

FINAL VERSION OF DISCLOSURE NOTICE

Renewal Premium that ~~is a result~~ results or does not result from a capping procedure employed used by the insured insurer

Scope of Applicability

- (1) Disclosure applies to policies renewed on or after [Enter Date].
- (2) Disclosure applies to authorized insurers with ~~the following~~ these types of personal insurance policies:
 - a. Private passenger automobile coverage;
 - b. ~~Homeowner's~~ Homeowners coverage, including mobile homeowners, manufactured homeowners, condominium owners, and renter's coverage; and
 - c. Dwelling property coverage for owner occupied dwellings only
- (3) Disclosure applies to renewals of policies and will not apply to the purchase of new policies or new insurance applications.
- (4) Exemptions
 - a. Disclosure does not apply to personal insurance policies for coverage of boats, motorcycles, off-road vehicles, recreational vehicles, antique or collector vehicles, classic vehicles, and specialty vehicles.
 - b. This chapter does not apply to policyholder-initiated changes to insurance coverages, policies, or premiums.
 - c. This chapter does not apply to personal umbrella policies.
 - d. This chapter does not apply to notices required by the Federal Fair Credit Reporting Act (15 U.S.C. 1681 et. seq.).
 - e. Where a usage based or telematics program is being used, if a company has a process for disclosing information to drivers on how their performance is impacting their rate, disclosure is not required. Otherwise, a state may want to consider having these programs included in this disclosure, while keeping within state confidentiality laws.

Notification Thresholds

- (1) Phase One: Beginning [enter date], and effective until [enter date phase one ~~ends expires~~ – such as 3 years], insurers ~~must shall~~ reasonably explain ~~provide reasonable explanations for~~ changes in premium for policies ~~as~~ described in the Scope of Availability, upon written request by the policyholder, for any premium increase ~~occurring~~ at renewal.
- (2) Phase Two: Beginning [enter date phase two begins], insurers ~~must shall~~ automatically provide premium change notices, with reasonable explanations and primary factors, disclosing the causes of premium increases for insurance policies ~~for any~~ . ~~Insurers shall provide premium change notices automatically when a renewal will result in a 10 percent~~ premium increase of 10 percent or more, or upon written request by the policyholder for any premium increase ~~occurring~~ at renewal.

Administrative and Notification Requirements

- (1) For the first phase, insurers should notify policyholders of their right to request an explanation for their rate increase in accordance with their jurisdiction's requirements. ~~For example, a state may want to provide guidance that a prominent disclaimer may be at the beginning of~~ ~~required to be included on~~ the first page (for printed notices), or first screen (for electronic notices) and at or near the top of ~~view of renewal notices, and~~ renewal billing statements indicating policyholders receiving an increase to their premiums at renewal can request an explanation by contacting the insurer in writing.
- (2) For the second phase, insurers must automatically send the disclosure notice at least 30 days prior to the renewal date if the ~~policyholder insured~~ receives at least a 10 percent premium increase at renewal. Disclosure notification may be included with the renewal notice or may be sent in a separate mailing, or by email, (if the ~~policyholder insured~~ has elected to receive email notifications). ~~Guidance for prominent disclosure remains the same as in phase 1.~~
- (3) For both phases:
 - a. Insurers should include a statement in notifications and/or explanations that the policyholder may contact their insurer to request additional information about premium increases.
 - b. Insurers should respond to a ~~policyholder's an insured's~~ written request for explanation of premium change no later than 30 calendar days from the receipt of the written request.
 - c. ~~Subsequent R~~requests from a ~~policyholder an insured~~ for ~~subsequent~~ additional information should be responded to no later than 20 calendar days. Insurers should ~~make every effort to~~ respond prior to the renewal date. ~~However, there is no expectation that the premium due date will be altered.~~
- (4) ~~The effective date of~~ Receipt and response ~~will be in accordance with each jurisdiction's requirements. For instance, receipt and response~~ dates may be indicated by either postmark or electronic timestamp, ~~in accordance with each jurisdiction's requirements.~~
- (5) Insurers should include their contact information in all premium change notifications and explanations to policyholders and may include the producer's (if any) contact information.
- (6) Insurers should provide premium change notifications and explanations to policyholders in writing. Explanations or notices may be sent ~~by via postal~~ mail or electronically.

Communication Standards

- (1) Insurers should provide sufficient information, including primary factors, in terms understandable to an average policyholder. Primary factors include:

- a. Auto-related factors: **change in** car garaging location, driving record, miles driven, number of drivers, and number of vehicles,
 - b. Property related factors: **change in** age, location, and value,
 - c. Demographic factors: **change in** age, credit history, education, gender, marital status, and occupation,
 - d. Other factors: **change in** claims history, discounts, fees and surcharges, premium capping, **automatic inflationary increases**, and **updates to an insurer's rate plan changes**.
 - e. Factors not listed above as primary are **considered as** optional factors. Insurers may include additional optional factors not listed in this section, if applicable to the premium increase.
- (2) For the second phase, insurers **must shall** include the primary factors in the premium change notice **processed for renewals**, if applicable to the premium increase, ~~with any premium change notices processed for renewals.~~
 - (3) If insurers include composite rating variables in their premium change explanation, the premium increase attributed to the composite rating variables should be explained.
 - (4) If insurers use estimated dollars, a reasonable explanation should be provided **about on** the degree of accuracy **the** estimated dollars achieve, ~~as specifically applied to that policy and premium increase.~~
 - (5) Insurers may include premium change explanations for all premium increases beyond those required.
 - (6) If an insurer already has a **premium increase** notification process acceptable to the State's regulator, **the regulator may it could be** allowed **the insurer** to continue to use the process that is in place.

[REMOVED THIS EXAMPLE:]

Phase 2: Auto/Homeowners Insurance Premium Increase Notice Example

~~Your auto/homeowners insurance premium is increasing.~~

~~Your current premium is \$1,175.~~

~~Your renewal premium is \$1,250.~~

~~Here are the major reasons for this increase in your premium, along with the dollar impact of each of those reasons:~~

Reasons for your premium increase and the dollar impact

- ~~Reason 1 raised your premium \$A~~

- ~~Reason 2 raised your premium \$B~~
- ~~Reason 3 raised your premium \$C~~
- ~~Reason 4 raised your premium \$D~~
- ~~Reason 5 raised your premium \$E~~

Please call your agent or our Customer Service Representative at (xxx) xxx xxxx with any questions.

[MODIFIED THE NEXT TWO EXAMPLES TO APPLY TO CAPPING AND NONCAPPING:]

Phase 2: Auto Insurance Policy Premium Increase Notice Example

Your auto insurance policy premium is increasing.

Your current auto insurance policy premium [for what period] is \$1,175 [how often].

Each insurer files a rating plan with the state insurance department for their approval.

According to the rating plan we filed with your state, your anticipated renewal policy premium is ~~would increase to~~ \$2,121 ~~the next time you renew your policy, which is scheduled for [date].~~

[If the policy premium is capped, a statement such as the following must be included:]

However, the next time you renew your policy your premium increase will be limited to only \$88, resulting in a renewal premium of \$1,257.

Your policy premium **will continue to increase with each of the next [how many] renewals** until it reaches \$2,121.

Remember ~~that~~ there also are other rate factors that could cause ~~reasons~~ your auto insurance premium to ~~could~~ change in the future. For example, if you change your coverage, or if your personal and/or driving characteristics change, (such as your age* or ~~number of~~ any accidents or violations in the household), your policy premium could increase or decrease from the premium amounts stated above. [States that use drivers experience instead of age should substitute accordingly.]

Here are the major ~~factors~~ reasons for this increase in your policy premium, along with the dollar impact of each of those reasons:

Reasons Factors for your policy premium increase and the dollar impact

- ~~Reasons~~ **Factor 1** raised your premium \$A
- ~~Reasons~~ **Factor 2** raised your premium \$B
- ~~Reasons~~ **Factor 3** raised your premium \$C
- ~~Reasons~~ **Factor 4** raised your premium \$D

- **Reasons Factor 5** raised your premium \$E

Please call your agent or our Customer Service Representative at (xxx) xxx-xxxx with any questions.

Phase 2: Homeowners Homeowner's Insurance Policy Premium Increase Notice Example

Your homeowners homeowner's insurance policy premium is increasing.

Your current homeowners homeowner's insurance policy premium ~~[for what period]~~ is \$1,175 ~~[how often]~~.

Each insurer files a rating plan with the state insurance department ~~for their approval~~. According to the rating plan we filed with your state, your anticipated renewal policy premium is ~~would increase to~~ \$2,121 ~~the next time you renew your policy, which is scheduled for [date]~~.

[If the policy premium is capped, a statement such as the following must be included:]

However, the next time you renew your policy your premium increase will be limited to only \$88, resulting in a renewal premium of \$1,257.

Your policy premium **will continue to increase with each of the next [how many] renewals** until it reaches \$2,121.

Remember ~~that~~ there also are other rate factors that could cause ~~reasons~~ your homeowners homeowner's insurance premium to ~~could~~ change in the future. For example, if you change your coverage, or if your personal and/or property risk characteristics change, (such as claims filed, age of the home and/or roof, ~~location, and~~ the coverage A value, etc.) your policy premium could increase or decrease from the premium amounts stated above. [States may want to modify language to reflect their specific exposures, such as wildfires or other catastrophe exposures.]

Here are the major ~~factors~~ ~~reasons~~ for this increase in your policy premium, along with the dollar impact of each of those reasons:

Reasons Factors for your policy premium increase and the dollar impact

- **Reasons Factor 1** raised your premium \$A
- **Reasons Factor 2** raised your premium \$B

- Reasons Factor 3 raised your premium \$C
- Reasons Factor 4 raised your premium \$D
- Reasons Factor 5 raised your premium \$E

Please call your agent or our Customer Service Representative at (xxx) xxx-xxxx with any questions.