## GENERAL INSTRUCTIONS

**Who reports data**:  Property and casualty (P&C) insurers who write new personal auto and/or residential property business and meet one of the following criteria will be required to submit information to the Texas Department of Insurance (TDI):

- The insurer is in one of the top 25 national groups and has more than $1 million in 2006 direct written premium in Texas.
- The insurer is in one of the top 25 national groups, has more than $1 million in 2006 direct written premium in Texas, and issues and processes business through a non-affiliated company, for example, a county mutual.

TDI will notify insurers that are in the reporting group of their reporting responsibility.  All other P&C insurers have the option to report the requested information and are encouraged to participate.

**What data to report:**

- If an insurer is writing new business in a particular company anywhere in Texas, then the insurer should submit sample rates for new business and for all ZIP codes.
- If an insurer writes renewal business only in a particular company and at some point in the future opens up that company to new business, TDI will request that the insurer submit sample rate data at that time.
- If an insurer is in the top 25 national groups and is not writing new business, TDI will request that the insurer confirm this in writing.

**How data will be reported to TDI**:

- Insurers will submit the data in a comma-delimited file according to a record layout provided by TDI as an attachment to these instructions.
- Insurers will provide additional information including how to contact the company (800 number, local agent, or other method), website address, discounts, and overall statewide rate changes via an online form.
- Instructions about how to send the sample rate data file to TDI (via file transfer protocol or other method) and a link to the online form to submit the additional information will be sent in May 2008 to insurers who are participating in the data call.

**ZIP codes:**

- TDI requests data for 314 ZIP codes for personal auto liability insurance.
- TDI requests data for 333 ZIP codes for residential property (homeowners, condos, and renters) insurance.  TDI requests residential property sample rates including wind coverage for the 333 ZIP codes.  Insurers will also provide a second set of sample rates excluding wind coverage for the 42 ZIP codes (included in the 333 total ZIPs) in the coastal counties and the portion of Harris County designated as a catastrophe area.
- The list of ZIP codes is provided in an Excel spreadsheet attachment with these instructions.

**Deadline**:  Insurers should submit their data by June 1, 2008, for sample rates that will be in effect on June 1, 2008.

**Procedure for insurers to check their information on the Helpinsure.com website**:

- In early July 2008, TDI will upload the data to a "test" version of the new website.  The new website will include the personal auto and residential property profiles and sample rate comparisons, credit score information, company and complaint information, policy form comparisons, and other information.
- TDI will send the insurers who submitted data a link to the test website along with a user name and password.  Insurers will be given approximately three weeks to review the

information, query the sample rates, and do any other testing they wish.  They will be requested to send their changes to TDI by late July 2008.

- TDI will review changes submitted by the insurers and make the appropriate changes.  If insurers do not respond timely, TDI will display the data as it was received in the test version.
- TDI and the Office of Public Insurance Counsel (OPIC) will launch the new website in August 2008.

**INSTRUCTIONS FOR CALCULATING PERSONAL AUTO SAMPLE RATE ESTIMATES**

Please use the following guidelines when calculating your sample rate information:
- Calculate the annual premium in effect on June 1, 2008, for personal auto liability insurance only (BI and PD) for each driver profile in each of the ZIP codes provided by TDI. Sample rate estimates for commercial auto are <u>not</u> requested.
- If you do not offer an annual policy, multiply the sample rate estimate by the appropriate number to calculate an annual premium. For instance, multiply the sample rate estimate for a six-month policy by 2 to arrive at an annual, or 12-month, sample rate.
- Calculate sample rates based on the policy form your company is most likely to offer new customers.
- The sample rate should include discounts, surcharges, or other rating factors specifically mentioned in the profile categories and variables. Do not include any discounts, surcharges, or other rating factors beyond those applicable to the sample rate profile description.
- If the sample rate for the vehicle includes certain applicable discounts, surcharges, or other rating factors, for example, passive restraints, anti-lock brakes or airbags, then note the applicable discounts, surcharges, or other rating factors on the "Additional Information" form.
- Enter the sample rate for a given profile even if the sample rate does not vary by category or variable. For example, the sample rate for an insurer may be the same for a given profile even though the vehicle differs.
- Enter whole dollars only. Round up or down to the nearest whole dollar, for instance, enter 450 for 450.35.
- Do not use commas in any numeric values submitted; use 1000, not 1,000.

The profile categories and variables provided are not exhaustive. It is understood that your company may need to use other rating factors not mentioned when calculating the sample rates. If you have a question regarding the applicability of a rating variable not specifically mentioned or implicit in the profile description, please contact TDI in writing for further instruction. TDI contact information is found at the end of the instructions to insurers. Questions that may apply to other insurers responding to the data call will be compiled in a frequently asked questions (FAQ) format and posted on TDI's website Industry main page.

**Personal Auto Sample Profile Categories, Variables, and Definitions**
The following categories with variables within each category will be used to develop sample rates:

- Vehicle make, model, and year (2 variables)
    - 2007 Toyota Camry four-door sedan, 2.4 liter/4 cylinder engine
      VIN: 4T1BE46K&7
    - 2007 Ford F-150 truck, regular cab, 4x2, 4.2 liter/6 cylinder engine
      VIN: 1FT&F022&7

- Marital status (2 variables)
    - Single
    - Married

- Gender (2 variables)
    - Male
    - Female

- Age (3 variables)
    - 18 years old
    - 30 years old

- o 65 years old

- Limits of coverage (3 variables)
    - o 25/50/25
    - o 50/100/50
    - o 100/300/100

- Use of vehicle (2 variables)
    - o Drive car 10,000 miles per year and/or primarily for pleasure
    - o Drive car 18,000 miles per year and/or primarily to/from work

- Credit score (3 variables)
    - o Below average risk
    - o Average risk
    - o Above average risk

- Driving record (3 variables)
    - o One at-fault accident in prior 36 months
    - o One speeding ticket in prior 36 months
    - o No violations

## Definitions
- Vehicle make, model, and year: Indicates the vehicle's make, model, year, and VIN to be used in rating.
- Marital Status: Indicates whether the driver is single or married.
- Gender: Indicates whether the driver is male or female.
- Age: Indicates the age of the rated driver.
- Limits of coverage: Indicates the limits for liability coverage. The limits of 25/50/25 are the minimum financial responsibility limits that take effect on April 1, 2008. The limits of 50/100/50 and 100/300/100 represent commonly purchased higher limits. If you are not currently offering a particular limit, then leave the field for that profile blank on the data file.
- Use of vehicle: Indicates vehicle usage.
- Credit score: Indicates the credit score rate or relativity used to rate the policy. From the range of rates or relativities used to rate the policy in relation to the use of credit, the average risk should be the middle rate. The "below average risk" should be the middle rate of the rates lower than the "average risk" rate. The "above average risk" rate should be the middle rate of the rates higher than the "average risk" rate. For example, if there are 9 rate levels associated with credit scoring, the middle rate level, "rate level 5", would be used for the average risk. "Rate level 3" would be used for the below average risk, and "rate level 7" would be used for the above average risk. If there are 10 rate levels, select the same "rate levels". That is, rate level 5 is the average risk, rate level 3 is the below average risk, and rate level 7 is the above average risk. (For illustration purposes, the rate relativities might be 0.90 for rate level 3, 1.00 for rate level 5, and 1.10 for rate level 7.)
- Driving record: Indicates the type of violation, if any, to use in rating.

**INSTRUCTIONS FOR CALCULATING RESIDENTIAL PROPERTY SAMPLE RATE ESTIMATES**

Please use the following guidelines when calculating your sample rate information:
- TDI has furnished specific fire protection (PPC) information along with the list of ZIP codes.
- Calculate the annual premium that will be in effect on June 1, 2008, for each profile in each of the ZIP codes provided by TDI.
- If you do not offer an annual policy, multiply the sample rate estimate by the appropriate number to calculate an annual premium.  For instance, multiply the sample rate estimate for a six-month policy by 2 to arrive at an annual, or 12-month, sample rate.
- Calculate sample rates based on the policy form your company is most likely to offer new customers.
- The sample rate should include discounts, surcharges, or other rating factors specifically mentioned in the profile categories and variables.  Do not include any discounts, surcharges, or other rating factors beyond those applicable to the sample rate profile description.
- Enter the sample rate for a given profile even if the sample rate does not vary by category or variable.  For example, the sample rate for an insurer may be the same for a given profile even though the type of construction differs.
- Enter whole dollars only.  Round up or down to the nearest whole dollar, for instance, enter 450 for 450.35.
- Do not use commas in any numeric values submitted; use 1000, not 1,000.

Additional guidelines for calculating residential property sample rates:
- Contents coverage: Coverage for contents is usually a fixed percentage of the dwelling coverage.  Different companies have different percentages as part of their base policy.  No additional amounts of coverage should be used in calculating the sample rates.  Use the amount of coverage provided by the policy without upgrading for additional coverage.  This amount of coverage should be reported in the "Additional Information" form.
- Replacement cost on contents:  Replacement cost on contents should be assumed in calculating the sample rates.
- Deductible clause 1 (Wind/Tropical Cyclone):
  - Use a 1 percent wind/tropical cyclone deductible for all counties with the exception of the 14 coastal counties and the portion of Harris County designated as a catastrophe area listed below.
  - For the 14 coastal counties and the portion of Harris County designated as a catastrophe area, use a 2 percent wind/tropical cyclone deductible.
  - If there is a separate tropical cyclone deductible, use the wind deductible amount.
  - If these percentage deductibles are not applicable to your company, use the closest dollar amount to a 1 or 2 percent deductible given the coverage amount.  Note the deductible amount used if different from the instructions in the "Additional Information" form.

| Coastal Counties | | | |
|---|---|---|---|
| Aransas | Chambers | Kleberg | San Patricio |
| Brazoria | Galveston | Matagorda | Willacy |
| Calhoun | Jefferson | Nueces | Harris (part) |
| Cameron | Kenedy | Refugio | |

- Deductible clause 2 (Other than Wind):
  - Use a 1 percent other than wind deductible.

- o If 1 percent deductible is not applicable to your company, use the closest dollar amount to a 1 percent deductible given the coverage amount. Note the deductible amount used if different from the instructions in the "Additional Information" form.
- Wind coverage:
    - o Provide sample rates that include wind coverage for the 333 homeowners ZIP codes.
    - o Provide a second set of sample rates that excludes wind coverage for the 42 ZIP codes in the coastal counties and the portion of Harris County designated as a catastrophe area.
- Insurance to value: Assume the insurance to value equals 100 percent.

The profile categories and variables provided are not exhaustive. It is understood that your company may need to use other rating factors not mentioned when calculating the sample rates. If you have a question regarding the applicability of a rating variable not specifically mentioned or implicit in the profile description, please contact TDI in writing for further instruction. TDI contact information is found at the end of the instructions to insurers. Questions that may apply to other insurers responding to the data call will be compiled in a frequently asked questions (FAQ) format and posted on TDI's website Industry main page.

**Residential Property Sample Profile Categories, Variables, and Definitions**
The following categories with variables within each category will be used to develop sample rates:

- Coverage type (3 variables)
    - o Homeowners
    - o Condominium-unit owners
    - o Renters

- Type construction (3 variables)
    - o Frame
    - o Stucco/hardy plank
    - o Brick veneer

- Credit score (3 variables)
    - o Below average risk
    - o Average risk
    - o Above average risk

- Coverage amount
    - o Homeowners (4 variables)
        - $75,000
        - $150,000
        - $200,000
        - $350,000
    - o Condominium-unit owners (2 variables)
        - $50,000
        - $100,000
    - o Renters (1 variable)
        - $25,000

- Age of home (Homeowners policies only, 3 variables)
    - o 1 year old
    - o 10 years old
    - o 35 years old

- Claim history
  - Claim-free in prior 5 years
  - One fire loss in prior 3 years

**Definitions**

Coverage type: Indicates whether the coverage is for a homeowners, condominium-unit owners, or renters policy. Identify the policy form used by the company that is most likely offered new customers.

- Type of construction: Indicates whether the type of construction is frame, stucco/hardy plank, or brick veneer.
  - Frame Construction: Frame construction consists of outer walls of frame; iron clad; sheet aluminum or aluminum siding on wood; composition siding; and asphalt covered fiberboard.
  - Stucco/Hardy Plank Construction: Stucco/hardy plank construction consists of outer walls of stucco; asbestos board; rigid asbestos; and hard cement type sidings.
  - Brick Veneer Construction: Brick veneer construction consists of outer walls of brick-veneer or stone-veneer.
- Credit score: Indicates the credit score rate or relativity used to rate the policy. From the range of rates or relativities used to rate the policy in relation to the use of credit, the average risk should be the middle rate. The "below average risk" should be the middle rate of the rates lower than the "average risk" rate. The "above average risk" rate should be the middle rate of the rates higher than the "average risk" rate. For example, if there are 9 rate levels associated with credit scoring, the middle rate level, "rate level 5", would be used for the average risk. "Rate level 3" would be used for the below average risk, and "rate level 7" would be used for the above average risk. If there are 10 rate levels, select the same "rate levels". That is, rate level 5 is the average risk, rate level 3 is the below average risk, and rate level 7 is the above average risk. (For illustration purposes, the rate relativities might be 0.90 for rate level 3, 1.00 for rate level 5, and 1.10 for rate level 7.)
- Coverage amount: Indicates the coverage amount used to rate the profile. For homeowners policies, this is the coverage amount for the dwelling. For condominium-unit owner and renters policies, this refers to the coverage amount for personal property.
- Age of home: Indicates the age of home. The age of home variable is used to determine the applicable rating factor.
- Claim history: Indicates whether there is a claim, and if so, the type of loss, for use in rating.

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**ADDITIONAL INFORMATION**

- In May 2008, TDI will send the insurers who are participating in this data call a link to an online form to provide the additional information requested below.

**Company Contact Information**

- 800 Number, contact local agent, or other method to get a quote
- Website address

**Cumulative Rate Change from June 1, 2007 – June 1, 2008**

- Personal Auto Statewide Rate Change: ___%
- Homeowners Statewide Rate Change: ___%
- Condo Statewide Rate Change: ___%
- Renters Statewide Rate Change: ___%

**Policy Form**

- Please enter the policy form most likely to be sold to customers; for example, HO-A, HO-2:
  - Auto: _____
  - Homeowners: _____
  - Condo: _____
  - Renters: _____

**Discounts, Surcharges, and Other Factors Included in**
**Personal Auto Sample Rate Calculations**

- If the personal auto sample rate includes discounts, surcharges or other factors specific to the particular make, model, and year of the vehicle, please indicate them in the space provided:

**Personal Auto Insurance Discounts**

- Check the box to indicate the discounts offered:

| Company Name | Airbags | Anti-lock brakes | Daytime lights | Driver's ed | Claims | Driving record | Low mileage | Multiple policies | Young driver | Good grades | Multiple vehicles |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | |
| | | | | | | | | | | | |

- Please list other discounts offered that are not shown above:

| Company Name | Discount |
|---|---|
|  |  |

## Homeowners Contents Coverage

- Contents coverage provided by policy used for sample rates is the following percentage of the dwelling amount: _____%

## Homeowners Deductibles

- Deductible clause 1 (Wind/Tropical Cyclone):  If the company does not offer a 2 percent wind/tropical cyclone deductible for the 14 coastal counties and the portion of Harris County designated as a catastrophe area, then indicate the deductible amount used in calculating the sample rate:_____

| Coastal Counties | | | |
|---|---|---|---|
| Aransas | Chambers | Kleberg | San Patricio |
| Brazoria | Galveston | Matagorda | Willacy |
| Calhoun | Jefferson | Nueces | Harris (part) |
| Cameron | Kenedy | Refugio |  |

- Deductible clause 2 (Other than Wind): If the company does not offer a 1 percent deductible, then indicate the deductible amount used in calculating the sample rate:_____

## Homeowners Insurance Discounts

- Check the boxes to indicate the discounts offered:

| Company Name | Automatic sprinklers | Alarm Systems | Fire Extinguishers | Claims | Full replacement | Impact resistant roof | Noncombustible roof | Personal property marked with an identifying number | Good condition | Multiple policies | Senior |
|---|---|---|---|---|---|---|---|---|---|---|---|
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |

- Please list other discounts offered that are not shown above:

| Company Name | Discount |
|---|---|
|  |  |

## Condo Insurance Discounts

- Check the boxes to indicate the discounts offered:

| Company Name | Automatic sprinklers | Alarm Systems | Fire Extinguishers | Claims | Full replacement | Impact resistant roof | Noncombustible roof | Personal property marked with an identifying number | Good condition | Multiple policies | Senior |
|---|---|---|---|---|---|---|---|---|---|---|---|
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |

- Please list other discounts offered that are not shown above:

| Company Name | Discount |
|---|---|
|  |  |

## Renters Insurance Discounts

- Check the boxes to indicate the discounts offered:

| Company Name | Automatic sprinklers | Alarm Systems | Fire Extinguishers | Claims | Full replacement | Impact resistant roof | Noncombustible roof | Personal property marked with an identifying number | Good condition | Multiple policies | Senior |
|---|---|---|---|---|---|---|---|---|---|---|---|
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |

- Please list other discounts offered that are not shown above:

| Company Name | Discount |
|---|---|
|  |  |

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## SAMPLE RATE DATA FILE

- Please use the record layout in the spreadsheet attachment provided to submit the sample rates.
- Each row of the record layout file gives a description of the numeric value to include in the data file.
- Use the description to calculate the sample rate, and display the sample rate value in the data file.  Here is an example:

  Record layout instructions are:

  | Field | PROFILE: Car; MaritalStatus; Gender; Age; Limits; UseOfVehicle; CreditScore; DrivingRecord |
  |---|---|
  | 1 | Zip Code |
  | 2 | car; single; male; 18; 25/50/25; 10K/pleasure; below average; 1 accident |
  | 3 | car; single; male; 18; 25/50/25; 10K/pleasure; below average; speeding |
  | 4 | car; single; male; 18; 25/50/25; 10K/pleasure; below average; no violations |
  | | Etc. |

  Insurer data file shows:    75801,1250,1050,1000….
  - "75801" is the ZIP code
  - "1250" is the sample rate for the profile described in Field 2
  - "1050" is the sample rate for the profile described in Field 3
  - "1000" is the sample rate for the profile described in Field 4

- Use comma-delimited fields in the data file.
- Because the data file will be in a comma-delimited format, do not use commas in any data elements.  For example, enter 1000 - **do not** enter 1,000.

## TDI CONTACT INFORMATION

Any questions regarding the Helpinsure.com website data collection instructions should be directed to Melissa Hield via e-mail at Melissa.hield@tdi.state.tx.us or telephone at 512-322-4349.