806 KAR 13:150. Property and casualty rate and rule filings.

RELATES TO: KRS 304.1-010, 304.1-050, 304.4-010(2), 304.13-011, 304.13-021 304.13-031, 304.13-051, 304.13-061, 304.13-081, 304.21-010, 304.22-020, 304.23-010

STATUTORY AUTHORITY: KRS 304.2-110, 304.13-061

CERTIFICATION STATEMENT:

NECESSITY, FUNCTION, AND CONFORMITY: KRS 304.2-110 authorizes the commissioner to promulgate administrative regulations necessary for or as an aid to the effectuation of any provision of the Kentucky Insurance Code, defined in KRS 304.1-010. This administrative regulation establishes rate and rule filing procedures for property, casualty, surety, title,and mortgage guaranty insurance.

Section 1. Definitions.

(1) "Advisory organization" is defined by KRS 304.13-011(9).

(2) "Commissioner" is defined by KRS 304.1-050(1).

(3) "Department" is defined by KRS 304.1-050(2).

(4) "Loss cost" means the loss cost per unit of exposure excluding all loss adjustment expenses.[

(5) "Rate" is defined by KRS 304.13-011(22).

(6) "Statistical agent" is defined by KRS 304.13-011(24).

(7) "Supplementary rating information" is defined by KRS 304.13-011(2).

Section 2.

(1)  Paper filings shall include two (2) full document sets, on 8 1/2" x 11" white paper, with three (3) copies of Form PC TD-1, Property & Casualty Transmittal Document and a self-addressed stamped envelope. The interactive version of this form is available on the National Association of Insurance Commissioners Web site at https://content.naic.org/industry\_rates\_forms\_trans\_docs.htm.

(2) A property and casualty insurance company, advisory organization, or statistical agent may file a rate or supplementary rating information on the commissioner's electronic system for rate and form filings via the Web site www.serff.com. An electronic filing shall be in lieu of a paper filing.

Section 3.

(1) Every insurer, other than a life or health insurer, required by law or licensed advisory organization, or statistical agent permitted by law to file rates, loss costs, supplementary rating information, statistical plans, advertising and sales materials, or other documents shall file with these documents a completed and signed Form PC TD-1, Property and Casualty Transmittal Document.

(2) If the filing is being made by a third party, a signed letter of authorization from the insurer shall be submitted.

Section 4.

(1) A filing may include any number of documents, filed together on a particular date, pertaining to a single type of insurance identified on the Uniform Property and Casualty Product Coding Matrix This form is available electronically on the National Association of Insurance Commissioners Web site at https://content.naic.org/sites/default/files/inline-files/2021%20PC%20PCM.pdf.

(2) Rates, loss costs, and supplementary rating information shall be filed separately from forms.

Section 5. All rate, loss cost, or supplementary rating information filings shall be accompanied by Form PC RRFS-1. Rate/Ruling Filing Schedule. This form is available electronically at https://insurance.ky.gov/PPC/Documents/NAICPropCasFormFilingSched102708.pdf.

Section 6.

(1)

(a) Except as otherwise provided in paragraph (b) of this subsection, rate filings referencing loss costs formulated by an advisory organization shall be accompanied by Form LC-1 P & C, Calculation of Loss Cost Multiplier. This form is available electronically at https://insurance.ky.gov/PPC/Documents/LC-1%202007.pdf.

(b) A rate filing referencing loss costs formulated by an advisory organization in which an expense constant is used shall be accompanied by Form LC-2 P & C, Expense Constant Supplement, Calculation of Loss Cost Multiplier. This form is available electronically at https://insurance.ky.gov/PPC/Documents/LC-2%20P&C%202007.pdf.

(2) A rate filing to which this section applies shall include separate Forms LC-1 P & C; Calculation of Loss Cost Multiplier; and LC-2 P&C; Expense Constant Supplement, Calculation of Loss Cost Multiplier for each company included in the filing.

Section 7.

(1)

(a) An insurer filing rates or supplement rating information regarding personal automobile insurance shall submit premium comparison information on-line via the Department of Insurance Web site¸ https://insurance.ky.gov/doieservices/UserRole.aspx, if any rate or supplementary rating information change impacts the premium information previously submitted.

(b) If there is not an impact to premium information previously submitted, an explanatory statement shall be included in Form PC TD-1, Property and Casualty Transmittal Document.

(2)

(a) An insurer filing rates or supplemental rating information regarding homeowners' insurance shall submit premium comparison information on-line via the Department of Insurance Web Site, https://insurance.ky.gov/doieservices/UserRole.aspx, if any rate or supplementary rating information change impacts the premium information previously submitted.

(b) If there is not an impact to premium information previously submitted on-line, an explanatory statement shall be included in Form PC TD-1 Property and Casualty Transmittal Document.

(3) A filing to which this section applies shall include a separate premium comparison information for each company included in the filing.

Section 8.

(1) A property and casualty rate or supplementary rating information filing may include rates or supplementary rating information for a particular insurance company or group of insurance companies.

(2) If the filing is made for a group of insurance companies, Form PC TD-1, Property and Casualty Transmittal Document shall identify all companies included in the filing.

Section 9.

(1) Filing fees shall be paid on a per company basis.

(2) Pursuant to KRS 304.4-010(2), all fees and charges payable under the insurance code, KRS Chapter 304, shall be collected by the department pursuant to 806 KAR 4:010.

(3) The period of time in which the commissioner may affirmatively approve or disapprove the filing shall not begin to run until both the complete filing and appropriate fee are received by the department .

Section 10.

(1) An insurer that is a member, subscriber, or service purchaser of an advisory organization or statistical agent may choose to adopt all or some of the loss costs, supplementary rating information, or statistical plans of that advisory organization or statistical agent.

(2) If an insurer chooses to adopt only a specific filing of an advisory organization or statistical agent, it shall do so in accordance with the procedures established in subsection (3) of this section , and shall clearly identify which filing of the advisory organization or statistical agent it is adopting.

(3)

(a) If an insurer chooses to adopt all of the current and future loss costs, supplementary rating information, or statistical plans of an advisory organization or statistical agent, it shall:

1. Provide written authorization to the advisory organization or statistical agent to notify the commissioner that the insurance company shall adopt all of the loss costs, supplementary rating information, or statistical plans that the advisory organization or statistical agent files on its behalf; or

2. File written notice with the commissioner that the insurer is adopting by reference all of the current and future loss costs, supplementary rating information, or statistical plans that the advisory organization or statistical agent files.

(b)

1. If required by law to file its rates, an insurer may file a loss cost multiplier, in accordance with this section and Sections 2 through 9 of this administrative regulation, to adopt the prospective loss costs filed by an advisory organization.

2. The insurer shall:

a. Apply its loss cost multiplier to a specific loss cost filing; or

b. Elect to have its multiplier apply to all future loss costs filed by the advisory organization.

(c)

1. The advisory organization or statistical agent shall file the written notice of authorization referred to in paragraphs (a) and (b) of this subsection with the commissioner and shall pay the appropriate fee, pursuant to KRS 304.4-010 and 806 KAR 4:010.

2. The fee shall be paid for each company sending a written authorization and on the basis of each line of insurance.

(d)

1. If an insurer that previously authorized an advisory organization or statistical agent to file loss costs, supplementary rating information, or statistical plans on its behalf chooses to not adopt certain loss costs, supplementary rating information, or statistical plans as filed on its behalf by the advisory organization or statistical agent, or changes its loss cost multiplier, the insurer shall file a notice of the nonadoption or change of its loss cost multiplier with the commissioner ]and shall pay the appropriate filing fee, pursuant to KRS 304.4-010 and 806 KAR 4:010.

2.

a. If an insurer chooses to delay the effective date of its adoption of an advisory organization or statistical agent filing, it shall submit a letter requesting the revised date upon which it will adopt the filing.

b. The delayed adoption date shall be within six (6) months of the original effective date.

c. If additional time is needed, a second letter shall be submitted, requesting a revised delayed adoption date.

d. All revised delayed adoption dates shall be within one (1) year of the original effective date as filed by the advisory organization or statistical agent.

3. If an insurer fails to adopt the advisory organization or statistical agent filing within one (1) year of the original effective date as filed by the advisory organization or statistical agent, the insurer shall submit a filing indicating it is not adopting.

Section 11. A property and casualty insurance company, advisory organization and statistical agent may file its prospective loss cost or rate on the commissioners' electronic system for rate and form filings via the Web site www.serff.com. An electronic filing shall substitute for any physical filing.

Section 12. Incorporation by Reference.

(1) The following material is incorporated by reference:

(a) "Uniform Property and Casualty Product Coding Matrix", 01/2021 ;

(b) Form PC TD-1, "Property and Casualty Transmittal Document", 01/2020 ;

(c) Form PC RRFS-1, "Rate/Rule Filing Schedule", 3/2007;

(d) LC-1 P&C, "Calculation of Loss Cost Multiplier", 10/2007 ;

(e) LC-2 P&C, "Expense Constant Supplement, Calculation of Loss Cost Multiplier with Expense Constant", 10/2007; ;[.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, from the Department of Insurance, The Mayo-Underwood Building, 500 Mero Street, 2 SE 11, , Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m. This material is also available on the department's Internet Web site at: https://insurance.ky.gov/ppc/CHAPTER.aspx or the Web site of the National Association of Insurance Commissioners at www.naic.org.

(27 Ky.R. 1402; 1807; eff. 1-15-2001; 28 Ky.R. 2729; 29 Ky.R. 438; eff. 8-12-2002; 34 Ky.R. 1548; 2187; 2286; eff. 5-2-2008; Crt eff. 2-26-2020; 47 Ky.R. 2721; 48 Ky.R. 1148; eff. 1-4-2022.)