



INFORMATIONAL MEMORANDUM

OIR-05-006M

March 11, 2005

Office of Insurance Regulation

Kevin M. McCarty

Commissioner

NOTICE TO ALL AUTHORIZED PROPERTY & CASUALTY INSURERS (Annual Rate Filings/Certifications)

The Office of Insurance Regulation (hereinafter the "Office") issued an Informational Memorandum on November 12, 2003 (OIR-03-021M) advising insurers of the requirements of Sections 627.0645 and 627.410, Florida Statutes. The Informational Memorandum also stated that failure of insurers to come into compliance with the filing requirements of the applicable statutes within sixty (60) days of the issuance of the Memorandum, and failure to stay in compliance thereafter, would lead to administrative action as the Office deems necessary.

It has now come to the attention of the Office that insurers may not be utilizing qualified individuals for the submission of annual rate filings or certifications as required by Sections 627.0645, Florida Statutes. The filing requirements of this section shall be satisfied by one of the following methods:

- A rate filing prepared by an actuary which contains documentation demonstrating that the proposed rates are not excessive, inadequate, or unfairly discriminatory pursuant to the applicable rating laws and pursuant to rules of the commission. Note that "actuary" is defined as an individual who is a member of the Casualty Actuarial Society.
- If no rate change is proposed, a filing which consists of a certification by an actuary that the existing rate level produces rates which are actuarially sound and which are not inadequate.
- If an insurer does not employ or otherwise retain the services of an actuary, the insurers rate filing or certification that rates are actuarially sound shall be prepared by insurer personnel or consultants with a minimum of 5 years' experience in insurance ratemaking. A rate filing or certification prepared by a consultant must be reviewed and signed by an employee of the insurer who is authorized to approve rate filings.

If a rate filing or rate certification has not been made on business subject to these requirements, the Office is authorized under Section 627.0645(9), Florida Statutes, in addition to any other penalty authorized by law, to order the insurer to discontinue the issuance of policies for which the required filing was not made until the insurer makes the required filing.

The purpose of this memorandum is to remind all insurers to have the above filings prepared or certified by the appropriate individual.

Questions regarding these issues may be directed to Robert Lee, Actuary, Bureau of Property and Casualty Product Review at 850-413-5360.