated.	<i>Location, page:</i>
	3. Separate Filings:	Rule 940, § 6. D.	As noted in “A,” above, individual rates must be filed separately from group rates. The SERFF document must clearly identify the filing as an “Individual Health Rate Filing.”	

4. 60-day Advance Filing Notice:	Rule 940, § 6. D.	The filing must be received by the Bureau at least 60 days before the implementation date unless the Superintendent waives this requirement pursuant to Title 24-A, §2736, 1.	
5. Non-compliant Filing:	Rule 940, § 6. D.	If the Bureau requests additional information or finds rates not to be in compliance, rates approved previously must continue to be used.	
6. Completeness and Timeliness of Filings:	Rule 940, § 6. E.	The filing must include sufficient supporting information to demonstrate that the rates are not excessive, inadequate, or unfairly discriminatory. Carriers are required to review their experience <i>no less frequently than annually</i> and to file rate revisions, upward or downward, as appropriate. Upward revisions must be filed in a timely manner to avoid the necessity of large increases.	
7. Limitation on the application of approved trend factor(s):	Rule 940, § 6. F.	If any rates will be automatically adjusted subsequent to the effective date of the filing based on a trend factor or other factor, this must be clearly disclosed in the filing. Automatic trend increases must be limited to one year from the effective date. No further automatic trend increases may be implemented unless a new filing is submitted and approved.	<i>Location, page, if applicable:</i>
8. Morbidity:	Rule 940, § 6. G. 1.	Describe and explain the morbidity basis for the form. Any substantive adjustments from the source or earlier assumptions must be explained. The morbidity assumed must be adequately justified by supporting data.	<i>Location, page:</i>
9. Mortality:	Rule 940, § 6. G. 2.	If applicable, the filing must state the mortality basis for the form, and any substantive adjustments from earlier assumptions must be explained.	<i>Location, page, if applicable:</i>
10. Issue Age Range:	Rule 940, § 6. G. 3.	Specify the issue age range of the form and whether premiums are on an issue age, attained age, or other basis.	<i>Location, page:</i>
11. Average Premium and Pre- and Post-Change Monthly Premiums:	Rule 940, § 6. G. 4.	Display the average annual premium per individual policy for both Maine and all states in which the form is or was sold. If a rate adjustment is proposed, <i>the filing must disclose the average percentage increase a policyholder will experience as well as the largest percentage increase that any in-force policy will receive.</i> The average increase must be determined by comparing the aggregate premium before and after the increase (assuming no lapses) for all policies affected by the rate adjustment. The maximum increase is the largest increase for an in-force policy, including changes due to trend, aging, and changes in demographic, area, and/or industry rating factors.	<i>Location, page:</i>
12. Medical Trend Assumptions:	Rule 940, § 6. G. 5	Provide the medical trend used <i>and the assumptions used to calculate the trend.</i>	<i>Location, page:</i>
13. Maine Experience on the Form (Past and Future Anticipated):	Rule 940, § 6. G. 6.	Carriers shall consider experience solely within the State of Maine in developing rates. However, if there is insufficient experience within Maine upon which a rate can be based, the carrier may use nationwide experience. In considering experience outside the State of Maine, as much weight as	<i>Location, page:</i>

			<p>possible must be given to Maine experience. If nationwide experience is used, premiums must be adjusted to the Maine rate level and, where appropriate, claims must be adjusted to Maine utilization and price levels. If premiums incorporate area factors that adjust for variations in utilization and price levels such that adjusting experience to Maine levels would result in the same percentage adjustment to both premiums and claims, then neither adjustment need be made. The carrier in its rate filing shall expressly show what geographic experience it is using. Experience from inception for each calendar year and, where appropriate, each policy year must be displayed, including the following information:</p> <ol style="list-style-type: none"> (1) Year (2) Collected premium (3) Earned premium (4) Paid claims (5) Paid loss ratio (6) Change in claim liability and reserve (7) Incurred claims (8) Incurred loss ratio (9) Expected incurred claims (10) Actual-to-expected claims (11) Active Life Reserves <p>For future years, columns (3), (7), and (8) must be displayed. For periods where the actual claim runoff is complete, that data must be displayed to replace (6).</p> <p>Past experience must be presented on both an actual basis and a constant premium basis.</p>	
	14. National Experience:	Rule 940, § 6. G. 7.	If national experience is considered in developing the rates, provide the same data as for “D. 13,” above, for all states in which the form is or was sold.	<i>Location, page:</i>
	15. History of Rate Adjustments:	Rule 940, § 6. G. 8.	List the approval dates and average percentage rate adjustments for the form both nationwide and in Maine since inception of the policy form.	<i>Location, page:</i>
	16. Renewability Clause:	Rule 940, § 6. G. 9.	Identify the renewability classification of the form.	<i>Location, page:</i>
	17. Minimum Loss Ratio:	Rule 940, § 6. G. 10.	State the expected minimum loss ratio determined according to Rule 940 §7 , and the anticipated future and lifetime loss ratios. <i>[See §§ D.23 & 24, below]</i>	<i>Location, page:</i>
	18. Rating Attributes:	Rule 940, § 6. G. 11.	State all the attributes upon which the premium rates vary. If the form is area-rated, a complete table of area factors for all states must be included.	<i>Location, page:</i>
	19. Marketing Method:	Rule 940, § 6. G. 12.	Provide a brief description of the market and the marketing method. Specify whether the form is still being sold and whether the filing applies only to new business, only to in-force business, or both, and the reasons therefor.	<i>Location, page:</i>

	20. Medical Underwriting:	Rule 940, § 6. G. 13.	Provide a description of the extent to which this product will be medically underwritten, if any, and the expected impact by duration and in total, on claim costs.	<i>Location, page:</i>
	21. Actuarial Certification, non-HMO Rate Filings:	Rule 940, § 6. G. 15.	In addition to the requirements of Rule 940 § 5 and, to the extent applicable, §§ 6 and 7, rate filings must include a certification by a qualified actuary that, to the best of the actuary's knowledge and judgment, the entire rate filing is in compliance with the applicable laws of the State of Maine and with the rules of the Bureau of Insurance. "Qualified actuary," as used herein, means a member in good standing of the American Academy of Actuaries.	<i>Location, page (non-HMO filings):</i>
	22. Actuarial Certification, HMO Rate Filings:	Rule 940, § 10.	In addition to the requirements of Rule 940 §5 and, to the extent applicable, §6 and §7, HMO rate filings must include a certification by a qualified actuary that the rates are not excessive, inadequate, or unfairly discriminatory, along with adequate supporting information. "Qualified actuary," as used herein, means a member in good standing of the American Academy of Actuaries.	<i>Location, page (HMO filings):</i>
	23. Minimum Required Loss Ratios:	Rule 940, § 7. B.	<p>Definitions. For the purposes of this Rule, the following definitions apply:</p> <p>1. Average Premium Per Policy, \$X: The average annual premium per policy shall be estimated by the carrier based on an anticipated distribution of business by all significant criteria having a price difference, such as age, sex, amount, dependent status, rider frequency, etc., but assuming an annual mode for all policies (i.e., the fractional premium loading shall not affect the average annual premium or anticipated loss ratio calculation). The value of X shall be determined for each calendar year of issue. It is calculated based on the pricing assumptions applicable to that calendar year of issue.</p> <p>2. Consumer Price Index Factor, I: The factor, I, is used to adjust the test for low and high average premiums to account for inflation. It is indexed to a value of 1.00 for 2010 and is defined as:</p> $I = \frac{\text{CPI-U, Year (N-1)}}{\text{CPI-U, (2009)}} = \frac{\text{CPI-U, Year (N-1)}}{215.969}$ <p>where:</p> <p>a. (N-1) is the calendar year immediately preceding the calendar year (N) in which the rate filing is submitted in the state;</p> <p>b. CPI-U is the consumer price index for all urban consumers, for all items, and for all regions of the U.S. combined, as determined by the U.S. Department of Labor, Bureau of Labor Statistics;</p>	<i>Location, page, if applicable:</i>

			<p>c. The CPI-U for any year (N-1) is taken as the value of September. For 2009, this value was 215.969;</p> <p>d. Hence, for rate filings submitted during calendar year 2010, the value of I is 1.00.</p> <p>3. Renewal Clauses:</p> <p>OR: Optionally Renewable: Renewal is at the option of the insurance company.</p> <p>CR: Conditionally Renewable: Renewal can be declined by class, by geographic area or for stated reasons other than deterioration of health.</p> <p>GR: Guaranteed Renewable: Renewal cannot be declined by the insurance company for any reason, but the insurance company can revise rates on a class basis.</p> <p>NC: Non-Cancelable: Renewal cannot be declined nor can rates be revised by the insurance company.</p>																				
24. New Forms:		Rule 940, 7. B.	<p>New Forms</p> <p>1. Except as provided in Section 11, with respect to a new form under which the average annual premium, \$X, is expected to be at least as large as I * \$550 but not more than I * \$3,300, benefits shall be deemed reasonable in relation to premiums provided the anticipated loss ratio is at least as great as shown in the following table:</p> <table border="1" data-bbox="913 901 1554 1039"> <thead> <tr> <th rowspan="2">Type of Coverage:</th> <th colspan="4">Renewal Clause</th> </tr> <tr> <th>OR</th> <th>CR</th> <th>GR</th> <th>NC</th> </tr> </thead> <tbody> <tr> <td>Medical Expense</td> <td>60%</td> <td>55%</td> <td>55%</td> <td>50%</td> </tr> <tr> <td>Loss of Income or Other</td> <td>60%</td> <td>55%</td> <td>50%</td> <td>45%</td> </tr> </tbody> </table> <p>2. Low Average Premium Forms: For a policy form, including riders and endorsements under which the expected average annual premium, \$X, per policy is less than I * \$550, the appropriate ratio from the table in paragraph 1 may be adjusted downward by the following formula:</p> $R' = R * \frac{(I * 1,100) + X}{(I * 1,650)}$ <p>where: R is the table ratio;</p> <ul style="list-style-type: none"> • R' is the resulting guideline ratio; • I is the consumer price index factor as defined in A above; and • X is the average annual premium defined in A above up to a maximum of I * 550. <p>In no event, however, shall R' be less than 45%.</p>	Type of Coverage:	Renewal Clause				OR	CR	GR	NC	Medical Expense	60%	55%	55%	50%	Loss of Income or Other	60%	55%	50%	45%	<i>Location, page, if applicable:</i>
Type of Coverage:	Renewal Clause																						
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			<p>3. High Average Premium Forms: For a policy form, including riders and endorsements, under which the expected average annual premium \$X, per policy is greater than I * \$3,300, the appropriate ratio from the table above must be adjusted upward by the following formula:</p> $R' = R * \frac{(I * 8,800) + X}{(I * 12,100)}$ <p>where: R is the table ratio</p> <ul style="list-style-type: none"> • R' is the resulting guideline ratio • I is the consumer price index factor as defined in A above • X is an average annual premium as defined in A above exceeding I * 3,300. <p>In no event, however, shall R' exceed 65%.</p>	
	25. Rate Revisions, No Longer Actively Marketed Blocks:	Rule 940, § 7. C. 1.	<p>If the form is no longer actively marketed, a statement must be included as to whether a similar form is actively marketed and, if so, a discussion of equity between the two forms, including a comparison of the benefits and premium rates, must also be included. Rates for individual policy forms for closed blocks should not significantly exceed rates for an open block unless the difference is justified by differences in benefits or other conditions, or unless the fact that renewal rates would exceed new business rates was disclosed at issue. The Superintendent may approve exceptions to this requirement if the enrollees are permitted to change to the new form and the Superintendent determines that the change would be in the best interest of the enrollees.</p>	<i>Location, page, if applicable:</i>
	26. Rate Revisions, Combination of Forms:	Rule 940, § 7. C. 2.	<p>When a block of business in force under a form no longer being sold has declined to a size such that the number of actual claims nationally in a twelve month period is less than two hundred, then the business under such form must be combined with other blocks of business in the same class, which are on a consistent rate basis, for rating and monitoring purposes. The Superintendent may approve exceptions to this requirement if the enrollees are permitted to change to a new form and the superintendent determines that the change would be in the best interest of the enrollees.</p>	
	27. Rate Revisions, Reasonableness of revised premiums for certain forms:	Rule 940, § 7. C. 3.	<p>Revised premiums other than those subject to Rule 940, § 11. will be presumed reasonable in relation to benefits if both the following loss ratios meet minimum standards as set forth in Rule 940, § 7. B.:</p> <ol style="list-style-type: none"> 1. An anticipated loss ratio calculated over the future lifetime of the form; 2. An anticipated loss ratio derived by dividing (i) by (ii) where <ul style="list-style-type: none"> (i) is the sum of the accumulated benefits from the original effective date of the form to the effective date of the revision, and the present value of future benefits, and 	<i>Location, page, if applicable:</i>

			<p>(ii) is the sum of the accumulated premiums from the original effective date of the form to the effective date of the revision and the present value of future premiums.</p> <p>The Superintendent may accept alternative demonstrations where appropriate, particularly for small blocks with no credible experience.</p>	
	28. Special Requirements for Large Blocks:	Rule 940, § 11.	<p>In addition to the requirements of Rule 940, § 5, and, to the extent applicable, § 6, § 7, § 8, § 9 and § 12, a rate filing or a group of related rate filings for individual policies or contracts covering or expected to cover more than two thousand (2,000) Maine residents is subject to the following:</p> <p>A. Expenses: Include a description of any expense assumptions used, including, for example, per policy and percentage of premium expense for acquisition, maintenance and commissions.</p> <p>B. Investment income: Include an estimate of investment income attributable to the affected policies and how it is reflected in the rates.</p>	<i>Location, page, if applicable:</i>
	29. Stand Alone Dental QHP's	Rule 940, § 12.	<p>Please provide the Actuarial Value of the plan and the methodology of its calculation. The AV and the methodology for calculating it must be certified by a qualified actuary. "Qualified actuary," as used herein, means a member in good standing of the American Academy of Actuaries.</p>	<i>Location, page, if applicable:</i>
	30. URRT Supplement Template		<p>All issuers required to submit a Rate Filing Justification and Unified Rate Review Template to the Health Insurance Oversight System shall also submit a completed URRT Supplement Template with their SERFF submission.</p> <p>URRT Supplement Template.xlsx</p>	<i>Location, page, if applicable:</i>
COMPLETED BY:			DATE:	Rev. 04/28/16