

Adopted by Transparency and Consumer Readability (C) Working Group – 11/15/22
Adopted by Property and Casualty (C) Committee – 12/15/22



NAIC RATE/RULE FILING CHECKLIST

Adopted by the Transparency and Readability of Consumer Information (C) Working Group, Nov. 15, 2022

Adopted by the Property and Casualty Insurance (C) Committee, Dec. 15, 2022

Completed	N/A	EXAMPLE RATE/RULE FILING CHECKLIST	
<input type="checkbox"/>	<input type="checkbox"/>	1.	Please complete all check boxes on this form or your filing may be returned "Rejected," and a resubmission may be necessary.
<input type="checkbox"/>	<input type="checkbox"/>	2.	All rate information must be completed on the rate/rule tab without capping.
<input type="checkbox"/>	<input type="checkbox"/>	3.	All proposed rate/rule manual pages must be submitted under the rate/rule schedule tab for approval.
<input type="checkbox"/>	<input type="checkbox"/>	4.	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"/>	5.	Provide a histogram on an uncapped basis. If the filing contains more than one company, please provide a separate histogram for each company.
<input type="checkbox"/>	<input type="checkbox"/>	6.	Provide the characteristics of the insured(s) receiving the maximum rate increase. If the filing contains more than one company, please provide a separate histogram for each company.
<input type="checkbox"/>	<input type="checkbox"/>	7.	Provide the average dollar change, the maximum dollar change, and minimum dollar change on an uncapped basis. If the filing contains more than one company, please provide a separate histogram for each company.
<input type="checkbox"/>	<input type="checkbox"/>	8.	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 it is causing this rate increase.
<input type="checkbox"/>	<input type="checkbox"/>	9.	Please provide us with the breakdown of the permissible loss ratio by coverage including: <ul style="list-style-type: none"> a. Taxes, licenses, and fees b. Total production expense c. Underwriting profit d. Any other fees that comprise the permissible loss ratio e. Permissible loss ratio
<input type="checkbox"/>	<input type="checkbox"/>	10.	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"/>	11.	This checklist item is only required for Personal Auto rate filings: Provide the percentage breakdown of the rate impact. If the filing contains more than one company, please provide a separate histogram for each company.
<input type="checkbox"/>	<input type="checkbox"/>	12.	Rates developed using generalized linear modeling or other predictive modeling techniques must include a detailed narrative of the modeling process. This should include a description of the modeling data, variable selection process, data dictionary, model testing & validation, and any judgements made throughout the process.
<input type="checkbox"/>	<input type="checkbox"/>	13.	If a GLM (Generalized Linear Model) is currently in use, the company must include the SERFF tracking number of the original GLM filing.

PROJECT HISTORY

Transparency and Readability of Consumer Information (C) Working Group's *NAIC Rate/Rule Filing Checklist*

1. Description of the project, issues addressed, etc.

The purpose of the *NAIC Rate/Rule Filing Checklist* is to provide state insurance regulators with a checklist that insurers with a rate/rule filing can complete. It was determined that many states do not have a rate/rule filing checklist in place. Kansas and Connecticut both have checklists in place and have found them to be extremely helpful.

The checklist includes items insurers are required to complete for the filing to be accepted. For example: 1) all rate information must be completed on the rate/rule tab without capping; 2) all proposed rate/rule manual pages must be submitted under the rate/rule schedule tab for approval; 3) all proposed changes must be submitted under the supporting documents tab (will be marked informational only); 4) provide a histogram on an uncapped basis; 5) provide the characteristics of the insureds receiving the maximum rate increase; 6) provide the average dollar change, the maximum dollar change, and minimum dollar change on an uncapped basis; 7) provide the department of insurance (DOI) with a talking points sheet that will assist the consumer assistance division if a consumer complaint regarding a rate increase is made; 8) provide a breakdown of permissible loss ratio by coverage; 9) provide all support and justification exhibits for rate change; 10) the checklist is only required for personal auto rate filings; 11) rates developed using a generalized linear modeling (GLM) or other predictive modeling techniques must include a detailed narrative of the modeling process; and 12) if a GLM is currently in use, the company must include the System for Electronic Rates & Forms Filing (SERFF) tracking number of the original GLM filing.

The checklist is not a required document but will be available to states that do not have one in place and wish to implement it.

2. Name of group responsible for drafting the model and states participating.

The Transparency and Readability of Consumer Information (C) Working Group of the Property and Casualty Insurance (C) Committee was responsible for drafting the *NAIC Rate/Rule Filing Checklist*. A drafting group was formed to draft the checklist. Participating states included: Alabama, Kansas, Maryland, and Tennessee.

3. Project authorized by what charge and date first given to the group.

The project was authorized by the charge of the Transparency and Readability of Consumer Information (C) Working Group of the Property and Casualty Insurance (C) Committee to: "Consider drafting regulatory best practices that serve to inform consumers of the reasons for significant increases related to property/casualty (P/C) insurance products." The charge was given to the Working Group in 2021.

4. A general description of the drafting process (e.g., drafted by a subgroup, interested parties, the full group, etc.). Include any parties outside the members that participated.

In March 2021, the Transparency and Readability of Consumer Information (C) Working Group began discussing items to be included in the checklist. This checklist is based on a checklist that has been used in Kansas for several years.

The Working Group formed a drafting group to work on the rate/rule filing checklist. The drafting group met monthly via conference call to work on drafting the document.

5. A general description of the due process (e.g., exposure periods, public hearings, or any other means by which widespread input from industry, consumers, and legislators was solicited).

The drafting group of the Transparency and Readability of Consumer Information (C) Working Group met regularly via conference call, during which the drafting group discussed suggested revisions in the *NAIC Rate/Rule Filing Checklist*. Following the drafting of the checklist, the Working Group exposed the checklist on June 9, 2022, for a 14-day public comment period. Interested parties were given the opportunity to participate in the calls, and there were no objections prior to the comment period. The drafting group received one comment from a trade organization. However, the Working Group agreed there was no need for changes to be made to the checklist, as it has been being used in Kansas for several years with no objections from insurers. The Transparency and Readability of Consumer Information (C) Working Group adopted the checklist on Nov. 15, 2022. The Property and Casualty Insurance (C) Committee adopted the checklist during its Dec. 15, 2022, meeting at the 2022 Fall National Meeting.

6. A discussion of the significant issues (items of some controversy raised during the due process and the group's response).

There were no items of controversy raised during the due process.

7. Any other important information (e.g., amending an accreditation standard).

Not applicable.