COMMONWEALTH OF KENTUCKY
OFFICE OF INSURANCE
Frankfort, Kentucky

ADVISORY OPINON

2008-04

The following Advisory Opinion is to advise the reader of the current position of the Kentucky Office of Insurance (the "Office") on the specified issue. The Advisory Opinion is not legally binding on either the Office or the reader.

TO: ALL PROPERTY & CASUALTY, MORTGAGE GUARANTY, TITLE, AND SURETY INSURERS

FROM: JOHN BURKHOLDER, ACTING EXECUTIVE DIRECTOR OF INSURANCE

RE: FORM, RATE, AND SUPPLEMENTARY RATING INFORMATION (RULE) FILINGS

DATE: May 2, 2008

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This Bulletin supersedes Bulletin 2001-3 regarding Property & Casualty Form, Rate and Rule filings.

The Kentucky Office of Insurance has now adopted the NAIC Uniform Transmittal Documents and the Uniform Lines of Business coding through amendments to administrative regulations 806 KAR 13:150 and 806 KAR 14:006. Detailed filing instructions are set out in the regulations.

The amended regulations became effective May 2, 2008. Please advise all appropriate employees about the amendments.

Electronic filings via SERFF, with fees submitted via EFT, are encouraged.

Filing Information:

1. Filing checklists are available on the website at http://doi.ppr.ky.gov.

2. Filing fees (see 806 KAR 4:010):
   - All form filings require a $5 filing fee, subject to the retaliatory fee schedule of the filing company's state of domicile.
   - Rate level revisions in a noncompetitive market or rate revisions subject to prior approval require a $100 filing fee, subject to the retaliatory fee schedule of the filing company's state of domicile.
   - Other rate filings require a $5 filing fee, subject to the retaliatory fee schedule of the filing company's state of domicile.
   - Filing fees shall be paid on a per-company basis.
   - A filing is not complete and will not be reviewed until the fee is received.

3. Forms:
   - All form filings require "prior approval."
   - All personal lines form filings shall certify compliance with the readability and intelligibility standards of KRS 304.14-420 through 304.14-450 and 806 KAR 14:121.

4. Rate filings by admitted carriers:
   - Rate and/or rule filings are required for all personal lines' filings, workers' compensation, and commercial lines designated by the executive director. As of the date of this document, the designated commercial lines are medical malpractice, credit, and automobile guaranty insurance. For these lines of business, rule filings include "supplementary rating information" filings and are also subject to the rate impact thresholds. Underwriting guidelines/rules' filings require a $5 filing fee. Rates are not required to be filed for other P&C lines of business, but periodic requests for rate information on non-designated lines may be made to monitor the marketplace for competitiveness.
   - For the required rate and/or rule filings, if the rate impact for any individual risk within a twelve month period of time, within the filed type of business, exceeds its threshold (25%, 15% for workers' comp), "prior approval" of the filing is required. The filing fee is $100, subject to the retaliatory fee schedule of the filing company's state of domicile. The threshold is a two-way limit-- those filings with increased impacts above the "+ threshold %" and those with larger decreases below the "- threshold %." Complete supporting information is required with the filing.
   - Other required rate and/or rule filings with impacts less than the specified threshold are "use & file no later than 15 days after becoming effective" and require a $5 filing fee, subject to the retaliatory fee schedule of the filing company's state of domicile.
   - Title rates are "File & Use". Title rates shall not be excessive, inadequate, or unfairly discriminatory. Supporting information should be provided to demonstrate this standard is met.
   - Homeowner and Personal Auto premium comparison information must be submitted electronically via eServices.

5. Supplementary rating information (Rules) filings by admitted carriers for all lines:
   - All supplementary rating information shall be filed not later than 15 days after they become effective. Manuals, rules, and guidelines must be adhered to until amended.

6. Rate and Supplementary rating information (Rules) for all lines' filings by advisory organizations:
   - All advisory loss costs' filings require "prior approval" and a $100 filing fee; rule filings that result in a rating impact also require "prior approval" and a $100 filing fee. Other rule filings which only contain editorial revisions that do not impact the premium determination require "prior approval" but require only a $5 filing fee. Form filings require "prior approval" and a $5 filing fee.
   - A "blanket reference" (written notice that the insurer is adopting by reference all of the current and future modules that the advisory organization files on its behalf) submission made on behalf of a member company should be accompanied by a $5 filing fee as well.

7. Insurer use of Advisory Organizations, Statistical Agents or Forms Providers (AO):
   - Blanket reference of AO products may be made by either giving such authorization to the AO who will make a filing, or by filing a blanket reference adoption.
   - Effective dates may be changed by letter (no filing required).
   - Non-adoption notices must be filed.
   - Some advisory loss costs include loss adjustment expenses. Each insurer must review the AO filings carefully and calculate their Loss Cost Multiplier (LCM) appropriately.

This Bulletin and the statutes, administrative regulations, and forms referred to are available on the KOI website, http://doi.ppr.ky.gov. Any questions should be directed to Robin Coombs, Assistant Director, Property & Casualty Division, at (502) 564-6046 x 4294 or Robin.Coombs@ky.gov.

John Burkholder, Acting Executive Director
Kentucky Office of Insurance

On this 1st day of May, 2008.