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## BULLETIN 2008-08

To: Rating Organizations and Insurance Carriers, including Commercial Insurance Companies, Fraternal Benefit Societies, Legal Service Plans, Health Maintenance Organizations and Hospital, Medical, Dental and Vision Service Corporations

From: Nonnie S. Burnes, Commissioner of Insurance

Date: May 20, 2008

Re: Guidelines for the Submission of Form, Rate and Rule Filing Materials for Review by the Massachusetts Division of Insurance

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This Bulletin identifies requirements and guidelines for the submission of form, rate, and/or rule filings by all insurance carriers and rating organizations doing business in the Commonwealth of Massachusetts with regard to the following products:

- personal and commercial lines property and casualty products;
- individual and group life and annuity products;
- credit life, accident and health, and involuntary unemployment products;
- individual accident and sickness products; and
- insured health benefit plans.

These requirements and guidelines are intended to streamline the filing and review process of these products so that they can move to the marketplace as quickly as possible. The Division of Insurance's ("Division") goal is to review all such filings and either to approve, disapprove, place on file, or reject them within 60 days. This Bulletin supersedes filing instructions included in Bulletins 89-02 and 90-02.

The Division does not require that the following be submitted to the Division:

**Certain Property and Casualty Products**

- Forms, rates and rules for certain large commercial policyholders that are exempt from filing requirements under M.G.L. c. 175, §§224 and 225 and as identified in Bulletin 2004-08;
- Manuscript or single-case policies;

- Inland marine and aircraft rates for certain products exempt from filing requirements under M.G.L. c. 174A;
- Individual risk rate applications; and
- So-called "a" rates for classes of certain special risks.[1]

**Certain Accident, Sickness and Health Products**

- Advertising and marketing materials for non-Medicare Supplement products; and
- The following coverages that are offered through an employer or association: group accident, group disability income, group specified disease, group hospital indemnity or group long-term care insurance products.

**Mandatory Use of SERFF in Submitting Filings**

Insurance carriers historically have had discretion to submit form, rule and rate filings to the Division via the System for Electronic Rate and Form Filing ("SERFF"). The use of SERFF improves the Division's ability to review filings, communicate with insurance carriers, and prepare public records because it utilizes a paperless environment in which all submitted materials are stored instantly in a central location and in a pre-arranged format.

In an effort to streamline this process further, *all* insurance carriers and rating organizations will be required to submit form, rule and rate filings through SERFF as of January 1, 2009. Carriers that are required to submit any such filings in paper format pursuant to a statute or regulation (*e.g.*, when rate filings may be subject to a regulatory hearing) must also submit them through SERFF.

**Use of the Electronic Funds Transfer Process on SERFF**

Currently, insurance carriers and rating organizations must submit form, rate and rule filing fees through a lockbox system in accordance with Bulletin 96-16. The Division is taking the steps necessary so that filing fees may be submitted to the Division by Electronic Funds Transfer ("EFT") through SERFF in August 2008. The Division will continue to accept fees filed through the lockbox system until January 1, 2009. All fees must be submitted by EFT as of that date..

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[1] So-called "a" rates are for classes of risks where the premium and loss data are not of sufficient homogeneity to calculate meaningful rates. This Section applies to all (a) rates, whether they are any of the following:

guide (a) rates: Class average rates for special classes of risks, which require more frequent individual risk modification than manual rates.
"pure" (a) rates: rates for classes where a class average rate, even if calculable, cannot reasonably be used for most individual risks without substantial modifications.
unfiled (a) rates: all "pure" (a) rates and modifications to published guide (a) rates.

Except with regard to guide (a) rates suggested by any licensed Rating Organization, there are no formal filing requirements for (a) rates *per se*. Any insurer issuing a policy of insurance which is in whole or in part rated on an (a) rate basis need not to file any material with the Division, but must maintain complete and accurate documentation for each policy rated on this basis. Such documentation is subject to any reasonable demand by the Division for review of such files for premium, loss, claim or other approved statistical plan records, on an individual basis or summarized. With regard to guide (a) rates suggested by any licensed Rating Organization, any insurance carrier departing above the suggested rate(s) must annually submit a summary of those policies affected by the departure.

**Clarification of Filing Procedures**

The Division has updated the State Specific Tab and other state-maintained fields on SERFF to identify the administrative materials required for submission to the Division for various lines of insurance. (For insurance carriers that are not yet filing via SERFF, the required filing materials are described in the next section of this Bulletin. Other information can be found in the guidelines on our website.) The Division will consider a filing incomplete and reject the filing if the administrative filing materials identified below are not included within a filing. All filing fees associated with a rejected filing are non-refundable. Any corrected filing submitted to the Division after being rejected previously will constitute a new filing and require payment of an additional filing fee.

A filing will be considered complete and ready for review provided it contains the following materials:

Form Filing

- (Cover letter or appropriate transmittal document for paper filings only)
- Material Outlined in the General Information and State Specific Tabs on SERFF
- Flesch Readability Scores (where required under M.G.L. c. 175, §2B)
- Annotated Comparisons (when revising an existing form)
- List of products with which a filed form may be used (referred to in SERFF as the Form Utilization List).
- Certification of Compliance
- Checklist (where applicable for the form filing)
- Actuarial Memorandum (for Life and Annuity products)

Rate Filing

- (Cover letter or appropriate transmittal document for paper filings only)
- Material Outlined in the General Information and State Specific Tabs on SERFF)
- Actuarial Memorandum (where applicable)
- Massachusetts DOI Abstract Documents (for property/casualty filings)
- Certification of Compliance
- Checklist (where applicable for the rate filing)

Rule Filing (for P&C products)

- Material Outlined in the General Information and State Specific Tabs on SERFF
- Annotated Comparisons (when revising an existing rule)
- Certification of Compliance
- Checklist (where applicable for the rule filing)

Cover letters and the NAIC Uniform Transmittal Document are not accepted through SERFF because this information should be included in the Filing Description section of the General Information Tab. Any submitted explanatory memoranda should be placed in the Supporting Documentation Tab.

**General State-Specific Requirements**

Filing to Use Another's Filing ("Me Too" Filing): An insurer, or group of insurers, may file to use a filing or program of any other insurer or group of insurers that has been approved or placed on file previously by the Division. The adopting insurer or group of insurers must submit a copy of each form bearing the name of each insuring company.

Filing to Adopt a Rating Organization Filing: An insurer, or group of insurers, may file to adopt a filing or program of a Rating Organization that has been approved or placed on file previously by the Division. The filer must ensure, to the satisfaction of the Division, that the filer is authorized to adopt and utilize the Rating Organization's specific filing. (No such filings are required by workers' compensation carriers' forms, rates, or rules approved for use by WCRIB members.)

Filing to Non-Adopt a Rating Organization's Filing: If an insurer routinely authorizes a Rating Organization to file on its behalf, but is not adopting the Organization's filing or wants to delay the adoption of that Organization's filing, the insurer should submit a filing identifying what it will use rather than the Rating Organization's filed form, rate or rule, or identifying that the company does not intend to use anything at all.

Annotated Comparisons: Filings to amend an existing form or rule shall include a final copy of the proposed revision as well as an annotated comparison of the existing language and proposed amendments. The proposed amendments shall be underlined or highlighted and the deleted language struck through.

Variable Text: If certain language in the filing in intended to be variable, it should be bracketed and accompanied by a statement of the possible range of options for each variable field.

Combinations of Types of Filings:

a. Forms, rates and rules may be combined in the same submission through SERFF, provided that the correct Filing Type is selected and all appropriate filing fees are paid. Forms, rates and rules filed in separate submissions should indicate the tracking number for each corresponding filing in the appropriate field on the General Information Tab. (Workers' compensation deviations must be filed on a group basis in a single filing, and reflect the rates proposed to be used by all members of that group.
b. Property and casualty "interline" forms may not be combined with any other form in the same filing, and shall be filed according to the procedure outlined in Filing Guidance Notice 2007-B.
c. Private passenger motor vehicle and commercial automobile filings are to be submitted on a stand-alone basis.
d. Filings to deviate from approved rating organization rates may not be combined with any other type of filing or submission.
e. Restrictions of Coverage or Consent to Rate applications must be submitted individually.

**Form Filings**

1. Company Name: Each insuring company must be identified at the top of each form pursuant to M.G.L. 175, §§18 and 192, or on any declarations page or policy jacket pursuant to Filing Guidance Notice 2006-A.
2. Form Identifier: A form identifier shall be located on the cover page of each form, the first page of the form if the identifier would be visible with the cover closed, or other prominent location to distinguish one form from any other forms used by the insurance carrier.
3. Pagination: The pages of a policy form or rule are to be numbered sequentially in relation to the total number of pages (*e.g.*, Page 1, 2, 3…), unless the form includes a table of contents.
4. Companion Filings: If a filer is sending companion form, rate or rule filings, it should note clearly which filings should be considered companion filings and reviewed at the same time. If a filing is related to a previously reviewed filing, the filer should reference the previous filing with the dates on which the filing was effective and placed on file with the Division.

**Administrative Materials for Property and Casualty Actuarial Filings**

Final Calculated Rates: Every rate filing shall contain exhibits detailing the final calculated rate changes by class, territory or any other variable where changes are sought. The filing memorandum shall explain any proposed relativity adjustments. A description of the data and methods used to derive the proposed rates shall be provided in the actuarial memorandum. All rate filings shall include a completed and signed **Form SRB-RA (Rate Filing Abstract) unless** an insurance carrier is filing to adopt the loss cost filings of Rating Organization, or to maintain its previously-filed loss cost multipliers. In such cases, the submission should instead include a completed **Form SRB-LC (Loss Cost Adoption Form).** Filers should be prepared to submit final printed manual pages upon the Division's approval/acknowledgment of the filing.

Deviations: Rate deviations may be filed by attaching a **Form SRB-DV-1 (Deviation Abstract)** along with a history of deviations that have been filed previously and any other required materials pursuant to M.G.L. c. 152, §53A; M.G.L. c. 174A, §9, M.G.L. c. 175A, §9 and M.G.L. c. 175, §113A and Division checklists.

Consent to Rate/Restrictions of Coverage: For filings subject to M.G.L. c. 174A or 175A, property and casualty insurance carriers are permitted to file for the purpose of : (1) using a rate in excess of an otherwise applicable rate on any individual insured's policy; or (2) restricting the otherwise applicable coverage for an individual insured, provided that a **Form SRB-CR (Consent to Rate and Restriction of Coverage Form)** is submitted, including the insured policyholder's signed application identifying his/her reasons for accepting either the increased rate or restricted coverage.

**Contact Information**

If you have any questions regarding the status of any filing, please follow the SERFF protocol and forward a "Note to Reviewer" to ensure that the question is addressed to the filing's assigned reviewer. If there are any additional questions about the filing process or about this Bulletin, please contact Edward Charbonnier at 617-521-7481 or at edward.charbonnier@state.ma.us for life, annuity, and property/casualty filings and Nancy Schwartz at 617-521-7347 at nancy.schwartz@state.ma.us for health filings.