



THE COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION
DIVISION OF INSURANCE
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ROGER M. SINGER
COMMISSIONER OF INSURANCE

May 18, 1989

TO: ALL PROPERTY AND CASUALTY INSURERS AND RATING BUREAUS
LICENSED IN THE COMMONWEALTH OF MASSACHUSETTS

FROM: Roger M. Singer *RMS*

SUBJECT: DIVISION OF INSURANCE BULLETIN SRB 89-02
EFFECTIVE JULY 1, 1989

The enclosed Bulletin SRB 89-02 summarizes the minimum filing requirements for all licensed Property/Casualty insurers and Rating Bureaus, for most Property and Casualty lines of insurance. These requirements and guidelines, which expand upon the procedural instructions set forth in Bulletin SRB 89-01, represent the Division's first attempt to provide uniform standards and resolve in writing many administrative and technical issues.

Many of the Bulletin elements are designed to complement the automation of the entire Policy Review Section, and as such should serve to improve the Section's review and disposition of all rate, rule and form/endorsement filings and related submissions. Further bulletins will be issued for Life and Health insurance.

Please reproduce the enclosed and disseminate it to any staff member responsible for filing content and documentation for Property/Casualty insurance programs in Massachusetts. Your full cooperation in this regard will minimize any transitional problems. As the need for clarification or amendment arises, the Division will again notify you by bulletin.

MASSACHUSETTS DIVISION OF INSURANCE

BULLETIN SRB 89-02

GUIDELINES, PROCEDURES AND REQUIREMENTS
FOR PROPERTY AND CASUALTY FILINGS AND RELATED DOCUMENTS
JULY 1, 1989

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MASSACHUSETTS INSURANCE DIVISION

BULLETIN SRB 89-02

GUIDELINES, PROCEDURES AND REQUIREMENTS
FOR PROPERTY AND CASUALTY FILINGS AND RELATED DOCUMENTS
JULY 1, 1989

INTRODUCTION/PURPOSE

This bulletin is designed to provide licensed insurers and rating or advisory organizations with instructions and uniform submission requirements for all property and casualty insurance products filed, in accordance with Massachusetts General Laws, Chapters 174A, 175 and 175A, and dated on or after July 1, 1989.

The instructions and requirements contained herein, while not all inclusive, supercede any prior requirements, formal or informal, written or verbal. Additional requirements or requests may apply on any individual submission, as deemed appropriate by the Division of Insurance. At a minimum however, it is expected that all filers will receive a timely response to any submission to the extent that the requirements below are followed. Filings or related submissions which are found to be incomplete or inconsistent with these instructions or any applicable Massachusetts General Law or Regulation will either be returned "unfiled" at the filer's expense or disapproved in accordance with applicable Massachusetts General Law. In any event, the onus is on the filer to abide by the minimum requirements contained herein; the filer should not, as a rule, expect a letter itemizing those areas which are not in conformance with this bulletin.

All filings and related submissions will be processed in a timely manner and will be acknowledged, approved, disapproved accepted as information or returned "unfiled" within the applicable statutory time frame. Likewise, any additional requests for supporting information will be communicated within statutory time frames. To the extent, or for whatever reason the Division is unable to meet such time frames, company action under existing filing statutes may be required.

This bulletin may be amended or supplemented at any time. We will always endeavor to provide all licensed insurers and rating organizations ample advance notice, and any amendments or supplements will not take effect for at least 30 days following written notice.

All questions and comments or concerns should be directed to:

Ken Zanetti
Supervisor, Property/Casualty Lines
Policy Review Section
State Rating Bureau
(617) 727-7189 ext. 426

I. GENERAL PROCEDURES AND REQUIREMENTS - ALL SUBMISSIONS:

A. Construction/Format: All property/casualty filings or related submissions should be submitted in the following format, with required materials in the sequence as noted:

1. Filing Letter: Filing letters must be submitted in duplicate. Checks to cover any applicable filing fee should be stapled to the front of the original filing letter, top, left. A self-addressed and stamped envelope should be stapled to the duplicate letter, top, left. The caption of the filing or submission letter should contain the following:

- Company name (list if more than one)
- Company NAIC Identification(s)
- Line and/or Subline of Insurance
- Submission identification, i.e., independent filing, deviation, consent to rate, etc.
- Type of Submission: Rates, Rating Rules, Forms/Endorsements, Rating Plan, etc.
- Company submission identifier (if any)
- Company name of program (if any)

EXAMPLE: ABC Insurance Company Inc.
NAIC I.D. 11111
General Liability/Products
Independent-Rates
GL 89 DWP-PRD-1-R
Deluxe Widget Program

The text of the filing or submission letter should provide a brief explanation of the filing, whether it represents a new program, a renewal of an existing deviation, a replacement or amendment to an existing program, etc. If the filer is a member of a rating or advisory organization, and such information is relevant to the submission, it should be stated in the letter. Finally, no filing is complete without a proposed effective date, as well as a rule of application for the effective date, e.g., "these changes are applicable to all policies written on or after _____" **NOTE: DO NOT SUBMIT MORE THAN ONE ORIGINAL LETTER AND ONE DUPLICATE REGARDLESS OF THE NUMBER OF COMPANIES FOR WHICH FILING IS SUBMITTED**

2. Table of Contents: A table of contents is required if the entire submission, excluding the filing letters, exceeds 10 pages.

3. Explanatory Memorandum: Required on all rating or advisory organization filings and any independent programs of any length, the memorandum should provide detailed explanations of the program and its revisions.

I. A. (cont.):

4. Massachusetts Division of Insurance Forms and Abstracts - As required with Bulletin SFB 89-01

The submission may require the attachment of one or more of the following Division forms which are explained further in this Bulletin:

- SRB-RA-1 - Rate Filing Abstract
- SRB-DV-1 - Deviation Abstract
- SRB-DV-2 - MGL Chp 175, Sect. 193R Filings
- SRB-CR-1 - Consent To Rate Form
- SRB-CR-2 - Restriction of Coverage End.
- SRB-FE-1 - Independent Programs - Abstract
- SRB-FE-2 - Bureau-Compatible Programs

GRP/MASS MERCHANDISING

5. Side-By-Side Comparisons: Any revision of an existing program which exceeds 10 pages (excluding the filing letter and any division forms) must include a side-by-side comparison of the present language or rule and the proposed language or rule. Side-by-side comparisons are not required for rate level filings. If the submission is less than 10 pages, the proposed changes should be underlined and the existing language bracketed. The format of the side-by-side comparison is as follows:

<u>PRESENT</u>	<u>PROPOSED</u>	<u>INTENT</u>
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6. Filing or Submission Document: Please submit only one copy of the actual filing, regardless of the number of companies for which filing is submitted. This is the filer's document as it would be submitted for approval or acknowledgment. It is assumed all supporting information of any type will be included in the document. To the extent that the document is not technically supported, delay in the review process or disapproval is likely.

7. Combinations of types of filings:

- a. Forms and/or Endorsements may not be combined with Rates and/or Rating Rules in the same filing.
- b. Deviations may not be combined with any other type of filing or submission.
- c. Restrictions of Coverage or Consent to Rate applications must be submitted individually
- d. Individual Risk Rate Applications need not be filed.

All of the above are explained in more detail in other sections of this bulletin.

8. Page numbering: The pages of any filing or related submission document must be numbered sequentially (excluding the filing letters).

If an Explanatory Memorandum is required, as per I.A.3 above, the memorandum should reference the appropriate page for each item discussed. Likewise, where a side-by-side comparison is required under I.A.5 above, the comparison should indicate on which page of the filing the change is made.

The pages of the document should be numbered on the lower right side, and such numbering is in addition to any other numbering system the filer may use. For example, the filer may be revising its Manual pages ML13 through ML21, and such page numbers are already printed and used in the filing. The filing numbering for these pages would be pages 1 through 9.

- B. Filing Fees: As explained in Division of Insurance bulletin, dated January 23, 1989, Filing Fees for Policy and Rate filings have been increased effective February 2, 1989. This section clarifies the prior bulletin for Property/Casualty filings.

1. Forms and/or Endorsements filings require a fee of \$75.00. As noted under I.A.7.a above, Forms and/or Endorsements may not be combined with Rates and/or Rating Rules, in the same filing. The fee applies per filing, NOT per company nor per form/endorsement.
2. Rate filings require a fee of \$150.00; as with forms/endorsements, fees are per filing, NOT per company. For the purposes of this bulletin as well as the Filing Fee bulletin issued on January 23, 1989, a rate filing is:

- any filing made under the provisions of MGL Chapters 174A or 175A,
- independent of any rating or advisory bureau filing,
- which proposes new or changes to Base Rates,
- for any line/subline or program of insurance controlled by MGL Chapters 174A or 175A, and
- which is or should be fully supported and documented by the filer's own ratemaking data in accordance with Division of Insurance guidelines, and
- which may or may not include in the same submission revisions to rating rules, plans, relativities or classifications.

I. B. (cont.)

The following are not considered Rate Filings:

- Rate, Rating Rule or Rating Plan deviations submitted in accordance with Section 9 of MGL Chapters 174A or 175A.
- Consent to Rate filings submitted in accordance with Section 6.d. of MGL Chapters 174A or 175A.
- Applications for Restrictions of Coverage, controlled by Section 6.d of MGL Chapters 174A or 175A.
- Applications submitted in accordance with MGL Chapter 175, Section 193R, Group Marketing/Mass Merchandising.
- The following, unless submitted with any proposal which otherwise would be considered a rate filing: Rating Rules, Rating Plans, Relativity revisions, Classifications, or Statistical Plans.

Filings which should be, but are not, accompanied with the filing fee will be returned to the filer "unfiled" at the filer's expense. Filings accompanied by a fee below the amount required will likewise be returned.

- C. Statutory Filing Requirements: All filers are expected to be thoroughly familiar with any and all provisions of MGL Chapters 174A, 175 and 175A. These statutes delineate the lines of insurance which they control, the requirements and obligations of all filers, the scope of regulatory authority, and actions the filer may or may not take with regard to any filings made under such statutes. Implementation of any filing which is otherwise subject to regulatory review, in accordance with MGL Chapters 174A, 175 or 175A, may be permissible if no formal Division acknowledgement is received or if no formal requests for supporting information have been issued by the Division. Further, implementation as noted above can be effected only if:
- the filing is fully documented in accordance with any requirements under this bulletin;
 - the original effective date is in accordance with statutory requirements; and,
 - the implementation date is the effective date as originally proposed; and,
 - the Division of Insurance is notified of your action within 30 days after the implementation date.
- D. Filings - Follow up with Division: The filer of any document should not follow-up or send second or third requests for action until at least 45 days have transpired since document submission.

II. RATE FILINGS:

SRB-RA-1

A. Application Of This Section:

This section applies to all Rate Filings as defined under Section I.B.2 of this bulletin. All of the provisions of Section I apply to this section except Section I.A.5. (Side-by-Side Comparisons).

B. Filing Documentation:

1. Technical Documentation: It is the sole responsibility of the filer to fully support any rate level filing submitted to the Division of Insurance. Technical documentation underlying each component of the proposed rate level change is mandatory. All assumptions underlying the derivation of the proposed rates must be stated explicitly and supported quantitatively to the extent possible. In addition to the filer's supporting information, all Rate Level filings submitted under this section must include a completed and signed RATE FILING ABSTRACT - SRB-RA-1 as discussed below.
2. Rate Filing Abstract - SRB-RA-1: Each insurer or Rating Bureau is responsible for reproducing and accurately completing this and any other Division form referenced in this bulletin. This form merely summarizes information which should be provided in detail elsewhere in the filing document. Completion of this form does not relieve the filer of the technical documentation required in II.B.1 above.
3. Final Calculated Rates: Every Rate Filing shall contain an exhibit highlighting the final calculated rates by class, territory or any other variable as is customary for the line of insurance. The Exhibit should include the following:

CURRENT RATE	PROPOSED RATE	% DIFFER.
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The rates as shown on this exhibit should include the effect of any current or proposed relativity or other equity adjustments.

Submission of final printed manual pages is not a requisite for filing approval or acknowledgment. Final manual pages may be submitted subsequent to the Division approval/acknowledgment or the filer's implementation.

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III. DEVIATIONS - RATES, RATING RULES AND RATING PLANS:

A. Section 9 of MGL Chapters 174A and 175A:

- 1. Deviation requests in accordance with the above Statutes apply only:
 - a. to rates, rating rules and rating plans;
 - b. filed by a licensed Rating Bureau;
 - c. on behalf of an insurer which has given the Rating Bureau authorization to make such filings; provided however, that,
 - d. the Commissioner shall approve such deviations for a period not to exceed one year.

DEVIATIONS MAY BE RENEWED ANNUALLY, PROVIDED THAT THE BUREAU RATES, RULES OR PLANS HAVE NOT BEEN RE-VISED DURING THE APPROVED ANNUAL DEVIATION PERIOD.

2. Deviations :

- a. do not apply to forms and/or endorsements filed by a Rating Bureau; and,
- b. do not require a filing fee; and,
- c. may not be combined with any other type or category of filing or submission.

3. Attach completed and signed Massachusetts Insurance Division Form SRB-DV-1 to any original or renewal deviation request.

B. Section 193R of Chapter 175: SRB-DV-2

Section 193R of Chapter 175 applies to Group Marketing/Mass Merchandising Plans for Homeowners and Private Passenger Automobile. While the provisions of this section do not meet the statutory definition of a deviation as noted in III.A. above, requests for permission to offer coverage under Section 193R are accorded the same treatment as other deviations. Attach completed and signed Division of Insurance Form SRB-DV-2 to any original or renewal request under this statute.

IV. CONSENT TO RATE/RESTRICTIONS OF COVERAGE: SRB-CR-1

A. Consent to Rate Applications:

Section 6.d. of Chapters 174A and 175A permits any insurer to use a rate in excess of an otherwise applicable rate on any individual insured's policy, for any line of insurance subject to filing requirements under MGL Chapters 174A and 175A, provided:

- 1. The insured policyholder makes written application to the Division of Insurance; which,

2. states his reasons for the increased excess rate and,
3. the Commissioner of Insurance approves the application.

Consent to Rate filings are no longer complete without the attachment of Division of Insurance Form SRB-CR-1. This form must, in addition to the filing letter (as instructed under Section I of this bulletin), be submitted in duplicate, fully completed and signed by the insured policyholder. NO OTHER FORM IS OR WILL BE ACCEPTABLE. Item 8 on Form SRB-CR-1 requires the reason(s) for the excess rate. NO LONGER ACCEPTABLE ARE REASONS SUCH AS: "Unable to get at Market".

There are no statutory timeframes within which the Commissioner must act for Consent to Rate applications. The Division of Insurance will make its best effort to review and approve or decline such applications within 30 days from receipt; provided that:

1. the Form SRB-CR-1 is submitted as required above; and,
2. the application, including Form SRB-CR-1 is received by us at least 30 days prior to the proposed effective date.

If the above conditions have been met, and the filer has not received any notification from the Division as to the approval or declination of the application, the filer may assume that the Division has no official problem, questions or comments with the application. Such rate may then be used.

B. Restrictions of Coverage:

SRB-CR-2

As opposed to issuing a standard policy with a rate in excess of the otherwise applicable rate, as noted in IV.A. above, an insurer is permitted to restrict the coverage otherwise applicable, on an individual risk basis, with no rate or premium consideration. The Division of Insurance interprets Section 6.d. of Chapters 174A and 175A to control such Restrictions of Coverage.

All applications for Restriction of Coverage must be accompanied by a completed and signed Division of Insurance Form SRB-CR-2, in duplicate, and subject to any other general guidelines as noted under Section I of this bulletin. NO OTHER FORM IS ACCEPTABLE TO THE DIVISION. The Division insists on complete and accurate reasons for the proposed Restriction of Coverage; and, as noted on Form SRB-CR-2, new requirements are being imposed regarding justification for the restriction(s). The conditions and timeframes noted above under Section IV.A. apply likewise to Restrictions of Coverage.

V. (a) RATING AND INDIVIDUAL RISK RATING NOT SUBJECT TO SECTION IV. ABOVE:

A. Application of this Section:

This Section applies to any policy of insurance or rate for any policy of insurance which by custom or by virtue of an approved classification and rating system does not have an approved, actuarially justified rate for any one or all classifications, or which, by virtue of the nature of the risk insured, must be individually rated.

This Section applies to all (a) rates, whether guide (a), "pure" (a), or unfiled (a) rates as defined below:

(a) rates: rates for classes of special risks for which the premium and loss data lack sufficient homogeneity to calculate meaningful rates.

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.

B. Procedures:

Except with regard to guide (a) rates suggested by any licensed Rating Bureau, 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 file any material with the Division. The insurer using such (a) rates 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 or 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 Bureau, any insurer departing above the suggested rate(s), must annually submit a summary of those policies affected by the departure.

VI. RATING PLANS:

This topic will be discussed in a future bulletin.

VII. INDEPENDENT COMPANY PROGRAMS: SRB-FE-1

A. Application of this Section:

This Section applies to any:

1. Forms and/or endorsements,
2. Rates or Rating Plans,
3. Rating Rules or,
4. Classifications/Territories or,
5. Any combination of the above,

And:

1. which an insurer or group of insurers files on its own behalf; or,
2. for which no Rating Bureau has filed a substantially similar program or product, where the insurer is a member of a Rating Bureau.

Filings made under this Section:

1. must be supported solely by the filer, and
2. in the case of Rates or Forms/Endorsements require filing fees as outlined in Section I of this bulletin.

THIS SECTION DOES NOT APPLY TO BUREAU COMPATIBLE PROGRAMS SUBMITTED BY MEMBERS OR SUBSCRIBERS OF LICENSED RATING BUREAUS. FOR SUBMISSIONS OF THIS TYPE, SEE SECTION VIII BELOW.

B. Requirements:

All of the requirements of any section of this bulletin not in conflict with the following apply:

1. In addition to any other requirement of this bulletin, filings submitted under this Section must contain a completed and signed Division of Insurance Form SRB-FE-1. NO OTHER FORM IS ACCEPTABLE.

CAUTION: IF YOU ARE A MEMBER OR SUBSCRIBER OF A LICENSED RATING BUREAU, WHICH ALSO ACTS AS YOUR STATISTICAL AGENT, SPECIAL INSTRUCTIONS REGARDING VERIFICATION OF "INDEPENDENT" STATUS ARE CONTAINED ON FORM SRB-FE-1. PLEASE READ THE FORM CAREFULLY.

VIII. BUREAU-COMPATIBLE PROGRAMS:

SRB-FE-2

A. Application of this Section:

This Section is applicable to any insurer submission which relates in whole or in part to an approved Bureau filing, filed on the insurer's behalf. This Section applies to:

1. Non-adoption of Bureau-filed programs
2. Changes of effective dates or delays in implementation of Bureau-filed programs, and
3. Non-substantive modifications of Bureau-filed Programs.

All other sections of this bulletin not in conflict with this section shall apply.

B. Requirements:

All submissions under this Section shall contain a completed and signed Division of Insurance Form SRB-FE-2. NO OTHER FORM IS ACCEPTABLE.

This form may be in addition to any other form required.

Submissions under this Section do not require a filing fee.

IX. REFERENCE FILINGS:

An insurer or group of insurers may apply to adopt, by reference a filing or program of any other insurer, group of insurers or licensed Rating Bureau. Such application shall be treated as an Independent Filing in accordance with Section VII of this Bulletin, and thus be subject to all other requirements of this Bulletin.

The burden of support/documentation for any reference filing falls solely on the insurer. Further, where the referenced material is copywritten, the filer must insure to the satisfaction of this Division that any required release of copywrite has been obtained.

X. EXEMPTIONS FROM REQUIREMENTS OF THIS BULLETIN

This bulletin and the requirements contained herein apply to all property and casualty lines of insurance which fall subject to Massachusetts General Laws Chapters 174A, 175 and 175A, except that the requirements of this bulletin shall not apply to Workers Compensation Rate and Rating Rule Filings, to Medical Malpractice Rate and Rating Rule Filings, nor to Private Passenger Automobile Rates Rating Rule or Form/Endorsement filings.