

Required Materials for Group Marketing Rate Deviation Filings For Private Passenger Automobile Insurance and Homeowner Insurance

- A. [Notice to Insurers](#)
- B. [Compliance Certification](#)
- C. [Group Marketing Checklist](#) (use external link under additional checklists page)
- D. [Insurer Affidavit](#)
- E. [Application Spreadsheet Instructions](#)
- F. [Application Spreadsheet](#) (use external link under additional checklists page)
- G. [Client Confirmation Letter](#)

Massachusetts Division of Insurance

Procedures for Submitting Group Marketing Rate Deviation Filings (M.G.L. c.175, § 193R) for Private Passenger Motor Vehicle Groups and Homeowner Groups Filed to be Effective on or After January 1, 2016

Insurers may apply to the Commissioner for approval of new and renewal rate deviations for private passenger motor vehicle and homeowner group marketing rate deviations that take effect on or after January 1, 2016. All group marketing rate deviation filing approvals expire one year after the effective date. Group marketing rate deviations must be approved each year.

For the purposes of submitting rate deviation filings applicable to private passenger motor vehicle and homeowner group marketing plans, the basis of the rate deviation applicable to the insurer's otherwise filed rates must be based on lower administrative and policy acquisition costs than those contemplated in the rate currently on file. Such costs may include, but are not limited to, producer negotiated commissions, method of premium payment (payroll deduction or electronic funds transfer), or reduced insurer marketing or advertising costs. Rate deviation filings applicable to all private passenger motor vehicle and homeowner group marketing plans must be justified on the basis of expected expense savings, regardless of whether the group marketing plan rate deviation is new or renewal.

Insurance companies that have maintained private passenger motor vehicle group marketing rate deviations or homeowner group marketing rate deviations with a specific group for more than three consecutive years may file adjustments to any applicable downward rate deviation for group members based on reduced acquisition and administrative expenses that additionally reflect the most recent three years of loss experience for the group. Loss experience for a group will only be considered actuarially credible if the number of vehicles insured through the group is 1,000 or more for private passenger motor vehicle group marketing rate deviations or if the number of homes insured through the group is 1,000 or more for two of the most recent years of experience.

Insurer applications for such groups must be submitted through the System for Electronic Rate and Form Filing (SERFF) at least fifteen business days in advance of the proposed effective date. Attachments are included as part of this e-mail to you and the templates should be retained by you. This e-mail and the attachments should be forwarded to all appropriate staff within your company.

The SERFF submission *requires* the submission of one **Adobe® pdf file and one Excel® workbook** (the application information and any experience required), pdf

documents (the signed insurer affidavit and group marketing rate deviation checklist), and complete copies of both the by-laws of the association, organization, or union (if amended since last by-law submission) and signed compliance certification forms for new and renewal groups. Also, included in this e-mail to you is a copy of the Client Confirmation Letter that your company or your producer is required to send to each group prior to submitting a group marketing rate deviation application. A copy of each letter should be maintained by your company. These letters are not to be submitted as part of your application.

If you have any questions or problem opening the attachments, please contact Gerald Condon at (617) 521-7377 or gerald.condon@state.ma.us.

Reminder

Insurers should remind their producers that they are not to contact the Division of Insurance directly regarding the status of a 193R application. Insurers will be notified by SERFF when applications are approved. The Division of Insurance will post a list of all approved group marketing rate deviations on its web. The web site address is as follows: <http://www.mass.gov/doi>

[Back to Required Filing Materials](#)

MASSACHUSETTS

CERTIFICATION OF COMPLIANCE

(This is an example only. Please use the form in SERFF.)

Company Name:

_____("Company")

Company File Number: _____("Filing")

As the representative of the "Company", duly authorized to give this certification on its behalf, I hereby certify under the pains and penalties of perjury, the enclosed forms, rates and or rules being submitted to the Massachusetts Division of Insurance meet all the requirements of the relevant Massachusetts statutes and regulations.

Date: _____

Signature: _____

(Original, stamped or digitized)

Title: _____

Name: _____

(Print or type)

[Back to Required Filing Materials](#)

Group Marketing Checklist

Chapter 175: Section 193R: Group marketing plan rate deviations for automobile and homeowners insurance policies

Scope of Filing

_____ Premium deviations for policyholders insured through group marketing or affinity marketing plans are subject to prior approval by the Commissioner of Insurance. This filing is being submitted separately and independently from the rates and rules underlying the premiums to which the deviations contained in this filing will apply.

Eligibility to Offer Premium Deviations to Members of a Group

_____ The company is not organized solely or principally for the purpose of providing insurance policies to members of a group. The company is engaged actively in the business of writing the same types of coverage for individuals who are not solicited or acquired as a member of a group as for individuals who are members of the groups identified in this filing.

Groups Eligible for Premium Deviations

_____ Each association member group contained in this filing has a constitution and by-laws which have been submitted to the Division of Insurance.

_____ The groups contained in this filing were formed in good faith for a purpose other than that of purchasing insurance.

_____ One or more of the groups contained in this filing that are sponsored to allow us to provide motor vehicle or homeowner insurance to individuals who did not become policyholders while engaged in military service.

Effective Date of Group Marketing Rate Deviation

_____ This filing has been submitted at least 15 business days prior to its intended effective date. The group marketing rate deviations contained in this filing will apply to the premiums otherwise applicable to policyholders who do not obtain insurance through a group marketing plan. The premiums shall be based on the rates in effect on the effective date of the policy.

Rules and Regulations Applicable to Group Marketing Plans

The group marketing plans contained in this marketing rate deviation filing comply with the following requirements:

_____ (1) every individual employee or association member having a proper insurable interest shall be entitled to participate in the group plan;

_____ (2) every individual employee or association member participating in the group plan will be given an option to continue coverage by a standard policy of the same type offered by the insurer to a person who is not eligible for a group plan for at least 1 additional year upon termination of employment or membership;

_____ (3) there shall be no compulsion for an employee or a ssociation member to participate in the plan;

- _____ (4) no member of the group shall be subject to any rating differential or other classification technique or policy form designed to make it less desirable for him as an individual to purchase insurance through the group than it would be to purchase it from the regular individual market and each member of the group must be issued an individual policy of the same form varying only as to the amounts of insurance and limits of liability requested by the member;
- _____ (5) we will not cancel the insurance policy of an individual who purchases it through the group except for nonpayment of premium, fraud or unless the insurance for the entire group is cancelled. We may cancel the motor vehicle insurance of an individual member for loss of registration or operators license by the individual member where such loss is for a period of one year or more;
- _____ (6) the employer, trade union, association or organization shall consist of no less than 25 members, at least 15 of whom are residents of the commonwealth.
- _____ (7) for group marketing plans in effect for 2 or more years, at least 35% of the group members are participating in the plan. (This requirement has been suspended by the Massachusetts legislature until December 31, 2017.)

Data to be Kept

- _____ Separate data on the losses and expenses of each employer, trade union, association or organization so insured shall be maintained.

Group Marketing Plan Deviations for the First Three Years

- _____ The group marketing rate deviations in this filing are based on actual and expected reductions in acquisition and administrative expenses resulting from the group marketing technique for plans that have been in effect for less than three years or have less than 1,000 insured units. Such expenses include producer negotiated commissions, method of premium payment, reduced marketing and advertising costs, or loss adjustment expenses.
- _____ The group marketing rate deviations in this filing are based on actual and expected reductions in acquisition and administrative expenses resulting from the group marketing technique, as well as loss ratio differences for plans that have been in effect for at least three years and have more than 1000 insured units. For motor vehicle insurance, the loss ratio results are presented for annual statement lines of business 19.1 and 19.2 combined are shown separately for each group and the company as a whole (group and non-group). For homeowners policies, the loss ratio results are shown separately for each group and the company as a whole (group and non-group).

[Back to Required Filing Materials](#)

MASSACHUSETTS
GROUP MARKETING RATE DEVIATION NEW/RENEWAL
AFFIDAVIT

Attached is the documentation required for the application for the listed XYZ Insurance Company <insert year> Group Marketing clients.

We have verified that it is the intention of each of the following clients to participate in the Group Marketing program within their organization for the year <insert year> and have confirmed their participation to them in writing:

Alphabetical List (vertical)

You may contact any of our clients to verify information and confirm participation.

J. Smith
State Filings Analyst

[Back to Required Filing Materials](#)

Instructions apply to 193R Group Marketing Rate Deviation Application Spreadsheet

Please read instructions carefully.

Do not format numbers as text or leave a number field blank. If number is zero then, enter "0".

Excel Column	Data/Information Requested
A	Insurance Company - Report the full insurance company name. If there is more than one company then, separate each company by a comma.
B	Group Name - Report the full name of the organization with whom the insurance company has a group marketing plan.
C - F	Street Address – Report the complete mailing address of the organization.
G	Auto (A) or Home (H) – Report "A" for auto or "H" for home group marketing rate deviation.
H	Proposed Rate Dev. (0.0%) – Report the proposed rate deviation in percentage format with one decimal.
I	Proposed Effective Date – Report the proposed effective date as mm/dd/yy.
J	Group Type – Identify the type of group by choosing from the drop down list - "AG", "BC", "CO", "CU", "E", "PA", "TU" or "O". Please see the "Group Definition" page below for the appropriate group type definition.
K	Total Number in Group – Report the total number of members in the group (25 or more). The date of the number should be updated by one year in each subsequent year. The number should reflect the most recent calendar year end.
L	Eligible Number in Group – Report the total number of Massachusetts residents, who have a proper insurable interest (15 or more), that are eligible for the group marketing rate deviation. The date of the number should be updated by one year in each subsequent year. The number should reflect the most recent calendar year end.
M	Number of Current Insureds – Report the total number of members participating in the group marketing rate deviation program. The date should reflect the most recent calendar year end.
N	Original Plan Date – Report the effective date that the group marketing rate deviation was first implemented.
O	Producer or Marketing Representative – Report the name(s) of the producer/agency or marketing representative associated with the group. If there are multiple producers/agencies or marketing representatives then list in a footnote.
P	Producer or Marketing Representative Contact Information – Report the phone number or internet address of the producer/agency or marketing representative associated with the group. If there are multiple producers/agencies or marketing representatives then list their names and contact information in a footnote.
Q	Experience Submitted Yes or No - Report Yes "Y" or No "N" if supplemental loss experience has been submitted or not.

[Back to Required Filing Materials](#)

Group Definition	Code
Employees and retirees of an employer that are not members of a trade or labor union.	E
Trade Union is an organization whose membership consists of active and retired workers and union leaders united to (1) negotiate wages and working conditions, (2) regulate relations between its members and the employer, (3) take collective action to enforce the terms of collective bargaining, (4) raise new demands on behalf of its members, and (5) help facilitate grievances. This includes unions that represent skilled workers in a particular field such as carpentry or welding.	TU
Credit Union is a member-owned financial cooperative, democratically controlled by its members, and operated for the purpose of promoting thrift, providing credit at competitive rates, and providing other financial services to its members.	CU
A booster club is an organization that is formed to support (e.g. coordinate events, raise money, etc.) an associated club, sports team, or organization. Booster clubs are popular in schools at the high school and university level. The clubs are generally run and organized by the parents of the students in the supported organization in high schools, and by athletic supporters and fans at colleges. It is not a social club. Its main function is to develop support for the student program and raise funds to supplement shrinking public support as a result of budget cuts.	BC
A charitable organization is an incorporated or non-incorporated tax exempt body which (1) is created and operated for charitable purposes, (2) employs all its resources to those charitable activities that are under its direct control, (3) does not distribute any part of the income generated for the benefit of any trustee, trust or, member, or other private individual, and (4) does not contribute to or associates with political organizations.	CO
A professional association (also called a professional body, professional organization, or professional society) is usually a nonprofit organization seeking to further a particular profession, the interests of individuals engaged in that profession and the public interest. Trade or professional associations do not include labor unions.	PA
Advocacy groups (also known as pressure groups , lobby groups , campaign groups , interest groups , or special interest groups) use various forms of advocacy to influence public opinion and/or policy; they have played and continue to play an important part in the development of political and social systems. Groups vary considerably in size, influence, and motive; some have wide ranging long term social purposes, others are focused and are a response to an immediate issue or concern.	AG
Other is a group not defined by any of the above definitions.	O

[Back to Required Filing Materials](#)

December <insert day>, <insert year>

Mr. Steve Jones
ABC Company
123 Main St.
Boston, MA 02117

Dear Mr. Jones,

This letter is to confirm your organization's participation with XYZ Insurance Company's Group Marketing program for <insert year>.

This voluntary program, which offers reduced premiums for personal lines products to your employees or members, may be cancelled by you or by XYZ Insurance Company at any time. Additionally, Group Marketing provisions are governed under Massachusetts General Law c.175 §193R, with the following requirements subject to certain statutory exceptions:

- a) *The group is required to have at least 25 employees or members, 15 of which have to be Massachusetts residents.*
- b) *All employees or members of the group must be given the opportunity to participate in the group marketing plan. However, no member may be required to participate in the group marketing plan.*
- c) *The group is required to have 35% of its members participating in the marketing plan within two years of the starting date of the marketing plan. (Note: waived by statute until 2018)*
- d) *After the group marketing plan has been in existence for three or more years and has at least 1,000 insured units, the insurance loss experience of the members insured through the plan may be used to support any future group marketing rate deviation.*
- e) *Any group that is a trade union, association, or organization shall have a constitution and by-laws and be formed in good faith for purposes other than that of obtaining insurance.*
- f) *All group marketing rate deviation approvals expire one year after the effective date. Group marketing rate deviations must be approved each year.*

The Division of Insurance may contact you to verify your participation in this program.

We look forward to this relationship with your organization. Should you have any questions you may contact me at your convenience.

Susan Smith
Marketing Representative (or Agency Name)
(617) 123-4500susan@xyz.com

[Back to Required Filing Materials](#)