

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF INSURANCE
Frankfort, Kentucky

IN THE MATTER OF:
Designation of Medical Malpractice Line of Insurance

Order to File Rates and Supplementary Information

WHEREAS, KRS 304.13-051(1) states in relevant part as follows:

In a competitive market, every insurer shall file with the commissioner rates and supplementary information to be used in this state for commercial risks as designated by the commissioner and for all personal risks. . . .

WHEREAS, Bulletin 92-6 issued June 24, 1992, designated certain commercial lines, including automobile service contracts issued pursuant to KRS 304.5-070(1)(p) and 806 KAR 5:050, and credit insurance of any and every nature other than Credit Life and Credit Health;

WHEREAS, changing insurance market conditions, including the availability and affordability of medical malpractice insurance are affecting the delivery of health care in Kentucky;

WHEREAS, the Commissioner finds it is in the public interest to designate Medical Malpractice as an additional commercial line of business for which rate filings are required pursuant to KRS 304.13-051; and

WHEREAS Medical Malpractice insurance means malpractice insurance defined by KRS 304.5-070(1)(j) written to cover the professional liability of any health care provider as defined by KRS 304.40-260(1) including such coverage as might be a part of any multi-peril policy;

NOW, THEREFORE, pursuant to KRS 304.2-120, KRS 304.13-051 and all other applicable law, it is hereby ORDERED:

1. That all insurers currently writing Medical Malpractice coverage shall file current rates and supplementary information, along with all manuals, underwriting rules, and guidelines in effect October 1, 2002 through December 31, 2002 within 60 days of this order; The supplementary rating information shall include but not be limited to the following: rate revision history for the last 5 years (1998-2002); rate level indications or 5 years of historical loss experience for medical malpractice coverage only; a detailed

summary of all prospective expense provisions underlying the current rates-commissions, other acquisition expense, general expense, taxes/licenses/fees, and profit provision offset for investment income; for reference filers, a completed LC-1 (and LC-2 if applicable); and the effective date of current rates. KRS 304.13-057 requires that Kentucky specific information be supplied, whether or not it is accompanied by other regional or countrywide data;

2. That all insurers shall file any new Medical Malpractice rates and supplementary rate information not later than 15 days after the first use of the new rates if the rate change is an increase or decrease of 25% or less;

3. That any insurer which proposes to change its existing rates, manuals, or underwriting rules so as to effectively increase or decrease the rates of any classification of risks within any rating territory more than 25% within a 12 month period shall file all the rates and supplementary rating information which shall not become effective until approved by the commissioner;

4. That automobile service contracts issued pursuant to KRS 304.5-070(1)(p) and 806 KAR 5:050, and credit insurance of any and every nature other than Credit Life and Credit Health remain designated lines as initially ordered in Bulletin 92-6; and

5. That workers' compensation insurance rates must continue to be filed pursuant to KRS 304.13-053 and are subject to a 15% increase or decrease threshold for prior approval, also as ordered by Bulletin 92-6.

Filing instructions and forms are available on the Department's web-site, www.doi.state.ky.us.

Synopses for Forms and Rules are attached.

Filing requirements hereby Ordered are effective January 15, 2003.

JANIE A. MILLER, COMMISSIONER
KENTUCKY DEPARTMENT OF INSURANCE

1-7-03
DATE

**Commonwealth of Kentucky
Department of Insurance
Kentucky Filing Synopsis for Rates**

Company Name: _____ **NAIC #:** _____ **DATE:** _____

1. This filing is being made under () use & file or () prior approval law.
2. What is the greatest percent (%) change (+or -) in premium for any insured in any classification in any rating territory within the latest 12-month period of time? _____% (include the compound effect of the last revision, if the effective date of that revision was within 12 months of this filing.)
3. What is the estimated average statewide impact on your direct written premium in Kentucky? _____%
4. What was your company's direct written premium in Kentucky for this line of insurance last year? \$ _____
5. What was your company's loss ratio including all loss adjustment expense for this line of insurance last year? _____%
For the last five years? _____%
6. What was the effective date of your company's last rate change for this line of insurance? _____
7. To what extent is the proposed change based on your Kentucky profit/loss experience (KRS 304.13-057)?

8. What is the source of the statistical data being submitted?
() Own () Other Insurer () Advisory Organization
9. If the change is supported by statistical data provided by an advisory organization name the organization and reference filing number.
Organization _____ Reference filing number _____
() Kentucky data or () Countrywide data
10. If you are not relying solely upon your own statistical data, what weight have you given to your own data (KRS 304.13-335)? Explain why your own data was not sufficient in developing your new rates.
11. Has investment income been offset in your expected profit provision in your expense ratio? () YES () NO. IF NOT, PLEASE EXPLAIN.

Commonwealth of Kentucky
Department of Insurance

Kentucky Filing Synopsis for Rules

Company Name: _____ **NAIC #:** _____ **DATE:** _____

1. This filing is being made under () use & file or () prior approval law.
2. What is the greatest percent (%) change (+or-) in premium for any insured in any rating territory whose classification, coverages, and limits remain unchanged by this rule(s) change alone or in combination with any other rate change(s) during the same latest 12 month period of time? _____%
3. What is the estimated average statewide impact on your direct written premium in Kentucky? _____%
4. What was your company's direct written premium in Kentucky for this line of insurance last year? \$_____
5. What was your company's loss ratio including all loss adjustment expense for this line of insurance in Kentucky last year?
_____%
For the last five years? _____%
6. To what extent is the proposed change based on your Kentucky profit/loss experience (KRS 304.13-057)?

7. What was the effective date of your company's last rate/rule change for this line of insurance? _____