

**COMMONWEALTH OF KENTUCKY**

**DEPARTMENT OF INSURANCE**

**Frankfort, Kentucky**

**BULLETIN 2001-3**

**TO: ALL INSURERS ADMITTED TO DO BUSINESS IN THE COMMONWEALTH OF KENTUCKY**

**FROM: JANIE A. MILLER, COMMISSIONER OF INSURANCE**

**RE: PROPERTY & CASUALTY FORM, RATE, AND RULE FILINGS AND COMMERCIAL DEREGULATION**

**NO-FAULT REJECTION FORM REVISION**

**DATE: FEBRUARY 19, 2001**

**RATE RULE AND FORM FILINGS:** This Bulletin supersedes Bulletin 97-4 regarding Property and Casualty Form, Rate and Rule filings. The reader is directed specifically to **KRS 304.14-010 through 304.14-450** (form filings) and **KRS 304.13-011 through 304.13-420** (rate and rule filings). Detailed filing instructions are located in administrative regulations **806 KAR 14:006** and **806 KAR 13:150**. The revised regulations and forms are in force and should be used immediately.

**General Filing Information** (See Regulations for details):

1. 1.A filing will not be reviewed unless the filer has adhered to the requirements set forth in the regulations and this Bulletin. Filings should be organized per the checklist below. Incomplete or disorganized filings will be disapproved.
2. A filing may include any number of documents, pertaining to a single line of insurance. Forms must be filed separately from Rates and/or Rules.
3. Filing fees shall be paid on a per company basis. A filing is not complete and will not be considered until the fee is received.
4. Any corrections to a previously approved/acknowledged/disapproved filing must be submitted as a new filing.
5. **Forms:** Prior approval generally required.
  - a. No policy form shall be used in Kentucky unless it has received prior approval by the Department. **KRS 304.14-120**. When a form filing amends, replaces, or supplements a form previously filed and approved, the filing shall be accompanied by a letter of explanation setting forth all the changes contained in the new form. The letter shall also describe the effect if any upon the coverage provided by the policy and the rates applicable to that form.
  - b. All personal lines forms shall comply with the readability and intelligibility standards of **KRS 304.14-420 through 304.14-450** and **806 KAR 14:121**.

c. Personal auto forms must comply with the cancellation, nonrenewal, and termination provisions of **KRS 304.20-040** and **806 KAR 20:020** . All other property and casualty forms shall comply with **KRS 304.20-300 through 304.20-350** and **806 KAR 20:010** .

**806 KAR 39:070** sets forth the requirements for Proof of Motor Vehicle Insurance.

1. **Rates:** Generally use and file subject to "FLEX" barrier.

a. All personal lines rates must be filed no later than 15 days after they become effective. **KRS 304.13-051** .

b. KRS 304.22-020(2) requires insurers to file all rates for title insurance. They should not be excessive, inadequate, or unfairly discriminatory.

c. Commercial rates for the designated lines (currently worker's compensation, indemnity policies relating to automobile service contracts issued pursuant to **KRS 304.5-070(1)(p)** and **806 KAR 5:050** , and credit insurance of any nature other than credit life and credit health) must be filed no later than 15 days after they become effective.

d. Any change to existing filed rates, manuals or underwriting rules which effectively increases or decreases the rates of any classification of risk within any rating territory more than 25% (15% for worker's compensation) within a 12 month period requires prior approval. **KRS 304.13-051 and 053** . Complete supporting information is required.

e. Rates for non-designated commercial lines need not be filed. However, **KRS 304.13-041** gives the Commissioner authority to monitor the marketplace for competitiveness. Therefore periodic requests for rate information on non-designated lines may be made. Rules that pertain to how to formulate a rate do not need to be filed.

f. New products for the designated lines are use and file.

1. **Rules:** Generally use and file subject to "FLEX" barrier.

a. All rating manuals and underwriting rules shall be filed not later than 15 days after they become effective. Manuals, rules, and guidelines must be adhered to until amended. **KRS 13-051(4)** .

1. Advisory Organizations, Statistical Agents or Forms Providers:

a. Blanket reference of advisory organization, statistical agent, or forms provider (AO) products may be made by either giving such authorization to the AO or by blanket reference letter.

b. Effective dates may be changed by letter (no filing required). Non-adoption notices must be filed.

c. AO's are now allowed to include loss adjustment expenses in their advisory loss costs. Each insurer must review the AO filings carefully and calculate their own Loss Cost Multiplier (LCM) appropriately.

**Filing Checklist:**

1. Proper filing fee pursuant to **806 KAR 4:010**
  2. Two (2) document sets, each containing the following:
    - a. **F-1A P&C (6/2000)** properly completed per company or per group if a group filing is being made;
    - b. **F-1G P&C (5/2000)** properly completed if a group filing is being made;
    - c. F-2 P&C (7/1999) index for forms filing;
    - d. Cover letters setting forth requested changes;
    - e. Appropriate synopsis form properly completed for each company included in the filing; [Rates S-1 P&C (1/1999), Forms S-2 P&C (1/1999), or Rules S-3 P&C (1/1999)
    - f. For Rate filings, LC-1 P&C (8/2000) and LC-2 P&C (8/2000) when appropriate;
    - g. Filed material with supporting documentation as needed;
    - h. Appropriate Shoppers Guide form(s) properly completed for each company included in the filing; [Auto SG-1 P&C (7/1999), Homeowners SG-2 P&C (7/1999)]
1. A 3<sup>rd</sup> copy of the cover letter to be used for reply;
  2. A 3<sup>rd</sup> copy of each Shoppers Guide form;
  3. One self addressed stamped envelope per filing.

## **COMMERCIAL DEREGULATION**

Policies sold to certain exempt commercial entities under **KRS 304.11-020** can be exempt from form and rate filing, however this exemption does not apply to auto nor worker's compensation.

- For this exempt status, the insured entity must register every three (3) years with the Department as an Industrial Insured, Exempt Commercial Policyholder, or Governmental Entity Insured as set forth in **806 KAR 11:020** .
- There is a \$100.00 filing fee, and the pertinent forms are II-1 P&C (6/00), ECP-1 P&C (6/00) and GEI-1 P&C (6/00).The insurer must retain a copy of the registration confirmation.

## **CONSENT TO RATE**

- **KRS 304.13-100** and **806 KAR 13:020** permit an insurer to charge an individual risk a rate in excess of its filed rates, provided this is done with the consent of the insured.
- Form IR-1 P&C (9/00) Application for Excess Rates may be used to provide the information required by 806 KAR 13:020. Other filing forms are not required.

## **BULLETIN 2001-1, NO FAULT REJECTION FORM**

- Changes have been made to eliminate references to a specific insurer or policy, as the rejection is not tied to specific insurer or policy period.
- An advisory summary of the Kentucky "No-Fault Law", KRS 304.39, has been added to help assure that individuals are able to make informed and reasoned decisions about their tort rights and liabilities and insurance coverages.

- Please advise all appropriate employees and agents about these revisions and begin using the form immediately. All rejections received by the Department after July 15, 2001 should be on the new form.

This Bulletin, the statutes, administrative regulations, and forms are available on the Department's website, [doi.ppr.ky.gov](http://doi.ppr.ky.gov). Any questions should be directed to the Property & Casualty Division, (502) 564-6046.