

Annual Report on Property and Casualty Rate Reviews

§2251.107(b) - Each year the department shall make available to the public information concerning the department's general process and methodology for rate review under this chapter, including factors that contribute to the disapproval of a rate. Information provided under this subsection must be general in nature and may not reveal proprietary or trade secret information of any insurer.

General Process and Methodology for Rate Reviews

Step 1: Intake review.

Property and Casualty Filings Intake receives the rate filings through System for Electronic Rate and Form Filing (SERFF), mail, or hand delivery. Intake staff verifies basic information such as the name and license status of each company, that the transmittal information is complete, and that the contents of the filing match the transmittal information. Once Intake finishes their review, they acknowledge receipt of the rate filing and forward it to the Property and Casualty Actuarial Office.

Step 2: Actuarial review.

Staff actuaries review the rate filings for compliance with rate standards, statutes, and rules, and correspond with companies as necessary to ensure that the rate filings are compliant and supporting information is included. The rate standards state that a rate may not be excessive, inadequate, unreasonable, or unfairly discriminatory for the risks to which the rate applies. Staff actuaries review the rate filings for compliance with rate standards by examining the actuarial support contained in the filing and determining whether the filing includes, at a minimum

- rate indications or other supporting documentation to support the rate changes
- relativity analysis or other supporting documentation to support changes in rating factors and relativities
- the assumptions and supporting data used in selecting trends, loss development factors, and other provisions used to develop the rate indications
- information to confirm that disallowed expenses have not been included in the development of the rates or loss cost multipliers, and
- information regarding the credibility of the insurer's data.

If the reviewing actuary determines that the filing is complete and has no concerns with it, then staff proceeds to the final processing step. If the reviewing actuary finds the filing to be incomplete, has concerns with the assumptions and methodologies used by the company, or needs clarification, he or she contacts the company to request the information to complete the actuarial review. If the reviewing actuary thinks that a rate filing may not comply with the rate standards, he or she communicates and works with the company to gain a complete understanding of the rates and their development. If the reviewing actuary still believes after working with the company that the rates do not comply with the rate standards, TDI will take action to disapprove the rates.

Step 3: Final processing.

When the actuarial review is finished and the filing is complete and compliant, staff updates TDI's tracking system to show the filing status as "closed."

Disapprovals

Number of filings disapproved in 2012: zero

Factors that contribute to the disapproval of a rate: not applicable