

APCIA COMMENTS

August 19, 2020

Sara Robben
Statistical Advisor
NAIC Central Office
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

VIA Electronic Mail: srobben@naic.org

RE: Consumer Disclosures regarding Significant Premium Increases for Property and
 Casualty Insurance Products

Dear Ms. Robben:

The American Property Casualty Insurance Association (APCIA)¹ appreciates the opportunity to provide comments on the National Association of Insurance Commissioners (NAIC) Transparency and Readability (C) Working Group's discussions during the Summer National Meeting regarding consumer disclosures related to significant premium increases for property and casualty insurance products.

APCIA understands that the Working Group will be collecting and compiling information from states regarding processes they already have in place, and wants to provide feedback on those processes. It is our understanding that these initial discussions are focused on personal lines policies. If this is not the case, there should be carve-outs for commercial lines, particularly for large, sophisticated policyholders.

Currently, requirements for policyholder notices regarding premium increases are quite varied and consistency would be welcomed. APCIA believes it is important to have a consistent definition of "significant premium increase" and that such a definition should contain a percentage increase of premium that triggers the requirement to issue any notice or disclosure. APCIA suggests an initial trigger of a 25% increase in premium.

To ensure the greatest operational efficiency for companies, APCIA suggests that any disclosure developed be relatively generic in content rather than requiring granular specificity for individual policyholders. Consumer-specific detail requirements would not allow for automation of processes at the companies. In addition, it is important that any disclosure or notice not hinder innovation by insurers. There needs to be enough flexibility to accommodate future innovations.

¹ The American Property Casualty Insurance Association (APCIA) is the primary national trade association for home, auto, and business insurers. APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers, with a legacy dating back 150 years. APCIA members represent all sizes, structures, and regions-protecting families, communities, and businesses in the U.S. and across the globe.

Thank you for the opportunity to provide comments. APCIA looks forward to working with you on this issue going forward. If you have any questions or would like to discuss any of our comments further, please let us know.

Respectfully Submitted,



Lisa Brown
Sr. Director, Market Conduct and Counsel

COLORADO

DEPARTMENT OF REGULATORY AGENCIES

Division of Insurance

3 CCR 702-5

PROPERTY AND CASUALTY

Amended Regulation 5-2-12

CONCERNING AUTOMOBILE INSURANCE CONSUMER PROTECTIONS

Section 1	Authority
Section 2	Scope and Purpose
Section 3	Applicability
Section 4	Definitions
Section 5	Rules
Section 6	Severability
Section 7	Enforcement
Section 8	Effective Date
Section 9	History

Section 1 Authority

This Regulation is promulgated by the Commissioner of Insurance (Commissioner) under the authority of §§ 10-1-109, 10-4-601.5, 10-4-625 and 10-4-628(4), C.R.S.

Section 2 Scope and Purpose

The purpose of this regulation is to interpret and implement the provisions of Part 6 of Article 4 of Title 10 of the Colorado Revised Statutes. In addition, this regulation provides rules governing the rejection of coverage, cancellation, nonrenewal, increase in premium, and reduction in coverage on complying policies of automobile insurance.

Section 3 Applicability

This regulation shall apply to all insurers that issue or renew automobile coverage pursuant to Part 6 of Article 4 of Title 10 of the Colorado Revised Statutes.

Section 4 Definitions

- A. "Complying policy" shall have the same meaning as in § 10-4-601(2), C.R.S.
- B. "Distinct" shall mean, for the purposes of this regulation, a notice sent in accordance with § 10-4-629(2), C.R.S. that is recognizably different from similar policy forms or notices delivered to the insured.
- C. "Incident" shall mean an event or occurrence that results in an at-fault accident or motor vehicle conviction. An accident resulting in a motor vehicle conviction shall be treated as a single incident.
- D. "Insured" shall have the same meaning as § 10-4-601(5), C.R.S.

- E. "Increase in Premium" shall mean, for the purpose of a notice subject to § 10-4-629, C.R.S., other than a general rate increase filed with the Commissioner, the result of an at-fault accident, a motor vehicle conviction or an adverse change in credit information.
- F. "Motor vehicle conviction" shall mean an adjudication of guilt to a traffic offense, whether based upon a trial resulting in conviction or a plea of guilty or no contest to the original charge or to a reduced charge.
- G. "Prominently display" shall mean using bold characters, underlining, italicizing, larger font, or some other means of ensuring the information is distinct and easily recognized by the recipient of the document.
- H. "Quarterly premium payment" shall mean one fourth (1/4) of the gross annual premium plus additional service charges, if any, for policies written for a term of one year or longer, or one half (1/2) of the gross six months premium, plus additional service charges, if any, for policies written for a six-month term.
- I. "Usage based insurance" shall mean a rating structure that is based, in whole or in part, on the electronic accumulation of data through a device installed in a motor vehicle in which an individual's daily driving habits are used to determine a premium rate in accordance with a rating plan that has been filed with the Division of Insurance (Division).
- J. "Week" shall mean any seven (7) consecutive calendar days.

Section 5 Rules

- A. Installment Premium Payments.
 - 1. Each insurer continuing private passenger motor vehicle insurance coverage shall offer, for persons who are required to purchase insurance under Part 6 of Title 10, Article 4, C.R.S., a quarterly premium payment plan. An insurer providing a plan for payments of premium on a basis that is more frequent than quarterly, need not also provide a quarterly payment plan.
 - 2. Each insurer shall file rules, methods or procedures to provide an installment premium payment plan and payment by automatic electronic transfer in compliance with § 10-4-119, C.R.S.
 - 3. An insurer's premium payment plan that is more frequent than quarterly may provide for payments of an advance deposit premium not greater than one month's premium.
 - 4. Services and/or installment charges shall be based on actual expenses incurred by the insurer for billing process. Rate filings may be submitted, including a factor of increase supportive of short term billing procedures. (For example, annual premium x 26.5% = quarterly billing; or, annual premium x 9% = monthly billing.) Such charges may all be made on the first billing or distributed over each premium due date.
 - 5. Any other payment mode, which is at least as beneficial as the quarterly payment plan referred to above, will be considered. Finance organizations, such as subsidiaries of the insurer, bank financing, or credit card services, are considered qualifying when written agreements between the insurer and the finance organization provide for installment plans to always be available to offer to the policyholders.
 - 6. The installment premium due notice, except for monthly payments, shall be sent to the named insured and others known to the insurer as having moneys held in trust for the payment of automobile insurance premiums, at least twenty (20) calendar days prior to

the actual due date. If the quarterly premium payment option is selected by an insured, each succeeding payment, after the initial premium due date, shall be at regular three-month intervals.

B. Rules Limiting Insurers' Action to Refuse to Write, Cancel, Nonrenew, Increase Premium, Surcharge, or Reduce Coverages.

1. Insurers shall not refuse to write, cancel, fail to renew, reclassify an insured under, rate a new applicant, reduce coverage under, or increase the premium for any complying policy based upon:
 - a. Not-at-fault accidents in accordance with § 10-4-628(1)(a), C.R.S.;
 - b. Claims paid under comprehensive coverage, unless the insurer can demonstrate that each loss was a result of an insured's negligent action.
 - c. Claims paid under medical payments or uninsured motorist coverage.
 - d. The previous producer no longer represents the company.
 - e. Blindness or specific physical disability, unless such classification is based upon expected risk of loss different from that of other individuals. Further, no insurer shall refuse to insure a vehicle solely because the vehicle is owned by a blind person.
 - f. Motor vehicle citations without convictions.
 - g. Existence of a physical impairment, unless the impairment is of a continuing nature, which has an adverse effect on the insured's ability to drive safely, and cannot be corrected by the use of medication or special equipment. In the event of a complaint by the insured, the insured shall have the burden of proving that the impairment does not have an adverse effect on the insured's ability to drive safely.
2. Insurers shall not increase premium, other than a general increase filed with the Commissioner of Insurance, cancel or fail to renew a complying policy based upon:
 - a. Payments made by insurers, without a good faith reasonable investigation to determine fault, unless the insured has admitted the reported accident was his or her fault and the evidence of admission of fault is provided. A reasonable fault investigation to support the insurer's intended action shall include, at a minimum, when available:
 - (1) Statements (oral, telephonic recordings or written) from all parties involved in the accident and all known eyewitnesses. A statement shall be deemed unavailable when the insured, other party in the accident or eyewitness refuses to give or sign the statement.
 - (2) Copies of all loss, accident, and police reports.
 - b. The use of a single accident resulting in payment of less than \$1,000, unless the insurer has elected to file with the Division a rating plan such as a Safe Driver Plan, an Accident Surcharge Plan, etc., which includes statistical data justifying the use of a lesser threshold. The filing of such a rating plan shall not exempt the insurer from sending a notice of Increase in Premium required by this regulation

for an at-fault accident, moving violation conviction and/or adverse change in credit information.

- c. The use of an individual's driving and/or loss record, while a resident of the household, if a driver exclusion offer has been made and the driver is excluded from coverage in compliance with § 10-4-630, C.R.S.
 - d. Claims paid under towing and labor coverage.
3. Insurers shall not fail to renew a complying policy based upon:
- a. The use of one (1) motor vehicle conviction resulting in less than eight (8) points assessed under the Colorado Motor Vehicle Point Assessment system or points assessed by another state.
 - b. The use of one (1) motor vehicle accident, whether or not payment is made, unless a motor vehicle conviction of eight (8) points or more, assessed under the Colorado motor vehicle point assessment system, or points assessed by another state, resulted from the accident.

As used in this subsection, a conviction, accident, or payment made for the same occurrence shall be considered as one incident.

4. During an investigation of a complaint, market conduct surveillance, or market conduct examination of an intended action under a complying policy the Division will apply the following standards:
- a. If the insurer bases its action upon the fact that an insured has had an incident that resulted in payment under the policy and/or a motor vehicle conviction, the insurer may base its action on incidents that occurred during the thirty-six (36) month period immediately preceding the date of the intended action for that individual insured under the policy.

However, in case of nonrenewals, increase in premiums, or reduction in coverage, in order to take action upon incidents occurring during this thirty-six (36) month period, at least one (1) incident must have occurred during the fifteen (15) month period immediately preceding the next renewal date.
 - b. Surcharge or merit rating changes may be applied to a newly added driver if, at the time the driver is added, the insurer is aware of an incident subject to an increase in premium. If the surcharge or merit rating change is made on the policy renewal date, the insurer shall send the notice required by § 10-4-629(2), C.R.S.
 - c. An insurer may cancel a newly issued policy that has been in effect less than sixty (60) calendar days at the time notice of cancellation is sent by the insurer. Any such notice of cancellation may not be based on any of the prohibited reasons listed in §§ 10-4-626 through 10-4-629, C.R.S.
 - (1) Notice requirements for such cancellations are governed by policy termination provisions. The notice shall be mailed or delivered at least ten (10) calendar days prior to the cancellation effective date.
 - (2) Whenever the insurer chooses to cancel a policy, the earned premium shall be determined on a pro-rata basis, including cancellation for nonpayment of premium.

- d. An insurer may not rescind (i.e., cancel retroactively) or void a policy of insurance affording the coverages required by §§ 10-4-609, 10-4-620, and 10-4-621, C.R.S., except in cases of fraud, as defined in § 10-1-128, C.R.S., or if the insurer does not receive appropriate premium payment (i.e. insufficient funds) for the policy at the time of application.
5. Notice of intended actions.
- a. A notice to cancel, nonrenew, increase the premium or reduce coverage under a private passenger motor vehicle insurance policy shall state the actual reason for such action. The notice required by § 10-4-629(2), C.R.S. shall be distinct from any other information delivered to the insured, but may be sent with other insurance documents. The notice shall include a statement of reasons that are clear and specific so that a person of average intelligence can understand the reasons for the insurer's decision without making further inquiry.
 - (1) The insurer shall clearly describe or quote its underwriting rule, policy or guideline that is the basis for the intended action.
 - (2) If any one individual in the household has an incident that is subject to an insurer's adverse action a notice of intended action is required to be sent for any policy that would realize an adverse impact from the intended action. The use of a household rating plan does not exempt an insurer from the notice requirements.
 - (3) A simple recitation of dates and incidents, without specific detail, is not acceptable. With regard to an at-fault accident, the notice shall include the driver's name, date of loss, total amount of the claim payment and a description of the loss.
 - (4) The requirements of this Section 5.B.5.a. apply to all policies including policies in which there is only one driver in the household.
 - b. Insurers intending to cancel, nonrenew, increase premium or reduce coverage shall prominently display the insured's right to submit a complaint to the Division. The following information shall be prominently displayed on the notice form:

If you have concerns regarding this intended action, you have the right to file a complaint with the Colorado Division of Insurance. Complaints may be submitted through the mail or electronically. Please contact [your producer, (agent) or the company at (phone number)], for further information.
 - c. In accordance with § 10-4-630(1), C.R.S., the insurer shall, in lieu of cancellation, nonrenewal or increase in premium, offer to continue or renew the insurance but exclude from coverage the named insured or other person whose claim experience or driving record justifies the intended action. This Section 5.B.5.c. is not applicable to actions taken based on adverse credit information.
 - d. The fact that an insured has submitted a complaint shall not negate the insurer's obligation under §§ 10-4-629(2) and 10-4-630, C.R.S., to offer the insured the right to exclude a household member.
 - e. For the purposes of this Section 5.B.5., a notice of intended action is not required if the increase in premium is strictly the result of an insured's voluntary enrollment in a usage based insurance rating program.

- f. If an increase in premium is the result of a combination of usage based insurance rating and any adverse activity that is otherwise subject to this regulation, a notice of intended action is required.

Section 6 Severability

If any provision of this regulation or the application of it to any person or circumstance is for any reason held to be invalid, the remainder of this regulation shall not be affected.

Section 7 Enforcement

Noncompliance with this regulation may result in the imposition of any of the sanctions made available in the Colorado statutes pertaining to the business of insurance, or other laws, which include the imposition of civil penalties, issuance of cease and desist orders, and/or suspensions or revocation of license, subject to the requirements of due process.

Section 8 Effective Date

This regulation is effective January 1, 2020.

Section 9 History

Originally issued effective February 1, 2004.
Amended regulation effective December 1, 2004.
Amended regulation effective January 1, 2007.
Amended regulation effective August 1, 2007.
Amended regulation effective September 1, 2009.
Amended regulation effective January 1, 2011.
Repealed and repromulgated effective November 1, 2012.
Amended regulation effective January 1, 2020.

DEPARTMENT OF REGULATORY AGENCIES

Division of Insurance

3 CCR 702-5

PROPERTY AND CASUALTY

Amended Regulation 5-2-16

DISCLOSURE REQUIREMENTS FOR PRIVATE PASSENGER AUTOMOBILE POLICIES

Section 1	Authority
Section 2	Scope and Purpose
Section 3	Applicability
Section 4	Definitions
Section 5	Rules
Section 6	Severability
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Section 8	Effective Date
Section 9	History

Section 1 Authority

This regulation is promulgated and adopted by the Commissioner of Insurance under the authority of §§ 10-1-109, 10-4-111(5), 10-4-601.5, 10-4-636, and 10-4-641(1), C.R.S.

Section 2 Scope and Purpose

The purpose of this regulation is to interpret and implement the provisions of §§ 10-4-111(1) and (5) and 10-4-636, of the Colorado Revised Statutes, to provide summary disclosure requirements and the summary disclosure form for private passenger automobile insurance.

Section 3 Applicability

This regulation shall apply to all licensed insurers and producers in Colorado issuing or renewing private passenger automobile policies pursuant to Part 6 of Article 4 of Title 10 of the Colorado Revised Statutes.

Section 4 Definitions

- A. "Adequate Evidence" shall have the same meaning as set forth in § 10-4-636(3)(b), C.R.S.
- B. "Automobile" for the purposes of this regulation and summary disclosure shall include motorcycles, motor vehicles and low-powered scooters as defined in §§ 10-4-601(6) and 42-1-102(48.5) (55) and (58), C.R.S.
- C. "Initial Insurance Purchase" means, for the purposes of this regulation, when the application for insurance is submitted and payment is made to the insurer or producer.
- D. "Optional or Enhanced Coverages" means, for the purposes of this regulation, those coverages that will result in an increased premium to an insured's policy, and for which the express consent

of the insured is required, but does not include uninsured or underinsured motorist coverage or medical payments coverage.

- E. “Summary Disclosure Form” means, for the purposes of this regulation, the form that contains an explanation of the major coverages and exclusions of an insurer’s automobile insurance policy, together with a recitation of general factors considered in cancellation, nonrenewal and increase-in-premium situations.

Section 5 Rules

A. Summary Disclosure Form

1. The summary disclosure form shall provide notice in bold face letters that the policyholder should read the policy for complete details and that such summary disclosure form shall not be construed to replace any provision of the policy itself.
2. Insurers and producers shall use the attached summary disclosure form. Insurers may only modify the form to provide additional information and/or clarification.
3. Insurers’ summary disclosure forms filed with the Colorado Division of Insurance (Division) shall be open for public inspection.
 - a. Every insurer shall update and file with the Division the summary disclosure form to reflect any changes in major coverages and exclusions of such policies of insurance and changes in factors considered in cancellation, nonrenewal and increase-in-premium situations.
 - b. Insurers shall include a side-by-side comparison with proposed changes identified by strikethroughs and highlighted text. Insurers shall also include a clean, final version of the form.

B. Disclosure Requirements

1. A licensed insurer or producer writing automobile insurance coverage must provide the summary disclosure form to applicants for insurance coverage, at the time of the initial insurance purchase and thereafter on any renewal when there are changes in major coverages and exclusions or changes in factors considered in cancellation, nonrenewal and increase-in-premium situations.
2. The summary disclosure form must be delivered to the applicant at the time of the initial insurance purchase (or renewal when applicable). The summary disclosure form may be delivered in the following manner: through the insurer or producer’s internet web site; by hand-delivery, facsimile or e-mail to the applicant; or if none of the foregoing modes of delivery are available, by placing a copy of the form in the mail to the applicant within 48 hours of purchase.
3. The summary disclosure form is a required form. If there is a dispute after inception of the policy regarding whether the summary disclosure form was provided at the time of the initial purchase of the policy (or renewal when applicable), the insurer or producer must be able to provide evidence that the summary disclosure form was provided to the applicant or insured, otherwise the presumption will be that the summary disclosure form was not provided to the applicant or insured.

4. An explanation of medical payments coverage is required in the summary disclosure form. The insurer must issue policies with \$5000 medical payments coverage unless its insured rejects such coverage in writing or in the same medium in which the application for the policy was taken. Nothing in this section shall prohibit the insurer from offering higher medical payments limits.
5. The disclosure requirements outlined in this regulation do not apply to policies insuring exempt commercial policyholders as defined in §§ 10-4-1401, et seq., C.R.S.
6. The disclosure requirements outlined in this regulation apply to automobiles as defined in Section 4.B. of this regulation.

C. Additional Disclosure Requirements

1. An insurer must provide a clear explanation to the insured regarding:
 - a. The products purchased;
 - b. The amount of coverage purchased; and
 - c. How the determination of fault in an automobile accident affects the applicability of coverage.
2. The additional disclosure requirements outlined in Section 5.C.1.a. and b. above may be satisfied by including the information in the declarations page of the policy.
3. The additional disclosure requirement outlined in Section 5.C.1.c. above shall be satisfied through the issuance of the summary disclosure form referenced in Section 5.A. of this regulation.

D. Optional and Enhanced Coverages

1. An insurer or producer shall not automatically add optional or enhanced coverages that will result in an increased premium to an insured's policy without the express consent of the insured.
2. The consent of the insured may be provided in the same medium in which the policy is offered. The insurer or producer shall maintain adequate evidence of the insured's consent for at least three years. Such evidence shall be subject to review by the commissioner.
3. An insurer or producer must record whether the optional or enhanced coverage added for an increased premium was requested by the insured or recommended by the insurer or producer and consented to by the insured.

Section 6 Severability

If any provision of this regulation or the application of it to any person or circumstance is for any reason held to be invalid, the remainder of this regulation shall not be affected.

Section 7 Enforcement

Noncompliance with this regulation may result in the imposition of any of the sanctions made available in the Colorado statutes pertaining to the business of insurance, or other laws, which include the imposition of civil penalties, issuance of cease and desist orders, and/or suspensions or revocation of license, subject to the requirements of due process.

Section 8 Effective Date

This regulation shall become effective April 1, 2018.

Section 9 History

New regulation effective January 1, 2007.
Amended regulation effective January 1, 2008.
Amended regulation effective January 1, 2009.
Amended regulation effective January 1, 2012
Amended regulation effective April 1, 2018

COLORADO PRIVATE PASSENGER AUTOMOBILE INSURANCE

SUMMARY DISCLOSURE FORM

This summary disclosure form is a basic guide to the major coverages and exclusions in your policy. It is a general description. It is not a policy of any kind. All coverage is subject to the terms, conditions, and exclusions of your policy and all applicable endorsements.

PLEASE READ YOUR POLICY FOR COMPLETE DETAILS. THIS SUMMARY DISCLOSURE FORM SHALL NOT BE CONSTRUED TO REPLACE ANY PROVISION OF THE POLICY ITSELF.

Complete details include, but are not limited to, information on the method we use to calculate your unearned premium (e.g., pro rata or short rate), if you should cancel your policy before the next renewal. This summary disclosure form also provides some of the factors considered for cancellation, nonrenewal and increase-in-premium. These factors are general in nature. They do not represent the only reasons a policy may be cancelled or changed. Please contact us or your agent for further information.

Unless you have purchased the appropriate endorsement, your policy excludes coverage for livery conveyance. If you are a driver for a transportation network company please verify you have purchased appropriate coverage.

I. REQUIRED COVERAGE - Liability

Colorado law requires you to have liability coverage on your automobile. This coverage pays bodily injury to another person and property damage to another's property that are the result of an accident in which you are found to be at fault.

Coverage is not provided for any automobile owned by you or a resident relative that is not insured for liability under your policy. There is no coverage for intentional acts.

Please read your policy for other conditions and exclusions.

II. OTHER COVERAGES

A. Uninsured and Underinsured Motorist Coverage

Uninsured and underinsured motorist coverage will be included in your policy unless you reject it in writing.

Uninsured Motorist coverage pays for your bodily injury damages that are the result of a not at fault accident with an uninsured or hit and run driver.

Underinsured Motorist coverage pays for your bodily injury damages that are the result of a not at fault accident with an underinsured driver. A motorist is considered underinsured if his or her liability coverage is not enough to pay the full amount you are legally allowed to recover as damages.

Please read your policy for other conditions and exclusions.

B. Physical Damage Coverage – Collision and Comprehensive

You must be offered collision coverage.

Collision coverage pays for damage to your own automobile when it collides with another automobile or object. It also pays if your automobile overturns.

Comprehensive coverage pays for damage to your automobile from causes such as fire, theft, vandalism, hail, and falling objects.

Collision and comprehensive coverage may be written with a deductible. A deductible is that part of a loss you will pay. We will pay the balance of covered repairs subject to your policy provisions. A lender may require you purchase both collision and comprehensive coverage.

Unless you have purchased the appropriate endorsement, coverage does not apply to losses that occur while your automobile is rented or leased to others. There is no coverage for wear, tear, freezing, mechanical failure or breakdown, or road damage to tires.

Please read your policy for other conditions and exclusions.

C. Medical Payments Coverage

Medical payments coverage of \$5,000 will be included in your policy unless you reject it. You may reject the coverage in writing or in the same method in which you applied for the policy.

Medical payments coverage is not required to be offered on motorcycles, low-powered scooters, off-road vehicles or other miscellaneous vehicles.

Medical payments coverage pays for you and your passengers reasonable health care expenses incurred for bodily injury caused by an automobile accident.

If you are in an automobile accident, your medical payments coverage will pay before your health insurance coverage.

Medical payments coverage will apply toward health insurance coverage coinsurance or deductible amounts.

We must prioritize the payment of your benefits in a manner consistent with Colorado insurance law.

Injuries to you that are the result of an at-fault accident will not be paid, under an automobile insurance policy, unless medical payments coverage is purchased.

Please read your policy for other conditions and exclusions.

D. Uninsured Motorist Property Damage Coverage

This coverage pays for damages to your automobile caused by an at-fault owner of an uninsured automobile.

This is an optional coverage you can request if you do not have collision coverage on your automobile.

This coverage will not apply if the automobiles do not make physical contact.

This coverage only pays actual cash value of your automobile or cost of repair or replacement, whichever is less.

Please read your policy for other conditions and exclusions.

III. CANCELLATION, NONRENEWAL AND INCREASE IN PREMIUM

A. Cancellation

During the first 59 days we may cancel your policy for any reason not prohibited by law. After your policy has been in effect for more than 59 days, we may cancel your policy for any of the following reasons:

1. Nonpayment of policy premium; or
2. Knowingly making a false statement on your application for automobile insurance; or
3. A driver's license suspension or revocation; or

4. Knowingly and willfully making a false material statement on a claim under the policy.

B. Nonrenewal

We may choose to non-renew your policy. Some examples of reasons for nonrenewal include, but are not limited to:

1. An unacceptable number of traffic convictions;
2. An unacceptable number of at-fault accidents; or
3. Conviction of a major violation such as drunk driving or reckless driving.

C. Increase in Premium

We may increase your premiums. Some examples of reasons for increased premium include, but are not limited to:

1. Change of garage location of the automobile;
2. Change of automobile(s) insured;
3. Addition of a driver;
4. Change in use of your automobile;
5. A general rate increase. This results from the loss experience of a large group of policyholders rather than from a single policyholder. A general rate increase applies to everyone in the group, not just those who had a loss.

The above list of reasons is not all inclusive. There may be other changes that result in an increased premium.

We may add a surcharge or remove a discount because of an at-fault accident or traffic conviction. Under this circumstance you will receive a notice of your statutory right to file a complaint with the Colorado Division of Insurance.

Document: C.R.S. 10-4-629

C.R.S. 10-4-629

Copy Citation

The Colorado Constitution and Titles 1-7, 9-11, 14-15, 19, 20-21, 25.5, 27-28, 32-37, 41 and 43 have been updated and are current through all laws passed during the 2020 Legislative Session, subject to review by the Colorado Office of Legislative Legal Services. Other statutory titles are current through all laws passed during the 2019 Legislative Session and are in the process of being updated.

CO - Colorado Revised Statutes Annotated **TITLE 10. INSURANCE** **PROPERTY AND CASUALTY**
INSURANCE **ARTICLE 4. PROPERTY AND CASUALTY INSURANCE** **PART 6. AUTOMOBILE INSURANCE**
POLICY - REGULATIONS

10-4-629. Cancellation - renewal - reclassification

- (1)** Except in accordance with the provisions of this part 6, an insurer shall not cancel or fail to renew a policy of insurance that complies with this part 6, issued in this state, as to any resident of the household of the named insured, for any reason other than nonpayment of premium, or increase a premium for any coverage on any such policy unless the increase is part of a general increase in premiums filed with the commissioner and does not result from a reclassification of the insured, or reduce the coverage under any such policy unless the reduction is part of a general reduction in coverage filed with the commissioner or to satisfy the requirements of other sections of this part 6.
- (2)** An insurer intending to take an action subject to this section shall, on or before the thirtieth day before the effective date of the intended action, send written notice by United States mail of its intended action to the insured at the insured's last-known address. The insurer may include the notice of the intended action in the renewal documents, nonrenewal, or cancellation notice provided to the policyholder, as applicable. The notice must state in clear and specific terms, on a form for which the insurer has filed a certification with the commissioner that such notice form conforms to Colorado law and any rules promulgated by the commissioner:
- (a)** The proposed action to be taken, including, if the action is an increase in premium or reduction in coverage, the amount of increase and the type of coverage to which it is applicable or the type of coverage reduced and the extent of the reduction;
- (b)** The proposed effective date of the action;
- (c)** The insurer's actual reasons for proposing to take such action. The statement of reasons shall be sufficiently clear and specific so that a person of average intelligence can identify the basis for the insurer's decision without making further inquiry. Generalized terms such as "personal habits", "living conditions", "poor morale", or "violation or accident record" shall not suffice to meet the requirements of this subsection (2).

- (d) If there is coupled with the notice an offer to continue or renew the policy in accordance with this section, the name of the person or persons to be excluded from coverage and what the premium would be if the policy is continued or renewed with such person or persons excluded from coverage;
- (e) The right of the insured to replace the insurance through an assigned risk plan;
- (f) The right of the insured to file a complaint with the division of insurance regarding the action that is the subject of the notice.
- (g) and (h) Repealed.
- (3) Any statement of reasons contained in the notice given pursuant to paragraph (c) of subsection (2) of this section shall be privileged and shall not constitute grounds for any action against the insurer or its representatives or any person who in good faith furnished to the insurer the information upon which the statement is based.
- (4) to (8) Repealed.
- (9) This section does not apply to an insurance policy or coverage that has been in effect less than sixty days at the time the insurer mails or delivers the notice of cancellation, nonrenewal, or reclassification, unless it is a renewal policy.

History

Source: **L. 2003:** Entire section added, p. 1566, § 3, effective July 1. **L. 2004:** (6) amended, p. 178, § 1, effective July 1; (2)(d) amended, p. 1190, § 14, effective August 4. **L. 2010:** (6) amended, (HB 10-1220), ch. 197, p. 853, § 14, effective July 1. **L. 2012:** IP(2), (2)(f), and (9) amended and (2)(g), (2)(h), and (4) to (8) repealed, (HB 12-1289), ch. 95, p. 311, § 1, effective August 8.

▼ Annotations

Notes

Editor's note: This section was originally numbered as § 10-4-626 in House Bill 03-1188 but has been renumbered on revision for ease of location.

Case Notes

ANNOTATION

Annotator's note. Since this section is similar to § 10-4-720 as it existed prior to the 2003 repeal of part 7 of article 4 of this title, relevant cases construing that provision have been included in the annotations to this section.

Endorsement was not a decrease in coverage requiring approval by the Commissioner since the household exclusion was not void and since the statute containing the legislative declaration on the household exclusion was enacted at the time the policy was in effect. *Coffman v. Coffman*, 865 P.2d 856 (Colo. App. 1993).

The statute is not clear and unambiguous with respect to whether an insurer, when providing the required notice to an insured, must refer to the rule, policy, or guidelines on which it bases its

decision. Requiring such a reference is a reasonable interpretation that is not arbitrary, capricious, or inconsistent with statute, and the commissioner's disallowance of a proposed increase of premium charged to an insured was upheld accordingly. Colo. Div. of Ins. v. Midwest Mut. Ins. Co., 961 P.2d 1158 (Colo. App. 1998).

Notice requirements of this section do not apply to binders because binders are not "insurance policies". Unigard Sec. Ins. v. Mission Ins. Co., 12 P.3d 296 (Colo. App. 2000).

COLORADO REVISED STATUTES

Content Type:

Terms:

Narrow By: -None-

Date and Time: Sep 16, 2020 11:24:42 a.m. EDT



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KANSAS

All,

Attached is the information we discussed on our call today. As I mentioned our division is required to prepare an "extraordinary memo" for my review on personal auto and homeowner lines of business. Once I have reviewed the memo for adequate detail, I forward the memo to Consumer Assistance and Financial Surveillance for KS domestic companies. Memos are prepared for the top 30 writers in the state of KS and are identified in SERFF with an EX following the SERFF tracking number. I have also attached an example of a recent memo for USAA. This memo is very detailed as USAA has many companies in the top 30, not all memos would provide this level of detail.

The third attachment is the rate/rule checklist. The KS General Instructions indicate a rate/rule checklist is required upon submission. KS rejects all files that do not contain the required material listed on our rate/rule checklist. The rate/rule checklist is required for commercial and personal lines of business. I prefer this level of detail in all rate files. I have attached the rejection language below for your reference.

Our Supporting Documentation tab and the KS General Instructions requires that you complete a rate checklist for every rate filing submitted to the DOI. This form requires information that will improve the efficiency of our review and reduce the objections sent to the company. As this filing does not include this required material, we are rejecting the filing. (The required checklist may be located in Serff under Filing Rules>KS Requirements.)

If we receive the required complete rate checklist mentioned above by 3/29/20, we will reopen the file and continue with the review of the filing. If we do not receive it by this date, a resubmission will be necessary. You will have to call the Primary Reviewer of the filing to have it re-opened.

Please let me know if you have any questions or comments. Thank you and have a great day!

Heather R. Droge, APIR
Director
Property & Casualty Division

Kansas Insurance Department
Vicki Schmidt, Commissioner
1300 SW Arrowhead Road, Topeka, KS 66604
[Facebook](#) | [Twitter](#) | insurance.kansas.gov
Phone 785-296-7839
Fax 785-291-3673



Rate/Rule Filing Checklist

Completed

N/A

- | | | |
|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | 1. All rate information must be completed on the rate/rule tab without capping. |
| <input type="checkbox"/> | <input type="checkbox"/> | 2. All proposed rate/rule manual pages must be submitted under the rate/rule schedule tab for approval. |
| <input type="checkbox"/> | <input type="checkbox"/> | 3. Complete rate/rule manual with all proposed changes must be submitted under supporting documents tab as this will be marked informational only. A complete manual should consist of all corresponding rules for your optional forms, all rules corresponding to your rating factors, all rating factors, territory definitions and factors, and all proposed changes to rules and rates. |
| <input type="checkbox"/> | <input type="checkbox"/> | 4. Provide a histogram on an uncapped basis. (If the filing contains more than 1 company, please provide a separate histogram for each company) |
| <input type="checkbox"/> | <input type="checkbox"/> | 5. Provide the characteristics of the insured(s) receiving the maximum rate increase. (If the filing contains more than 1 company, please provide a separate histogram for each company) |
| <input type="checkbox"/> | <input type="checkbox"/> | 6. Provide the average dollar change, the maximum dollar change and minimum dollar change on an uncapped basis. (If the filing contains more than 1 company, please provide a separate histogram for each company) |
| <input type="checkbox"/> | <input type="checkbox"/> | 7. Please provide our department with a talking points sheet that will assist our consumer assistance division should we receive consumer complaints regarding the rate increase. This submission should provide detailed information that we can share with policyholders that will explain what is causing this rate increase. |
| <input type="checkbox"/> | <input type="checkbox"/> | 8. Please provide us with the breakdown of the permissible loss ratio by coverage including: <ul style="list-style-type: none"> 1) Taxes, licenses and fees 2) Total production expense 3) Underwriting profit 4) Any other fees that comprise the permissible loss ratio 5) Permissible loss ratio |
| <input type="checkbox"/> | <input type="checkbox"/> | 9. Provide all support and justification exhibits for rate change including how you derived your overall indication, all support for proposed factor changes, etc. |
| <input type="checkbox"/> | <input type="checkbox"/> | 10. Provide the percentage breakdown breakdown of the rate impact per line of coverage. (If the filing contains more than 1 company, please provide a separate histogram for each company) (***)Only required for personal auto rate filings) |

MEMORANDUM

To: Extraordinary Filing Committee

From: Property and Casualty Policy Examiner

Subject: File #:

Date:

Date Filing Was Received:	
Overall Rate Change Percentage	
Minimum Rate Change:	
Maximum Rate Change:	
Proposed Effective Date:	
Kansas Premium Dollar Effect:	
Overall Indication	
Latest Annual Writings	
Number of Policyholders Affected	
Type of Filing (Flex Rating or Prior Approval)	
Information From Last Rate Filing	
Date of Last Rate Revision	
Overall Percentage Change from Last Rate Revision	
Kansas Premium Dollar Effect of Last Change	
Overall Indication from Last Change	
Number of Policyholders Affected	
Company Rank	
Market Share	
2012	
2011	
2010	

What are the factors / reasons for the rate filing?

What are the factors / reasons that are causing the maximum/minimum increase?

Homeowner

Years of Data:	Loss Ratio.
2008	
2009	
2010	
2011	
2012	
Total	

Composition of Permissible Loss Ratio

Expense Category	Percentage
Total Production Expense	
Taxes, License and Fees	
Profit and Contingencies	
Other	
Total	

Examiner's Recommendation and why.

The Property and Casualty Department recommends this filing for approval based on the premise that it is ...

Summary of Talking Points From Company:

MEMORANDUM

To: Extraordinary Filing Committee

From: Emily Beets
Property and Casualty Policy Examiner

Subject: XXX Group, Private Passenger Auto rate filing
File #: XXX-132380178

Date: July 17, 2020

	United Services Automobile Association		USAA Casualty Insurance Company
Date Filing Was Received:	5/15/20	Date Filing Was Received:	5/15/20
Overall Rate Change Percentage	2.700%	Overall Rate Change Percentage	3.000%
Minimum Rate Change:	-6.600%	Minimum Rate Change:	-15.300%
Maximum Rate Change:	14.300%	Maximum Rate Change:	23.600%
Proposed Effective Date:	9/14/2020 11/5/20	Proposed Effective Date:	9/14/20 11/5/20
Kansas Premium Dollar Effect:	\$1,121,052.00	Kansas Premium Dollar Effect:	\$917,661.00
Overall Indication	3.200%	Overall Indication	8.500%
Latest Annual Writings	\$41,520,443.00	Latest Annual Writings	\$30,588,706.00
Number of Policyholders Affected	23,341	Number of Policyholders Affected	18,018
Type of Filing (Flex Rating or Prior Approval)	Prior approval	Type of Filing (Flex Rating or Prior Approval)	Prior approval
Information From Last Rate Filing	USAA-132253588	Information From Last Rate Filing	USAA-132253588
Date of Last Rate Revision	11/4/19	Date of Last Rate Revision	11/4/19
Overall Percentage Change from Last Rate Revision	2.500%	Overall Percentage Change from Last Rate Revision	2.500%
Kansas Premium Dollar Effect of Last Change	\$1,016,491.00	Kansas Premium Dollar Effect of Last Change	\$1,257,903.00
Overall Indication from Last Change	2.900%	Overall Indication from Last Change	6.000 %
Number of Policyholders Affected	23,555	Number of Policyholders Affected	17,706
Company Rank	7th	Company Rank	8th
Market Share		Market Share	
2019	1.99%	2019	1.89%
2018	1.98%	2018	1.84%
2017	1.97%	2017	1.80%

	USAA General Indemnity Company		Garrison Property and Casualty Insurance Co
Date Filing Was Received:	5/15/20	Date Filing Was Received:	5/15/20
Overall Rate Change Percentage	0.000%*	Overall Rate Change Percentage	2.500 %
Minimum Rate Change:	-25.600%	Minimum Rate Change:	-12.400 %
Maximum Rate Change:	33.000%	Maximum Rate Change:	33.100 %
Proposed Effective Date:	9/14/20 11/5/20	Proposed Effective Date:	9/14/20 11/5/20
Kansas Premium Dollar Effect:	\$0.00*	Kansas Premium Dollar Effect:	\$281,022.00
Overall Indication	5.200%	Overall Indication	6.000 %
Latest Annual Writings	\$29,624,997.00	Latest Annual Writings	\$11,240,897.00
Number of Policyholders Affected	16,517	Number of Policyholders Affected	6,785
Type of Filing (Flex Rating or Prior Approval)	Prior approval	Type of Filing (Flex Rating or Prior Approval)	Prior approval
Information From Last Rate Filing	XXXX-132253588	Information From Last Rate Filing	XXXX-132253588
Date of Last Rate Revision	11/4/2019	Date of Last Rate Revision	11/4/19
Overall Percentage Change from Last Rate Revision	6.000 %	Overall Percentage Change from Last Rate Revision	1.400 %
Kansas Premium Dollar Effect of Last Change	\$1,257,903.00	Kansas Premium Dollar Effect of Last Change	\$147,852.00
Overall Indication from Last Change	6.000 %	Overall Indication from Last Change	1.700 %
Number of Policyholders Affected	17,706	Number of Policyholders Affected	6,574
Company Rank	12th	Company Rank	26th
Market Share		Market Share	
2019	1.32%	2019	0.78%
2018	1.30%	2018	0.73%
2017	1.23%	2017	0.67%

***Please see notated exhibits as to how there is no premium or rate impact for company, as they have more policyholders seeing no change or decrease than they do policyholders seeing increase. Per company, they are changing the base rates to off-balance our structure changes and achieve a 0% overall rate level change for GIC. Because of our proposed factor changes, there is a wide range of member impacts, some individual member changes will be capped each term to offset. (5%) All changes are reported uncapped now on the filing and in the memo.**

What are the factors / reasons for the rate filing?

The following structures have been revised in all companies:

- Base Rates – support provided
- Rate Caps - clarification and justification provided upon further inquiry from the DOI
- Territory Factors (GIC only) – the DOI requested why these were changed GIC only (no overall rate impact for company) the company indicated that to increase competitiveness and balance rate adequacy in their GIC business, they focused on territories with opportunity to be the provider of choice for the military and their families. Support and justification also provided.
- Accident Charge Factors - further support, justification, and clarification provided upon further inquiry from the DOI
- AGMS Factors (CIC, GIC, & GAR) see above
- Operator Driving Experience Factors (CIC, GIC, & GAR) see above
- Tier Placement further support, justification, and clarification provided upon further inquiry from the DOI

USAA INDICATIONS VS CHANGE BY COVERAGE

<u>COVERAGE TYPE</u>	<u>INDICATION</u>	<u>RATE IMPACT</u>
Bodily Injury	9.0%	5.5%
Uninsured Motorist	7.7%	6.5%
Personal Injury Protection	-1.9%	0.0%
Property Damage	2.7%	2.0%
Comprehensive	1.7%	1.0%
Collision	3.2%	3.0%
Rental Reimbursement	-2.1%	0.0%
All Coverages	3.2%	2.7%

USAA-CIC INDICATIONS VS CHANGE BY COVERAGE

<u>COVERAGE TYPE</u>	<u>INDICATION</u>	<u>RATE IMPACT</u>
Bodily Injury	8.2%	2.0%
Uninsured Motorist	49.2%	0.0%
Personal Injury Protection	9.1%	2.0%
Property Damage	6.6%	2.0%
Comprehensive	13.6%	6.5%
Collision	4.1%	2.0%
Rental Reimbursement	6.4%	0.0%
All Coverages	8.5%	3.0%

USAA-GIC INDICATIONS VS CHANGE BY COVERAGE

<u>COVERAGE TYPE</u>	<u>INDICATION</u>	<u>RATE IMPACT</u>
Bodily Injury	9.8%	0.0%
Uninsured Motorist	18.0%	0.0%
Personal Injury Protection	-0.8%	0.0%
Property Damage	6.8%	0.0%
Comprehensive	5.6%	0.0%
Collision	4.7%	0.0%
Rental Reimbursement	-23.1%	0.0%
All Coverages	5.2%	0.0%

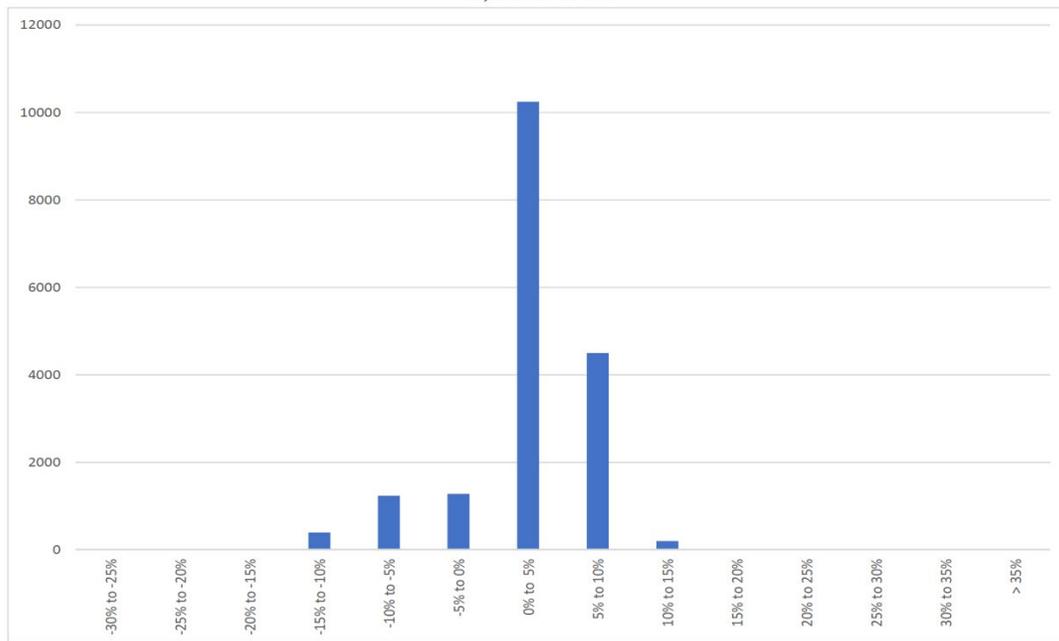
GARRISON INDICATIONS VS CHANGE BY COVERAGE

<u>COVERAGE TYPE</u>	<u>INDICATION</u>	<u>RATE IMPACT</u>
Bodily Injury	10.9%	4.0%
Uninsured Motorist	39.3%	10.0%
Personal Injury Protection	7.1%	6.0%
Property Damage	2.0%	1.0%
Comprehensive	6.5%	3.0%
Collision	2.1%	1.0%
Rental Reimbursement	2.8%	0.0%
All Coverages	6.0%	2.5%

USAA
PRIVATE PASSENGER AUTO
KANSAS
MEMBER LEVEL EFFECT
23,315 POLICIES

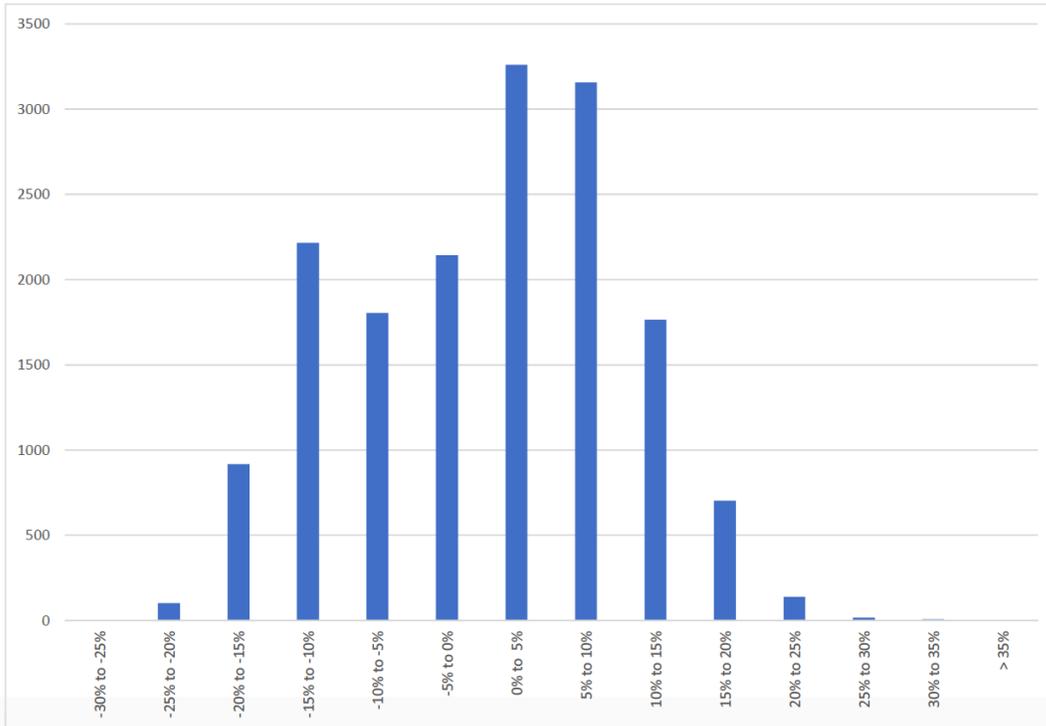


USAA-CIC
PRIVATE PASSENGER AUTO
KANSAS
MEMBER LEVEL EFFECT
17,864 POLICIES



Max increase bucket too small to show up on bar graph, see distribution chart

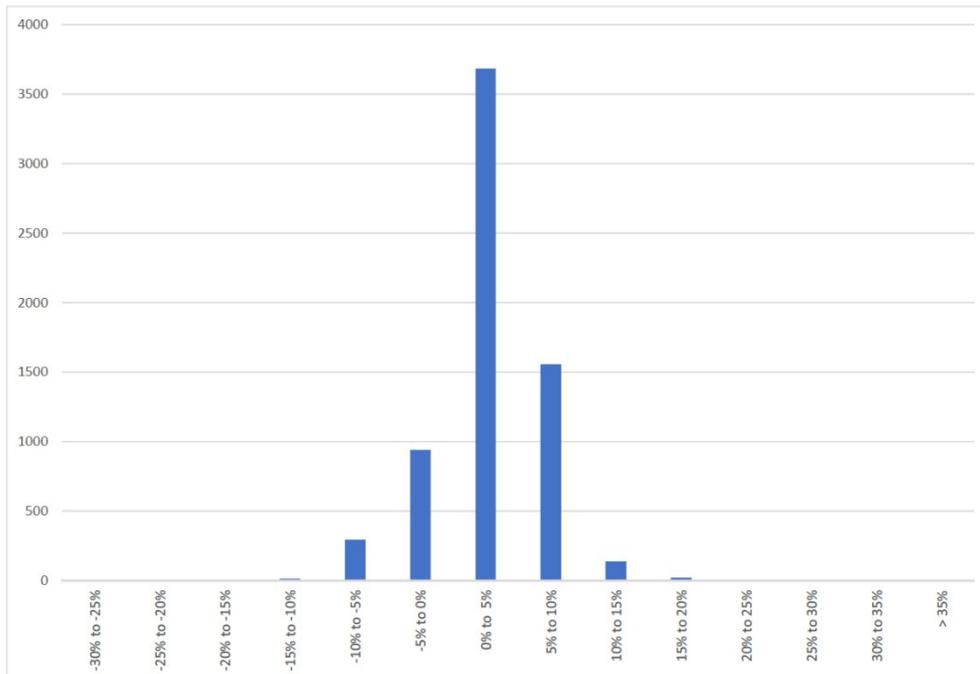
USAA-GIC
PRIVATE PASSENGER AUTO
KANSAS
MEMBER LEVEL EFFECT
16,228 POLICIES



Histogram reflects the rate decreases greater than rate increases for CIG

Page :

GARRISON
PRIVATE PASSENGER AUTO
KANSAS
MEMBER LEVEL EFFECT
6,655 POLICIES



**MEMBER LEVEL EFFECT (UNCAPPED)
KANSAS**

By Overall Discrepancy		USAA		CIC		GIC		GAR	
Lower	Upper	Policy Counts	% Dist.						
Inf	-100%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
-100%	-90%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
-90%	-80%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
-80%	-70%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
-70%	-60%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
-60%	-55%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
-55%	-50%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
-50%	-45%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
-45%	-40%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
-40%	-35%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
-35%	-30%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
-30%	-25%	0	0.00%	0	0.00%	3	0.02%	0	0.00%
-25%	-20%	0	0.00%	0	0.00%	101	0.62%	0	0.00%
-20%	-15%	0	0.00%	1	0.01%	916	5.64%	0	0.00%
-15%	-10%	0	0.00%	398	2.23%	2214	13.64%	14	0.21%
-10%	-5%	32	0.14%	1238	6.93%	1805	11.12%	294	4.42%
-5%	0%	2365	10.14%	1277	7.15%	2143	13.21%	939	14.11%
0%	5%	18705	80.23%	10242	57.33%	3260	20.09%	3684	55.36%
5%	10%	2179	9.35%	4495	25.16%	3157	19.45%	1556	23.38%
10%	15%	34	0.15%	203	1.14%	1766	10.88%	139	2.09%
15%	20%	0	0.00%	5	0.03%	702	4.33%	21	0.32%
20%	25%	0	0.00%	5	0.03%	139	0.86%	5	0.08%
25%	30%	0	0.00%	0	0.00%	16	0.10%	1	0.02%
30%	35%	0	0.00%	0	0.00%	6	0.04%	2	0.03%
35%	40%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
40%	45%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
45%	50%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
50%	55%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
55%	60%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
60%	70%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
70%	80%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
80%	90%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
90%	100%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
100%	>=100%	0	0.00%	0	0.00%	0	0.00%	0	0.00%

what are the factors / reasons that are causing the maximum/minimum increase?

USAA GROUP PRIVATE PASSENGER AUTO KANSAS				
CHARACTERISTICS OF INSURED RECEIVING MAXIMUM RATE CHANGE				
Characteristic	USAA	USAA-CIC	USAA-GIC	Garrison
Company				
Operators/Vehicles	1/1	1/1	4/4	1/1
Policy Chargeable Accidents	1	0	0	0
Named Insured Age	70+	19-24	50s	<=18
Operator Marital Status	Married	Single	Single	Single
Tier Level	F2	J4	M3	M4
Uncapped Current	\$ 810.41	\$ 456.21	\$ 5,372.93	\$ 1,188.16
Uncapped Proposed	\$ 926.25	\$ 563.81	\$ 7,145.07	\$ 1,580.91
Percentage Change	14.3%	23.6%	33.0%	33.1%

- Consumer Advisory: Why Has My Automobile Insurance Premium Increased? –
<https://insurance.maryland.gov/Pages/newscenter/NewsDetails.aspx?NR=2013151>
- How Does an Auto Insurer Determine your Premium?: Video –
<https://www.youtube.com/watch?v=6vxSrSLJGvw&feature=youtu.be>
- A Consumer Guide to Homeowners Insurance –
<https://insurance.maryland.gov/Consumer/Documents/publications/homeownersinsguide.pdf>

3. What information, if any, insurers provide to DOIs that can be used to explain rate and premium increases. For example, Kansas receives a statement from the top 30 homeowners and auto insurers (it is called an extraordinary memo) that provides a detailed explanation about the increase. The insurers provide talking points that can be given to the consumer that explains the increase. They believe this information cuts down on the inquiries they receive from consumers.

Not applicable

Dollar changes

	USAA	USA CIC	USAA GIC	GARRISON
Average change	\$24.80	\$27.14	\$0.00	\$22.14
Minimum change	(121.62)	(\$528.35)	\$594.00	(297.73)
Maximum change	\$403.81	\$756.05	\$1772.15	\$451.41)

Statistical Data in File: as group

auto

Years of Data:	Loss Ratio.
2015	94.0%
2016	91.8%
2017	85.8%
2018	90.5%
2019	93.6%
Total	91.2%

Composition of Permissible Loss Ratio Liability as group

Expense Category	Percentage
Total Production Expense	1.5%
Taxes, License and Fees	2.1%
Profit and Contingencies	5.8%
Other	7.6%
Total	17.0%
PLR	83.0%

Composition of Permissible Loss Ratio PD as group

Expense Category	Percentage
Total Production Expense	1.5%
Taxes, License and Fees	2.1%
Profit and Contingencies	8.5%
Other	7.6%
Total	19.7%
PLR	80.3%

Examiner's Recommendation and why.

The Property and Casualty Department recommends this filing for approval based on the premise that company has demonstrated rate need through demonstrated continued higher loss ratios and need to increase premium for the potential for future losses.

Summary of Talking Points From Company: Due to increases in the frequency and/or severity of claims, a rate increase in USAA, USAA- CIC, and Garrison is needed.

In addition to the above overall rate increases, individual policies may see increases due to several rating variable changes that are being made to improve rate accuracy and equity. These changes could result in a decrease or an increase depending on

MARYLAND

1. Any statutory or regulatory premium increase notice requirements.

Most of the premium increase statutory requirements are with respect to PPA and are found in Section 27, Subtitle 6. §27-614 is the Notice of Premium Increase ("NOPI") statute that requires advance notification of a PPA increase due to accidents, violations and claims, including retiering or a loss of discount based on accidents, violations or claims. §27-607 applies to all personal lines policies except PPA and requires insurers to provide notice of the amount of the policy's expiring premium and its renewal premium at least 45 days prior to the policy's renewal. The premium information has to be provided regardless of if there is a premium increase, a premium decrease, or if there is no change in premium between the expiring and renewal terms. Most insurers comply with this requirement by including this information on the policy's renewal declarations page and not by a separate notice.

There is no notice requirement for a filed general rate increase or for any increase resulting from a coverage change made by the insured. There is also §11-317, which requires the annual provision to a PPA policyholder of a Statement of Rate Classifications that summarizes the reasons the premium can be increased. There are no similar premium increase notice requirements for homeowners policies.

On the commercial side, there is §27-608 which requires a notice for premium increases in excess of 15%; however, the statute does not require a separate notice of the premium increase notice if there has been a renewal offer sent to the insured and producer (if any) at least 45-days in advance of the renewal date. §12-106 and COMAR 31.08.15, which are applicable to both personal and commercial policies, allows insurers to adjust the premium in the 45 day new business underwriting period due to a discovery of a material risk factor.

2. Any educational materials used to explain the premium increases including the difference between rate and premium increases.

The following are links to our educational materials:

- A Consumer Guide to Auto Insurance – <https://insurance.maryland.gov/Consumer/Documents/publications/autoinsuranceguide.pdf>
- Consumer Advisory: What Factors Could Impact My Automobile Insurance Rates? – <https://insurance.maryland.gov/Pages/newscenter/NewsDetails.aspx?NR=2013150>